



*European Network for  
Rural Development*

**Leader subcommittee Focus Group on  
the Implementation of the bottom-up approach**

**Supplementary Report  
on specific aspects of Leader approach implementation**

February 2011



*Connecting Rural Europe*

## Foreword

At its meeting of 20 May 2010, the Leader Subcommittee considered the report of Focus Group 1 and concluded that, in the short-term, the details of problematic issues which were identified in the analysis should be further looked into.

Accordingly a 2<sup>nd</sup> questionnaire was prepared (see Annex 2) and was sent out to the participants of Focus Group 1. Thirty six questionnaires were received by 31 October 2010 and are listed in Annex 1.

On the basis of responses received, a draft supplementary report was prepared by the Contact Point in consultation with DG AGRI and the co-chairmen of Focus Group 1, and was presented to the Leader Subcommittee meeting of 12 November 2010. It was subsequently revised to take account of points raised during the Leader Subcommittee meeting and some additional contributions from group participants.

The report is in three sections corresponding to the three sections of the 2<sup>nd</sup> questionnaire concerning:

1. LAG running costs
2. Complex projects
3. Small scale projects

The contents of the report reflect the opinion of Focus Group 1 and not necessarily of the European Commission.

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# 1 Running Costs

## 1.1 Introduction

Running the local action group is a sub-measure of measure "running the local action group, acquiring skills and animating the territory" (code 431) as defined by Article 63 of Regulation n° (EC) 1698/2005.

The first report of Focus Group 1 identified a number of issues concerning the allowed ceiling, difficulties in obtaining guarantees required for advance payments, provision of "own funding" and VAT eligibility rules.

The 2<sup>nd</sup> questionnaire sought to find out more about the nature and extent of these problems, and obtain fuller information on eligibility and payment rules and procedures.

Feedback was requested from all participants in the group. Thirty three questionnaires from 21 MS were returned covering running costs: BE-Flanders; CZ; DK; DE (Bayern, Brandenburg, Niedersachsen, Mecklenburg- Vorpommern, Schleswig-Holstein); FI; EE; FR; EL; IE; IT; LV; LT; MT; PL; PT; SI; SK; SE; UK - Scotland; as well as IT and ES (two questionnaires covering all regions).

## 1.2 Funding limits and related issues

According to Article 38.1 of Regulation n° (EC)1974/2006 the running costs of the LAGs may not exceed 20% of the total public expenditure allocated to the local strategy. The ceiling very often refers to the whole measure 431 (including animation and skills acquisition)<sup>1</sup>.

The responses show that there is a significant group of programmes where the **ceiling on running costs**, as defined for each programme, is considered to be seriously inadequate for the implementation of tasks delegated to the LAGs:

- FI ("the lack of running cost is a very big problem" as the ceiling is only 16.5 % on average);
- EL (at least for LAGs with small budget);
- ES;
- IE (at least for animation);
- IT ("especially where tasks are assigned to LAGS for administrative controls on payment claims", it is considered that the limit is inappropriate");
- MT ("this is committed to a percentage of the total budget of Axis 4 even though LAGs are responsible to execute other Measures from Axes 1, 2, 3");
- PL ("the opinion of LAGs is that the funds are not sufficient");
- PT (problem with the limit on animation costs);
- SE ("there are only a handful really big LAGs with large budgets that have sufficient funding for running costs");
- UK-Scotland ("this depends on the amount of support given by the Lead Body or Municipality supporting the Programme, some give much less support in terms of people and/or finance than others").

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<sup>1</sup> The inclusion of animation under the budget for running cost in several RDPs (FR, DE Nieder-Sachsen, several Italian Regions) although it is a separate sub-measure in measure 431, is an issue of concern to LAGs.

Most of the above, EL, IE, MT, PT, UK-Scotland, and most of Spanish and Italian regions, follow the “third model” in the implementation of Leader (decentralisation of project approval). They also include the cost of the animation activities within the ceiling applicable to running costs (FI, EL, IE, ES, IT, MT, PT, UK-Scotland). This confirms the finding of the first report of the group that the running cost ceiling is unlikely to be sufficient in the case of LAGs with a control task or generally under the “third model”.

### 1.3 Other difficulties with running costs

#### 1.3.1 Obtaining guarantees for advances

The responses indicate that in several programmes a **guarantee** is required, in compliance with Article of Regulation n° (EC)1974/2006, in order to obtain an advance:

- a bank guarantee (e.g. EL, MT, PL, PT);
- an equivalent guarantee (e.g. BE-Flanders, SK). In SK members of the LAG (legal persons) guaranteed the advance payment by their own property since LAGs do not have any property.

There is no such requirement in other programmes, including DK, EE, IE, SE. In EE the approval of a body as LAG is the basis of the guarantee for the PA. In FI, although it is legally possible to require a guarantee, normally such a guarantee is not required<sup>2</sup>. IE responses indicate that in today’s climate it would be near impossible to get a bank guarantee for the LAG.

