



Focus Group 4: Better Local Development Strategies

Conclusions of the Final Phase One Report:
Strategy Design and Development

December 2011



Connecting Rural Europe

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Abbreviations and acronyms

AIR	Annual Implementation Report
CMEF	Common Monitoring and Evaluation Framework
CP	Contact Point
CSF	Common Strategic Framework
DG AGRI	Directorate-General for Agriculture and Rural Development
EAFRD	European Agricultural Fund for Rural Development
ELARD	European LEADER Association for Rural Development
ENRD	European Network for Rural Development
FAQ	Frequently Asked Questions
FG	Focus Group (of the LEADER Sub-Committee)
IADS	Integrated Area Development Strategies
LAG	Local Action Group
LDS	Local Development Strategy
LEADER	Liaison Entre Actions de Développement de l'Économie Rurale', meaning 'Links between the rural economy and development actions'
LsC	LEADER Sub-Committee
MA	Managing Authority
MS	Member States
NGO	Non- Governmental Organisation
NRN	National Rural Network
NUTs	Nomenclature of Units for Territorial Statistics
PA	Paying Agency
RD	Rural Development
RDP	Rural Development Programme
RDR	Rural Development Regulation
SMART	Specific, Measurable, Achievable, Realistic and Time-bound
SWOT	Strengths, Weaknesses, Opportunities, and Threats

1. INTRODUCTION

This paper presents the main conclusion of the phase one work of Focus Group 4 on "Better Local development Strategies" established at the 6th LEADER Sub-Committee meeting of 17 May 2011. Preliminary results were presented to the extended 7th LEADER Sub-Committee on 23 November 2011 and supplementary collection of information and analysis were subsequently carried out till the end of December 2011 which are included in this report.

1.1. OBJECTIVES

The central role of Local Development Strategies (LDS) to implement the LEADER approach was well recognised by the European Commission and the members of the LEADER Sub-Committee.

Local Action Groups (LAGs) have the responsibility of designing and implementing a LDS. However, in practice, designing a high quality Local Development Strategy (LDS) can prove to be demanding. The 2010 special report of the European Court of Auditors (ECA) on the implementation of LEADER highlighted a number of weaknesses in relation to LDSs and emphasised the need for improvement. The Court' audits found that, although the Local Development Strategies should be at the heart of the LEADER approach, in practice, LAGs did not focus on achieving the objectives of their local strategies.

As a response to such a criticism, a Focus Group (FG) on better local development strategies was officially launched at the 6th LEADER Sub-Committee (LSC) meeting on 17 May 2011. The aim of this Focus Group 4 (FG4) is to advise the Member States (MS) with regards to the current and the next programming period so as to improve the quality of the local development strategies of LAGs.

The following objectives for Focus Group 4 were agreed by the LEADER Sub-Committee:

- to advise the Member States with regards to the current and the next programming period; and
- to improve the efficiency and effectiveness of the LEADER approach.

The two main operational objectives of the focus group are:

- to identify the critical requirements in the design of the Local Development Strategy; and
- to collect tools and good practices used at Local Action Group (LAG) level ensuring an efficient implementation of the Local Development Strategy.

1.2. PROCESS

The Focus Group 4 is jointly chaired by;

- Petri Rinne, President of the European LEADER Association for Rural Development (ELARD);
- Sanna Sihvola, Finnish Managing Authority; and
- Ana Pires da Silva, Portuguese National Rural Network (NRN).

The work of the Focus Group commenced with a meeting of the co-chairs, Directorate-General for Agriculture and Rural Development (DG AGRI) and the Contact Point of the European network for Rural Development (ENRD CP) during the ELARD seminar in Finland in June 2011. This meeting agreed the work plan for the Focus Group and the key milestones and deliverables. The work was divided into two main phases focusing on strategy design and development in phase 1 (July 2011 to December 2011) and on implementation and monitoring and evaluation in phase 2 (December 2011 to June 2012). The plan for the first phase included 6 main elements:

- The preparation of two questionnaires, one for Managing Authorities (MA) and one for LAGs;
- A webinar of Focus Group members to confirm the questionnaires;
- The conduct of the surveys of LAGs and MAs;
- The compilation and analysis of the questionnaire results;
- A meeting of the Focus Group to further develop the analysis; and
- Discussion of elements of the analysis at an extended 7th LEADER Sub-Committee involving FG 4 members.

