



ENRD



3rd LEADER Sub Committee

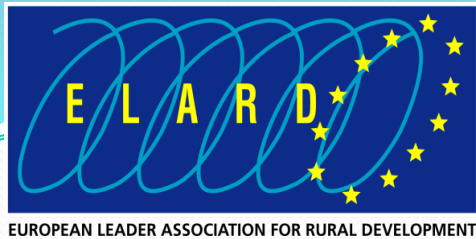
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“Implementation of the projects and administrative procedures”

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EUROPEAN LEADER ASSOCIATION FOR RURAL DEVELOPMENT



....Axis 4. LEADER
Implementation & administrative problems

1. LEADER areas and respective LAG's selection procedure

- a) LAG's selection procedures;
- b) Call of tender by MA for selection of LAG's;

2. Implementation of the LEADER local programme

- a) The LEADER realization models - an "empiric" typology;
- b) LAG's local calls - Evaluation and project selection;
- c) Local Programme Monitoring;
- d) Payment procedures;
- e) LAG's operations;



A. The LEADER realization models - an “empiric” typology;

LAG has the **practical** responsibility to **implement** the local development strategy. In LEADER realisation methodology empirically **two major models** can be distinguished:

1. the “partial” model → LAG is allowed to:
 - i. **design** the local development strategy,
 - ii. **organise** the **call of tender** at local level,
 - iii. **evaluate** the applicant’s proposals and **choose** the successful ones; **occasionally** can also **fix** the amount of support for each operation,
 - iv. **monitoring** the realisation of selected projects; the **level of monitoring** that LAG undertakes for local projects **vary substantially**,
 - v. have no financial responsibility (**payment** tasks),



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2. **The “integrated” model** → LAG is allowed to **perform** and **realise** **all** implementation **phases** of LEADER programme (**global grants scheme**). In this model LAG can:
- i. **design** the local development strategy,
 - ii. **organise** the local call of tender for the approved local programme,
 - iii. **evaluate** local project proposals and **select** projects and final beneficiaries **fixing** also the amount of support, with **rights to approve** also possible budget **amendments** (differences between **estimated** and realised budget); **report** the results to MA/PA for formal approval (only eligibility checks),
 - iv. **monitoring** separately each one of local projects entered into the programme and **reporting** to MA/PA,
 - v. make the **payments** to the final beneficiary,



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2. The “integrated” model is an example of “one shop stop model” in the sense that **all services** related to LEADER local programme implementation are **provided** to the local population **only by the LAG** (proximity principle) from the very beginning up to the end of the local programme (**global grant schemes**, with examples coming from “old” MS);
3. Between those two models can be observed several “mixed” models, with more **common feature** the provision of **monitoring operations** to be addressed to LAG’s but **not** those of the **payment responsibilities**;



B. LAG's local calls - Evaluation and project selection;

This implies at least the organisation of **local calls by LAG's**, the **evaluation** and **selection** of the operations and projects to be supported by the local programme:

- “partial model” : LAG's **only indicate to MA/PA the projects to be selected** without having rights in fixing the amount of support;
- “integrated model”: LAG's **evaluate** and **approve formally** the grant to each one of the beneficiaries fixing also the corresponded **amounts of support**; MA/PA have only rights in **checking selection criteria** and eligibility conditions (beneficiary, expenditure category) for the project selected;



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1. Prior to **local calls**, normally **MA** should **provide** LAG's with:
 - i. **guidelines** of how **local calls should be done** in accordance with the EU and national law and determining **eligibility conditions** for the cost associated with **public awareness activities** (news papers, radio stations, information meetings and events, etc).
 - ii. draft **implementation manual** containing at least :
 - **minimum project selection criteria list**, which must be used by LAG's for projects' selection, with the **right LAG's** to **add** more if they wish to meet **specific local needs** based on **clear, targeted** and **measurable** objectives of the local strategies. In that case **prior admission** of the **final** selection criteria list by **MA/PA** is needed;
 - Description of cases for **conflict of interest, incompatible** applications
 - **Appeal procedure** to be followed by potential final beneficiaries, who doubt the outcome of final selection decision, etc);

