

- DG AGRI follow-up of the Special Report of the European Court of Auditors on Leader
- Update of the “Guide on the application of the Leader axis”
- Amendment of Reg. 1974/2006

ENRD Leader subcommittee
17 May 2011

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Structure of presentation

1) Special Report of European Court of Auditors „Implementation of the Leader approach for Rural Development“ (Special Report No.5/2010

<http://eca.europa.eu/portal/pls/portal/docs/1/6090724.PDF>

→ Recommendations by the Court and follow-up by the Commission (slides 3 – 10)

2) The update of the „Guide on the application of the Leader axis“ (slides 11 - 13)

3) Amendments to Reg. 1974/2006 as regards Leader (slides 14-15)



Special Report of Court of Auditors: - Background -

- **Assumption of the Court:** LAGs represent an additional implementation layer, which entail certain costs and risks – Justification? Added value?
- **Timing:** Fieldwork in the 1st half of 2009 was to profit from both the completed implementation of Leader+ and the selected strategies under the Leader axis of RDPs (implementation in most cases not yet started)
- **The Court based the audit on:**
 - questionnaires completed by a sample of 202 LAGs in 23 MS
 - **on the spot audit and case study examples from 13 LAGs in 11 MS, which together represent over 40% of the EAFRD funds programmed for Leader**
 - Commission's activities related to Leader
- **Final text incl. replies of the Commission finalised in „contradictory meeting“ between Court and Commission on 13 July 2010; report published in November 2010**
- **Council conclusions on the report in March 2011**



Special Report of Court of Auditors: Recommendations 1 & 2 (1st slide)

Topics: Responsibility of the LAG to implement the Leader features and soundness of LAG's financial management

- (a) Exclusion of projects started before a grant decision has been made, to eliminate a major risk of inefficiency **deadweight**.
 - Commission follow-up: Amendment Reg. 1698/2005; Art. 71

- (b) LAGs' **selection of projects** to be based on documented assessments that demonstrate the soundness and fairness of the decision in terms of consistent and relevant criteria.
 - Commission follow-up: Introduction in Reg. 1974/2006 of the obligation of MS to guarantee transparency and to avoid situations of conflicts of interest via appropriate rules which have to be applied with regard to the decision making process; further clarification in the "Guide"



Special Report of Court of Auditors: Recommendations 1 & 2 (2nd slide)

(c) **Rules to ensure that the partnerships are not dominated by the local authorities at project selection meetings**

- *Commission follow-up: introduction of clarification in Reg. 1974/2006 and in the “Guide” that the presence of a minimum of 50% of the economic and social partners at “decision-making level” (Art. 62.1 (b) R 1698) also means that a minimum of 50% of the votes on a project proposal have to come from the economic and social partners*

(d) **Conflicts of interest:** Commission and Member States should ensure that effective safeguards are in place, and check that they operate correctly.

- *Commission follow-up: see (b) → introduction in Reg. 1974/2006 of the obligation of MS to guarantee transparency and to avoid situations of conflicts of interest via appropriate rules which have to be applied with regard to the decision making process; further clarification in the “Guide”*



Special Report of Court of Auditors: Recommendation 3

Topic: The Commission and Member States' management of Leader programmes

“Most Managing Authorities audited have **imposed a *de facto* top-down system for the 2007-2013 period**. These Managing Authorities require LAGs to implement the common rural development programme measures, contrary to the Commission's guidance.”

→ “The Commission should review with the Member States whether the existing measures constrain the LAGs' ability to design and implement innovative, multi-sectoral, local strategies to achieve the objectives of Axes 1-3 of the rural development policy.”

- Commission follow-up: bilateral discussions with MS, clarification in the “Guide”; ENRD Focus Groups

→ invite MS to modify the RDPs; several RDP modifications have already taken place



Special Report of Court of Auditors: Recommendation 4

Topic: The Commission and Member States' management of Leader programmes

“Member States selected LAGs with weak strategies. As a result, the EU budget is being implemented in the 2007-2013 period in a way that is less efficient, less effective and with less potential added value than could have been achieved.” → “The Commission should ensure that Member States review the LAGs' 2007-2013 strategies and **require the LAGs to set measurable objectives, specific to their local area, that can be achieved by the Leader programme in the remainder of the period.”**

- Commission follow-up:

- discuss Axis 4 implementation with the Member States in the light of the mid-term evaluations and in particular the possibility to improve the quality of local development strategies and their implementation through inter alia better LAG level monitoring and evaluation
- good practice collection through ENRD and Evaluation Network;
- guidance to the MS in the “Guide”; → to launch a ENRD Focus Group on the quality of local development strategies



Special Report of Court of Auditors: Recommendation 5

Topic: The Commission and Member States' management of Leader programmes

“In view of its responsibility to ensure the sound financial management of the EU budget, the **Commission** should check future programmes in sufficient detail for the specific elements that are fundamental to the added value, effectiveness and efficiency of Leader.”