This document draws on the substantive elements of the first phase of the work of Focus Group 4, the survey questionnaires with Managing Authorities and with LAGs, the first Focus Group 4 meeting in Lisbon in October 2011 and the discussions during the extended 7th LEADER Sub-Committee in Brussels in November 2011. The latter two elements drew on and further developed some of the findings from the two questionnaires and the reports which these generated, these reports therefore form the main basis on which this report is based.

The survey analysis which underpins this work was drawn from 151 LAGs from 18 Member States and 24 Managing Authorities drawn from 16 Member States who provided direct responses to the questionnaires. Further collective LAG responses were received from two Member States and these have been incorporated in the analysis. Overall all 27 Member States have now been involved throughout the process involving some 200 LAGs and Managing Authorities from all countries.

2. CONCLUSIONS

This document draws together the conclusions from the various elements and components of the phase one work of the Focus Group 4 on Better Local Development Strategies. They have been prepared on a synthetic basis and do not directly reflect the structure of the foregoing thematic chapters of the full report. There is considerable 'read across' between elements reflecting the integrated nature of the LEADER process, the multi-level governance structure employed and the area based LDS which LAGs prepare. These conclusions focus on those factors contributing to the central objective of a development process which produces (and subsequently delivers) a high quality strategy.

2.1. MAKING A START

Start Early

This issue necessarily affects and involves both LAGs and MAs. There is a tendency to let the completeness of preparedness impede the initiation of the process. The priority for LAGs and MAs is to ensure sufficient time to prepare quality LDS. Some LAGs take pre-emptive action to start the process. There is a need to create and maintain local momentum, which is extremely valuable and should not be lost. Building capacity and systems takes time and resources. It is important to allow enough time for an effective process and to plan carefully.

It should not be assumed that all the parts have to be in place before the process starts: what is strictly necessary; what are the risks? It is important to keep an eye on the real objectives of the exercise. Administration is part of the means and should help enable the process, it is not the purpose.

Take Responsibility, Avoid Delays

An effective early start needs clear guidance and support. This needs to cascade and feedback through the multi-level governance tiers with effective communication from EC through MAs and organisations with delegated authority to LAGs to allow the maximum progress at each stage. The focus of this for MAs should be an enabling approach. Waiting to secure the last administrative detail, domestic legislation, regulations, may cause undue delays and have significant knock-on effects. Difficulties arise through a lack of foresight of operational realities and the bottlenecks and knock-on effects caused. Such delays compromise the LDS process, consultation and engagement, resulting in all actors working under unnecessary pressure.

LAGs need to take responsibility too, they need to anticipate, initiate, communicate, consult, engage and feedback. LAGs need to plan and take a progressive approach, they should not make unreasonable or uninformed assumptions in turn causing future delays.

In short there is a need to implement multi-level governance as soon as practically possible. Effective subsidiarity is required, planned with all stakeholders taking their

responsibilities within the process and taking initiative. No stakeholder should wait to be 'spoon fed', each should seek to give others confidence and be confident.

Allow Enough Time

The time period or window allowed for strategy submission is much less important than that for LDS development. Realistically a minimum of six months is required for an effective local process leading to a high quality LDS, longer for new LAGs. The adequacy of the time allowed is affected by wide range of factors which have to be taken account of; not least the wide variation between LAGs, their development stage, extent of continuity and their capabilities. There is therefore a need to differentiate between LAGs, a one size fits all approach is unlikely to succeed.

In the coming programming period all LAGs will be facing changes, so it is important not to underestimate the time which will be needed. The adequacy of this time also depends on the timely availability of the required information and resources. There is a need to avoid 'time thieves' such as mentioned above. This applies LAGs as well as MAs. The key lesson for LAGs is to anticipate the need to act, act responsibly and communicate thereby extending the time frame for their actions.