In some of the cases where this requirement applies (IT, MT, PL) it has been stated that there are **difficulties** in LAGs obtaining the guarantees that are required for advances. This is mostly due to the high cost of the guarantees and affects primarily LAGs with NGO status. In PL the cost of a bank guarantee - estimated at €920 and not eligible - is considered high for NGOs with very limited budget based on memberships fees.

#### 1.3.2 Providing own funding

In some cases LAGs are required to provide part of the running costs (“own funding”), e.g. in DE (Bayern, Brandenburg, Niedersachsen, Mecklenburg, Schleswig-Holstein), ES, FR, IT (Friuli Venezia Giulia, Piemonte), SE and some 25% of LAGs in DK.

Regarding the size of the LAG contribution, it has been reported that “at the moment most of the French LAGs make a significant financial contribution to be able to cover the current costs”. In many cases LAGs ask memberships fees, such as an annual contribution from local public bodies based, for instance, on the number of inhabitants. The difficulty arises from the “annuality” of the commune budgets (DE-Bayern). In UK-Scotland the amount of funding drawn down by LAGs varies, e.g. in Rural Tayside LAG both local authorities contribute annually to the LAG running costs financially and the LAG draws down 50% of costs from LEADER. In DE-Brandenburg LAGs are also funded by donations.

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<sup>2</sup> In Finland the advances are paid nationally and they are not included in the payment request to the Commission. The authorities see that the LAGs have funds for implementing the project 431 because they obtain 20 % of the public funding for this measure from the municipalities. The LAGs themselves have negotiated the funding from municipalities. It would be difficult and expensive to get a guarantee from the banks.

In IT-Friuli Venezia Giulia, the LAGs must participate in the funding of their operation, the animation and the acquisition of skills at a rate of 20% of the total. By contrast, IT-Piemonte asks LAGs to contribute a symbolic fee (approximately 0.5%). In SE the LAGs need to get 30% of total cost from local public co-funding. In FI the target for private funding is 35 % of the total cost, but running costs are covered 100 % by public funding, of which 20 % comes from the municipalities.

In some other cases (e.g. EE, IE), the LAGs provide own resources, although they are not required to do so, as some costs are deemed ineligible.

There are indications of LAGS having difficulty in finding the "own contribution" in some programmes, including in DK where 25% of LAGs have to provide the national co-funding themselves and MT where due to their status as NGOs they are prohibited from carrying out any commercial activity.

Similar difficulties have been reported in the case of LAGs which are not separate legal entities and therefore rely on partners' contributions. There are examples of different types of support from various stakeholders to tackle this issue, especially municipalities (e.g. office space in municipal buildings in LT) and contributions from local businesses (e.g. IE), as well as concern at a potentially lesser commitment in the future from LAG lead partners due to the financial climate (e.g. UK-Scotland).

### **1.3.3 Ineligibility for VAT**

The status of LAG falls into one of four categories: public bodies; private bodies; non profit or non revenue generating bodies; LAGs without legal personality; and as such has implications for VAT related costs.

In MS where LAGs are treated as private bodies, non recoverable VAT is an eligible cost (e.g. DK, BE-Flanders, LV, PL, SK).

If LAGs are treated as public bodies<sup>3</sup>, any VAT paid is not an eligible cost (e.g. EE, FR, IT-Piemonte, LT, most of the LAGs in SE). In a similar position are LAGs with no legal personality (SI, UK-Scotland), where the designated lead partner - in most cases a public body - administers public funds.

If LAGs are registered charities, non profit organisations, associations, etc (IE, PT) they are not registered for VAT and exempted from VAT; they therefore cannot reclaim VAT since it is not an incurred cost. In DE LAGs are ineligible for VAT, being registered as "non-economically active associations". In DE-Brandenburg they are not entitled to tax deductions since they do not do business but "they receive funding including VAT" (e.g. DE-Brandenburg). In FI LAGs are associations and if they do not recover VAT, it is an eligible cost.

LAGs are not eligible to register for VAT and therefore cannot recover VAT in several RDPs, including, EL, IT-Piemonte, LT, ES, UK-Scotland, and most LAGs in PT, SI and SE. Overall, there is a financial issue if a LAG or its lead partner is not entitled to register for VAT (and does not receive funding including VAT). In such cases non recoverable VAT is an additional cost item for the running costs budget of the LAG.

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<sup>3</sup> In conformity with Article 71 a) of Council Regulation n°(EC) 1698/2005

## 1.4 Eligible and non-eligible costs

Respondents were requested to attach the established list of eligible running costs, if available, or alternatively, specify running costs which are not eligible. In the event, the responses received used a combination of formal sets of rules concerning Axis 4<sup>4</sup> and informal lists of eligible costs or non-eligible costs, or both. A very wide range of different approaches and definitions are evident in these responses, reflecting the lack of commonly defined rules, as well as different national and regional approaches and normal practices.