“**Member States** should ensure in future that LAGs correct any weaknesses identified in the selection process such that LAGs have strategies and implementation plans of the highest standard. “

- Commission follow-up (for post-2013): The presence of all elements that are fundamental to the added value and effectiveness of the Leader approach will be a core issue when approving the programmes for the post-2013 funding period.



Special Report of Court of Auditors: Recommendation 6

Topic: The Commission and Member States' management of Leader programmes

“The Commission should take urgent steps to ensure that it can **account for the added value and sound financial management of Leader**. The Commission should coordinate the Member States to ensure that the supervisory and control systems provide assurance on the fairness and transparency of procedures; comparable data on the costs; and complement the monitoring of effectiveness and efficiency.”

- Commission follow-up: permanent dialogue with Member States to improve the implementation of the Leader approach through the ENRD and Evaluation Network (Working Paper on assessing the impacts of Leader in rural areas)

- as for control issues: recent modification of the Regulation on Controls (Reg. 65/2011) introducing specific provisions as regards the administrative and control capacities of LAGs (in case of delegated tasks); also addressed in the „Guide“



Special Report of Court of Auditors: Conclusions of the Council

- as agreed on 15 March 2011 by the Working Party on Financial Agricultural Questions (AGRIFIN):

„(...)

(2) UNDERLINES the need to continue with the concept of the Leader approach in the future, without prejudice to the negotiations on the next multiannual financial framework;

(...)

(5) IS AWARE of the need to improve the management of local development strategies by ensuring transparent project selection procedures and applying the necessary monitoring and evaluation systems at the level of local action groups as well as appropriate control systems and UNDERLINES that these improvements must allow an efficient implementation of local development strategies and avoid any counterproductive effect;

(6) REQUESTS the European Commission to continue its permanent dialogue with Member States to improve the implementation of the Leader approach and to provide support for Member States in this regard on an ongoing basis.”



„Guide on Leader Axis“

- **DG AGRI guidance tool for MS' authorities; was first presented in the Rural Development Committee early 2007**
 - **Need for completion and fine-tuning after the start of the implementation of the Leader axis**
 - Work of the Focus Groups established under the ENRD Leader sub-committee
 - Special Report of the Court of Auditors published in November 2010
- Issues covered by the update:** Innovation; demarcation with other funds; LAGs administrative and animation capacity; minimum tasks of the LAGs and possibilities offered through the regulatory framework; monitoring and evaluation
- **Updated version presented to the MS in the RDC in Dec 2011; finalised in March 2011**
 - **EN version available on circa and on the ENRD website:**
http://enrd.ec.europa.eu/rural-development-policy/leader/en/leader_home_en.cfm ;
 - **other language versions available by the end of May**



Update of „Guide on Leader Axis“ (1)

- **Scope of the Leader approach: Innovation** (Art. 63, 64 R1698/2005)
 - Chapter II, p. 6-7: Appropriateness of eligibility rules and definition of selection criteria on local level (local development strategy)
 - Chapter III, p. 11-13: Eligible operations under the Leader axis, link to design of Leader axis in the RDPs: possibilities for improvement
- **Running costs, acquisition of skills and animation** (Art. 63 c), 59 R 1698/2005; Art. 38 R 1974/2006
 - Chapter III, p. 13-14: Scope of measure 431: clarification as regards all three types of operations



Update of „Guide on Leader Axis“ (2)

- **Introduction of new Chapter V „Implementation of the local development strategy“**

→ **Role of the LAG:** implementation models (as identified by Focus Group 1); basic LAG administrative tasks; project selection procedure (p. 19-21)

→ **Controls:** clarification on responsibilities in case of delegation (new Art. 28f.2 R 65/2011) and general recommendation (p. 22)

→ **Matching funding:** Efforts have to be made in some MS to facilitate the access to the national public co-funding (p. 22)

→ **Monitoring and evaluation on RDP level:** recall of the output indicators and the CMEF evaluation questions for Leader (p. 22/23)

→ **Need for monitoring and evaluation on LAG (strategy) level:** clarification and guidance (p. 23/24)



Amendments to Reg. 1974/2006 as regards Leader (1)

- **Amendment of Reg. 1974/2006 will probably be voted in the RDC in June**

1) ... follow-up to the ECA report (new § added to Art. 37)

(a) Minimum 50% votes on projects in the decision-making bodies from LAGs have to come from the social and economic partners;

(b) As regards the decision-making process with regard to project selection, appropriate rules to guarantee transparency and to avoid situations of conflicts of interest shall be respected.



Amendments to Reg. 1974/2006 as regards Leader (2)

- **Amendment of Reg. 1974/2006 will probably be voted in the RDC in June**

2) On request of MS:

Possibility to pay advances to LAGs extended to funding for animation and acquisition of skills (so far only possible for running costs) → Art. 38.2



Thank you!



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