Involve People

Mobilising the different types of stakeholder group and planning their involvement is extremely important to the LDS process. Who may contribute what, what their skills are, when they should be involved and what support needs this might present should be taken into account by LAGs in planning the development of the strategy. In this context a LAG skills analysis using a template to map who is involved and why, what skills are required and what is available can be a useful tool. Ideally this could be conducted against a competence standard.

Within this, the need for consultancy support should be assessed and employed only if there is a clear need, such support should be clearly targeted and actively managed. Consultants must understand that work for and are to be guided by the LAG.

A wide range of facilitation methods have been used, principally with LAG staff, partners and members with limited use of specialist external support for this. LAG and LAG staff continuity and involvement is a critical factor in facilitating the process.

The success of participative methods was highly rated but they are challenging and need careful management, e.g. to ensure adequate involvement and participation. This is considered worthwhile and innovative participatory techniques should therefore be encouraged.

Given these challenges and the variety and lack of consistency in approaches employed, LAGs would benefit from guidance on methods and their use, e.g. building on resources such as the LEADER Tool-kit for LAGs and other funds LDS guidance. New and experienced LAGs have different guidance needs, they can learn from previous experience from more experienced LAGs or from previous evaluations. In the coming programming period LEADER preparatory support will be important.

Continuity, Supporting and Resourcing Development

Starting the process early and involving people requires resources and this has been a problem in the past, a sustained approach is required. There are problems associated with both gaps and overlaps between programmes, e.g. with heavy resource demands from overlaps or the absence of resources when there is a gap. The primary consideration is not the cost but the value of the resources required.

How to secure and sustain the valuable capacity which has been developed in the staff, LAG, MA and elsewhere is one of the main recurring issues between generations of LEADER. Building capacity and systems takes time and resources. LAG staff resources are of particularly high importance here. This has been a major challenge for MAs in the start-up phase and it is important to avoid losses caused by gaps between programmes, continuity of the personnel involved is critical in the transitional phase. This is likely to be a bigger issue in the forthcoming transition and priority given to ensure staff and LAG member retention, securing the human capital and organisational memory. This also applies to MAs and other LEADER stakeholders, the importance of mentoring approaches is also important in this context.

LAGs and MAs should work together and plan how this should be managed, MAs should consider how to lighten the resourcing burden, LAGs how to innovate in developing, sustaining or securing resources. It is important to resolve any issues regarding financial support or eligibility which may compromise this (resourcing burden), clarity is required at an early stage in EU legislation, RDP provisions and domestic enabling legislation.

Take Advantage of Mentoring

The value of mentoring is considerable and it is highly regarded, LEADER has a huge resource of people and experience. Commonly this has a focus on best practice and capacity building, which can strengthen and speed up processes and approaches within LAGs and MAs. Access to this is particularly important for new LAGs where there is a gap in terms of the provision of differentiated guidance and support. Used as a form of consultancy, this can be more appropriate than relying on contracted experts.

Mentoring can occur LAG-to-LAG, between LAG and MA and also MA-to-MA. Mentoring has a relatively low cost and high relevance, it provides a direct means of knowledge and skills transfer, within and between programmes and between generations. It may also be effective in strengthening multi-level governance to extend common understanding and complementary working practices. A sustained approach is needed and there is evidence of a successful formalised approach being supported and employed by LAGs and MAs working together.

Where a Member State promotes community-led local development throughout all CSF funds a group of the most involved actors in this country could develop the detailed framework for multi-fund LDS development and ensure that established local development principles do not become diluted.

Plan a Staged Approach

The development and submission of the LDS appears to commonly take place through multiple submission rounds and multi stage processes, formal and informal. This may involve an expression of interest phase or multiple application periods with feedback provided. There is no single best approach; the important point is to employ a structure which allows for an effective process LDS development process.

This needs to allow time for a focus on quality. The LDS process should be treated like a LEADER project, i.e. it is looking for winners in supporting successful submissions and should avoid unfruitful work by both LAGs and MAs.