- **Project’s realisation details** (describing **rights** and **obligations** of the potential final beneficiary, monitoring and paying system, bank quarantines and warranties to be requested,, etc);
2. LAG’s in turn, should **communicate** to potential final beneficiaries -via their call of tender- all the above detailed implementation system in order to;
- i. strengthen **transparency** (“clear rules” for all);
 - ii. avoid **misunderstandings** that could create problems in future project realisation and **undermine** the **role of** LAG as capable delivery mechanism in front of local population and stakeholders;

3. Under the **most common implementation** model **LAG selects an operation** on the basis of **project specific selection** criteria as well as on the **basis of consistency** with the local development strategy (**feasibility and quality assessment**);
5. In that respect the **administrative check** made by the MA/PA **should only concern a legality and eligibility check** of the operation. Misleading of these rules in several cases implies that there is a need that this basic responsibility to be based on a **clear separation of functions** established between the **MA's, the PA's and the LAGs** allowing smooth and genuine programme implementation.
6. Some RD programmes **delegate** to the LAG either the project's **formal approval** (Scotland, Ireland) or **payment task** (several Spanish programmes, Greece) or **both** to LAGs ;



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6. The **LAG's project evaluation report** should contain for every single application at least **justification** and **provisions** of:
- i. the **ranking table** of the evaluated projects, with the marks for each criterion (from each member of the evaluation committee);
 - ii. **detailed** as well the **breakdown budget** approved;
 - iii. the **financial scheme** of the project;
 - iv. the **time schedule** realisation scheme;
 - v. the **list of documentation** and **licences** should be submitted by the final beneficiary according to the EU and national law for his project (licenses, etc);



7. After the consultation process of LAG's with MA/PA about formal approval of the projects is finished, it is **duty** and **responsibility** of the LAG to **communicate the final selections results** to final beneficiaries, otherwise the role of the LAG could be **underestimated** at local level;
8. The **notification** about final results by the LAG should also include a draft **project realization contract**, which each final beneficiary has to sign with LAG (legal commitment) setting out the rules, requirements and outputs/results to be achieved for the project to be successfully completed. The **draft contract** should have been **prior elaborated** and **approved** by the **legal services** of the MA/PA;
9. LAG should ensure **publicity** of the final selection results at **local level** (list of **project selection** with **names** and **amounts of support** is communicated via **local MME**);



C. Local Programme Monitoring

1. Programme **monitoring** should be fallen within the framework of LAG's task. In that respect the LAG is **responsible** for monitoring the realization of **all selected project** proposals of the local programme by:
 - i. **coordinating** the local program acting as **intermediary body** between the **final beneficiaries** and all the engaged competent **authorities (PA/MA)**;
 - ii. ensuring the **efficient realization process** for each one local project and **resolving any problem** occurred in cooperation with the beneficiary in concern;
 - iii. ensuring that **final beneficiaries operate** within the national and EU law framework and according to his/her **contractual framework** and the **time schedule** agreed;



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2. LAG is **monitoring each individual local project** in terms of both **physical object** and the corresponding **financial cost**. It has the duty to make **checking and confirmation** of :
 - i. the **real expenditures** occurred (based on **spot visits**),
 - ii. making the **control of financial cost** by checking the **supporting documents** (invoices submitted by final beneficiaries) whether or not correspond to the **accomplished physical object**;
3. In terms of **cooperation with MA/PA** monitoring system commonly includes :
 - i. **monthly expenditure reports**;
 - ii. **quarterly monitoring reports** (based on agreed standardized technical forms);
 - iii. **Annual progress reports**;
 - iv. **Final closure programme report** (in the end of the programme);
4. Reports are sent regularly by **LAG to the MA/PA** in order to **be controlled and entered** in the **Integrated Monitoring System**.



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2. These **reports** describe :
 - i. the **realization phase** of each project;
 - ii. the **progress** achieved from last report time period and the **problems** (if any) observed along with the **efforts** that LAG has undertaken to counter them;
 - iii. It concludes the **financial sub report** regarding the **verified associated cost** of each **particular installment**.

3. The use of **common** or **compatible software** by MA/PA and LAG's should be sought to **avoid wasteful hand paper** procedures.



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4. The **active involvement of LAGs to monitoring** phase provided them with the possibility to **monitor the overall progress** of all local projects and thus being able to **monitor and evaluate** by their own the **local development strategy**.

5. Furthermore by this process **LAG's are encouraged to become well organized, efficiently managed** entities and **occupying** qualified staff, in order to reach final implementation objectives (benefit from having a LAG in your area - establishment of **well structured** local development schemes in rural areas).



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D. The payment procedure

1. In programs where LAG's have undertaken **monitoring but not payment responsibilities**, LAG's are obliged to send **payment orders** to PA (along with all supporting documents) requesting for the **correspondent payment instalment** to be paid in the final beneficiary.
2. Since there is no any **time framework** within which the payment should be accomplished, LAG's **very often** find themselves to **apologise** for any **delay of payment** to final beneficiaries;
3. In programs where **LAG's are not involved** in the payment procedure or **do not have access** to the **information exchange** between the **PA** and the **beneficiaries**, it is **questionable** whether or **not** LAGs **have the possibility** to **monitor** the **progress** of projects and to monitor and **evaluate** the **local development strategy**.



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4. In programs where LAG's have undertaken **payment responsibilities**, MA & PA should prior ensure that "the implementing entities" are **capable to manage financially public funds (delegation)**.
5. This mainly implies that **LAG's should be well organised structures** with –among others- **financial office**, which is **meeting** national and EU **auditing standards**, something that in turn makes easier the **necessary control checks** should be made regularly by PA's in LAG's.
6. In both cases there is a **large space** for improvement of the procedures of payment with a view to facilitate final beneficiaries to accomplish their projects and strengthen the role of LAG at local level;



E. The LAG operations

1. LAG has available for its operation (**running costs**) within a limit of **20%** of the total **public expenditure** of the local development strategy.
2. It is responsibility of MA /PA to issue **applicable rules** for **administration of running costs** in terms of **realisation procedures** and **eligibility cost**.
3. From this point onwards there is a “**chaotic**” situation. So far LAG’s reports (almost from all MS) that the current **administration system** for LAG’ operation is :
 - i. **very strict** with too much detailed **administration rules**;
 - ii. heavy **refund procedures**;
 - iii. **advance payments** either are **not allowed** at all or **are allowed** under specific **conditions** to be **met**;



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4. Some **points** and their **impact** related to monitoring or/and payment procedures:
 - i. In MS where LEADER programme supports “**hard project investment**” (small hotels and taverns, machinery and equipment modernization, other type of buildings or new technology installs etc), it is obvious that for **professional management of LEADER public funds** appropriate **LAG’s engineering staff support** is required.
 - ii. The **vast amount of administrative work** needed for effectively monitoring of an average budget LEADER programme it appears to be **too heavy for LAG’s** and the process is extremely **bureaucratic**. (ex. For an average LEADER local programme of 3-4 m€ public expenditure – 50 to 80 local projects- at least 3 time each for spot controls- technical quantity fishes - invoices are submitted to Paying Agency in every two or three months).
 - iii. **Cooperation** projects became **very risk adverse to undertake**, since **preparatory activities expenses** are either **non eligible** or **eligible** if finally result to **common project implementation**;



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- iv. It is estimated that at least **2 staff members** are needed only for the **collection, handling and photocopying of bills, documents**, performance proofs, back to office reports, **documentations**, etc. An average of 300 – 400 pages documentation must be submitted on paper by-monthly, and every item must be individually recorded on a submission sheet. Of course, a proper bookkeeping and accounting department is also preoccupation for LAG's.
- v. Use of **common (or) compatible software** between **LAG's** and **MA's/PA's** show that although in the very beginning have facilitated the establishment of a well managed monitoring system and reduced hand paper work (positive), **gradually sifted** to the development of a **very complex e-system** in terms of **number of technical fiches** and **forms** required for each project installment and the sequence of resubmission needed for any tiny amendment of the estimated budget of a local project.
- vi. But **hard paper** is again **there** since the final approval of any electronically form submitted document to PA/MA is actually valid after a signature is put on! .



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Thank you for your attention!