Using a formal expression of interest stage enables MAs to provide LAGs with feedback and guidance and supports the implementation of the local and multi-level partnership in the process. This can involve varying degrees of formality e.g. in the use of criteria and levels at which such pre-selection takes. The evidence suggests that, overall some form of iterative process is favoured with pre-screening of submissions which takes account of the varying stages of LAG development and maturity. Clear criteria are necessary and these should be in place from the outset.

2.2. GUIDANCE

Coordinate Within the Package

The provision, availability, relevance and adequacy of strategy development guidance for LAGs was a high priority consideration throughout and needs to be viewed in the context of the whole LDS development support package. There is a significant degree of variation in what guidance was provided, the extent to which this included strategy preparation and how this was done. Issues emerge mainly over the completeness, clarity, complexity, quality and consistency of the guidance and the deficiencies in differentiated provision for new LAGs.

Guidance must be developed as soon as possible in order for territories to be defined (where appropriate) and to allow time for LDS to be adequately developed, shaped and prioritised. This could be developed and provided in stages reflecting timing considerations.

Guide the LDS Method

Guidance for LAGs on strategy content and method is required. MAs either provided narrow guidance principally of a technical or administrative nature or, markedly less frequently, wider more comprehensive guidance on strategy content, method and preparation. A common methodology including detailing the key steps for the development and implementation of the LDS would strengthen consistency and facilitate knowledge transfer on the strategy design process. This should be developed and made available as soon as is possible.

The emerging Local Development proposals in the Common Strategic Framework and the increased complexity of developing the institutional and operational framework for LDS must not be underestimated. This will present significant LAG guidance and support needs. Specific EU guidelines should be prepared regarding multi-fund approaches.

A clear framework of the rules, regulations, process, timetable and opportunities available to LAGs, including how subsidiarity will be implemented, is required. Communicating this will be a key contributor to establishing an effective system of multi-level governance. There will not be any 'one-size-fits-all' solution.

There is clear demand for guidance which is supportive; responsive and needs based; balancing avoidance of over-prescription and meeting the variety of LAG capability, experience, autonomy and need. A greater degree of needs assessment is required in guidance design through dialogue with LAGs, there may be merit in developing a framework of essential elements with sufficient flexibility to enable local strategic priorities to be addressed.

Improve Standards Through Training

Skills gaps exist in both new and existing LAGs with clear capacity development needs regarding LDS development. Training has not addressed this to any significant degree being either too general or overly complicated but lacking adequate strategy development guidance. Addressing these needs is a priority.

LAG strategies seldom include training plans. Knowledge transfer within programmes and within and between LAGs appears to be less well-structured than it might be, skills development is not sufficiently prioritised. This is a serious issue for a programme predicated on the strategic priority of developing and employing human and social capitals. Training provision should be addressed as a core element in LAGs LDS along with the overall level of competency to be achieved as an obligatory element with a proportion of budget allocated.

There is a need to ensure the professional management of the LAG, this is also important in strategy development, delivery and review. An on-going programme of training and updating for LAGs and their staffs is suggested, possibly working to the establishment of a common vocational standard.

2.3. THE STRATEGY

Specify More Clearly

Greater clarity on what is being specified by MAs is required in order to understand this more fully. There is merit in considering specifying minima and maxima for strategy content, ensure cover elements in strategy and action plan. Many of the common elements are relatively straightforward and unchallenging, others need urgent attention.

- **SWOT Analysis**

Given the high importance of the territorial SWOT there is a need for this to be more targeted, comprehensive, analytical and integrative; especially when looking ahead to the possibility of a multi-fund scenario.

There are needs for improved definition e.g. in relation to the territory and for substantial improvements in quality, particularly in terms of the analysis.

- **LEADER Features**

Including the LEADER features in the LDS is important in reinforcing the process; these are assessed in the majority of programmes. The implementation of these features needs to be evidenced in practice, this requires clarity and consistency of implementation procedures of the LDS, the organisational structure of the LAG and the attendant responsibilities.

- **Local engagement and process**

The extent and process of local engagement is viewed as a highly important element of the LDS as this validates the strategy and is often an essential assessment criterion. This aspect of the LDS should be reinforced.

Improve Innovation

Innovation appeared to have relatively low priority but will have increased prominence in the new programming period. In some cases it has presented a barrier, e.g. in risk aversion, this clearly needs attention. The priority is therefore to develop a more common understanding of the principle - what it is, its value and how it contributes to development and growth and why it is part of LEADER. This common understanding must be shared amongst LAGs and between LAGs, MAs and PAs.

Strengthen the Intervention Logic

There are very significant weaknesses illustrated through four sets of factors relating to intervention logic, strategic fit, setting and quantifying objectives and targets and learning from experience.

There are inconsistencies with the high priority SWOT ranking, weaknesses in data analysis, low priority and identified difficulties for identifying and quantifying indicators, targets and SMART objectives etc. The apparent lack of knowledge and understanding of the importance of the issue in justification of overall approach and low priority evident gives considerable cause for concern. These concerns are reinforced by the evident weaknesses in evaluation and in learning from previous experience. There is a clear need for strengthening the intervention logic approach to improve the targeting, prioritisation, quantification and justification of the LDS. An urgent need for clarification and guidance is indicated and applies to both LAGs and MAs.

Plan Monitoring and Evaluation

The three linked elements of the LDS Monitoring System, the evaluation plan, and LDS revision procedure are all poorly represented in strategy and action plan specifications - even as separate additions. An LDS evaluation plan or monitoring system were the gaps MAs most frequently mentioned. This issue is therefore common to both LAGs and MAs. When considered along with the findings in relation to the essential elements of the strategy this gives considerable cause for concern. As evaluation is now specified as a LAG function the inclusion of monitoring and evaluation plans in strategies is a prerequisite. Specific training and guidance is likely to be required.

Prioritise Training in the Strategy

A training action plan was not considered essential by any MA, this is a key strategic priority for LEADER and as such, considered, a critical omission in an area of MA influence. Given the development capacity orientation of the LEADER approach, the importance placed on the knowledge and skills of the LAG staff, LAG members and other partners and the concerns over continuity between programmes and capacity retention this is a worrying finding and should be addressed as a priority.

2.4. AUTONOMY

Seek a Balance

Levels of autonomy are not defined as black or white with a range of shades of grey evident, there are degrees of flexibility evident within given parameters or constraints.

Overall it appears that LAGs were largely free and capable to select their areas and themes within given (LEADER) parameters and subject to some MA influence, e.g. re wider objectives, this was generally successful. Not all those LAGs which were autonomous in area selection were also autonomous in theme selection and vice versa.

LAGs and MAs agreed that local people were best able to define their areas; e.g. in terms of coherence economic, social and environmental issues. Where LAGs were able to build on peoples history of working together, this ultimately contributed to fewer tensions and challenges and easier decision making.

LAGs which did not have autonomy in theme selection frequently appear to have a degree of flexibility within the constraints and in the degree of definition of the themes. There was however some concern that aspects of theme selection were outside the LAGs control with the requirement to fit within the RDP framework. The balance to be struck between RDP fit and LAGs desire for a more flexible approach suggests a need for clearer guidance and for LAGs to be involved in the process of setting the level at which themes and priorities are set. The importance of joint MA and LAG participation is considerable in supporting the development of trust between the actors involved.

Overall it seems that the greater the degree of autonomy which can be enabled, then the better the fit with the needs, development potential and capabilities of the area concerned.

2.5. LOCAL PRIORITIES AND STRATEGIC FIT

Achieve Flexibility within the Parameters

The needs focused basis of the strategy was thought very successful demonstrating the LEADER method effects in the development of the strategy and its application. This reflects the degree of flexibility afforded to LAGs to adapt RDP and LEADER themes and their delivery to meet local needs and the LDS methodology.

In future this may demand further flexibility. Structuring the fit of multiple funds with local priorities, complementarity will be essential; this should be designed into the LDS in an integrated manner. Clear, consistent and effectively communicated parameters and guidance will be important in helping LAGs set effective and practical strategic themes which are appropriately focused. The basis of strategic links and complementarity should be defined. A clearly structured framework which recognises the essential and necessary constraints (e.g. strategic fit) and sets relevant and appropriate parameters appears to be indicated here.

Strengthening LAG awareness of, and fit within, the overall operational and contextual parameters should improve the quality of the LDS. Whilst it might be suggested that

this is primarily a LAG responsibility it also reinforces the need for clearer guidance for LAGs and checking that such guidance has been received and understood.

2.6. STRATEGY SELECTION

Use Objective Quality Criteria

The selection of the LDS should involve an objective assessment of its overall quality using clear and consistent criteria, possibly in the form of checklists. These should in effect represent a system to measure quality in both quantitative and qualitative terms.

Provide Quality Feedback

The split in feedback provision methods is remarkably stark ranging between very basic presentation of information and real interaction and dialogue. Iterative approaches are clearly designed to improve the quality of the strategies adding value to the process. This may be more resource heavy but appears to be more consistent with the LEADER model and good practice in multi-level governance. Programming feedback mechanisms will need careful planning as there are some indications from MAs that the peak in workload which arises with strategy submission could cause real difficulties here.

Set Evidence Based Budgets

Indicative budgets have positives and negatives, mainly positives. The realism and prioritisation of strategies this informs must be balanced against the greater weighting it may place on financial considerations. This may result in prioritisation by what is financially expedient rather than what is indicated by the evidence. On balance indicative budgetary allocations are favoured by both LAGs and MAs as contributing positively to the quality and realism of strategies. It is clear that the objectives, possible effects and timing of this have to be considered very carefully prior to such an approach being implemented.

Approaches to budget allocation within the strategy generally appear to be rather unclear and to lack strategic focus. The evidence suggests a real gap in any strategic rationale employed in the quantification of strategies and the allocation of resources within them. The lack of a clear and systematic approach based on analysis connects with the issues that are apparent regarding the weaknesses in intervention logic i.e. little by way of intervention logic is evident and therefore justification for budgetary allocations is similarly weak.

Compete on Quality

Whilst there is some debate over the merits of competition between LAGs, opinion was quite unequivocal in that budget allocation should be linked to and based on the assessment of the quality of the strategy. A quality strategy should clearly identify the link between the territory, its population, area, needs and opportunities thereby addressing issues of proportionality. Competition should therefore take place either relatively between LAGs or against a common standard and thus prioritise the improvement of LDS quality overall.

2.7. MONITORING AND EVALUATION

Improving Performance

Evidence regarding evaluation is sparse at this stage. What was evident is that there is an enormous variation in approach between LAGs. Only 72% of LAGs actively monitored performance against the delivery of the strategy but over 50% of LAGs either fail to report active monitoring or do so on a very limited basis.

For those who do there is no common or consistent approach applied, there is a very high degree of variation in terms of what is done, who is involved and the frequency of such activity. No formal process of strategy review is mentioned. This appears to reflect the previously identified issues over the lack of monitoring and evaluation plans and there is a need to examine this further.

This overall deficit and lack of consistency is a cause for concern presenting risks of considerable fragmentation in measuring results and outcomes at an important time for demonstrating the benefits of local development approaches. Addressing this performance monitoring deficit therefore appears to be a priority area in planning for the next programme period building monitoring and evaluation into the LDS.

Clearer Direction

A common core of EU indicators could be structured in such a way as to allow them to be further developed at the local level to shed a more acute light on local effects. Local feedback is essential to the process. There is however a need to be able to balance such specificity with the ability to aggregate these indicators at LAG, regional, national and EU levels.

Typically LAGs consider that they were encouraged to undertake self-evaluation although this was not mandatory. Guidance on self-evaluation is often absent and some inconsistency evident. This is a significant gap in guidance and support to LAGs, a critical element of developing and delivering quality local development strategies.