The following table represents an attempt to distil the information contained in the lists that have been provided by respondents under five main headings to allow an overall picture to be established:

- Operating costs
- Personnel costs
- Financial costs
- Training costs
- Promotion and animation costs

The specific eligibility provisions depicted on this table do not necessarily cover every category of expenditure. Non-response may imply that eligibility is obvious in some contexts (e.g. website setting up and maintenance costs are explicitly mentioned as eligible in only three of the responses - EE, LV, SK) or is covered by general rules applicable to public bodies or programmes. For instance, reference to national regulations is made in the responses of DE, IE and SK, whilst BE-Flanders states that "there is a negative list, which is used for projects and LAGs. The framework is found in the EU regulation but is translated in Flemish guidelines".

Overall, there is a consistency among programmes on the treatment of the main categories of expenditure.

The main area of inconsistency is in the "insurance, banking charges, etc" financial costs where eligibility and non-eligibility are evenly balanced. Further inconsistencies appear in the treatment of office rent (not eligible in EE, DE-Bayern, DE-Brandenburg) and in the meeting attendance allowances of LAG board members (not eligible in EL, LV and PT).

A number of specific exclusions from eligibility, applying only to one or two programmes have also been observed and they possibly reflect normal national practices. These are shown in the table in italics and different colour and include: "calls and postal services abroad" (CZ); "job advertisement" (CZ, LV); "advisory and consultancy services" (LV, SK).

The current level of completeness and comparability allowed by the lists provided by the respondents limits the scope for a more detailed analysis. This can be overcome by providing the participants in the group with a new and exhaustive list of potential items of expenditures based on their responses, against which they can confirm eligibility or non-eligibility under different programmes. In the meantime, a full compendium of eligibility/non-eligibility lists provided by respondents has been compiled for reference.

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<sup>4</sup> In IE: "Outline of Operating rules for Axes 3 & 4"; in EL "Λεπτομέρειες εφαρμογής, σύστημα εποπτείας και ελέγχων του Άξονα 4 του Προγράμματος Αγροτικής Ανάπτυξης της Ελλάδας 2007-2013 (ΓΙΑΑ)" – Operating Rules for Axis 4; in IT Guidelines on eligibility costs on rural development and similar projects".

**SUMMARY TABLE OF ELIGIBLE AND NON-ELIGIBLE COSTS**

✓ = eligible X = non eligible

		Czech R <sup>(1)</sup>	Denmark <sup>2</sup>	Estonia <sup>(3)</sup>	ES-all RDP <sup>(4)</sup>	DE-Bayern	DE-Branden.	DE-Nieders.	DE-Mecklen.	DE-Schl-Hol.	Finland <sup>(5)</sup>	France	Greece <sup>(6)</sup>	Ireland <sup>7</sup>	IT-all RDP <sup>(8)</sup>	Latvia	Lithuania <sup>(9)</sup>	Malta <sup>(10)</sup>	Poland <sup>(11)</sup>	Portugal <sup>(12)</sup>	Slovak R	Slovenia	UK-Scotland
<b>A.</b>	<b>Operating Costs</b>																						
1.	Office rent	✓	✓	X		X	X				✓		✓	✓	✓	✓	✓	✓	✓	✓		✓	
2.	Office costs (supplies, utilities, telecoms, equipment & furniture)	✓	✓	✓		X	X				✓		✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
3.	Purchase of 2 <sup>nd</sup> hand equipment	X	✓	X							X		X			X				X	X	X	
4.	<i>Phone calls and postage abroad</i>	X	✓																	✓			
5.	Office kitchen supplies & equipment	X				X	X		X		✓		X			X				X			
<b>B.</b>	<b>Personnel Costs</b>																						
1.	Staff salaries including external specialists	✓	✓	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
2.	<i>Consultancy services</i>		✓													X				✓	X		
3.	Board Members meeting attendance allowances	✓		✓	✓						✓		X		✓	X			✓	X			
4.	<i>Job advertisements</i>	X	✓													X				✓			
5.	Staff travel costs incl cars	✓	✓	✓		✓		✓	✓	✓	✓		✓	✓	✓	✓	✓		✓	✓		✓	✓
6.	Board members travel costs	✓	✓	✓							✓		✓		✓	✓	✓		✓	✓			✓
7.	Purchase of cars	✓		✓							X		X		X	X	X			✓	X		
8.	Car maintenance & spare parts	X		✓							X				X	X	✓			✓	X		
<b>C.</b>	<b>Financial Costs</b>																						
1.	Taxes, VAT	X	✓	X					X		✓	X	X		✓	✓				✓	X	X	
2.	Insurance, Bank charges	X	✓	X		X					✓		✓	✓	✓	X	✓	✓		✓	X	X	
3.	Other financial costs	X		X	X						✓			X		X				X			



		Czech R <sup>(1)</sup>	Denmark <sup>(2)</sup>	Estonia <sup>(3)</sup>	ES-all RDPs <sup>(4)</sup>	DE-Bayern	DE-Branden.	DE-Nieders.	DE-Mecklen.	DE-Schl-Hol.	Finland <sup>(5)</sup>	France	Greece <sup>(6)</sup>	Ireland <sup>7</sup>	IT-all RDPs <sup>(8)</sup>	Latvia	Lithuania <sup>(9)</sup>	Malta <sup>(10)</sup>	Poland <sup>(11)</sup>	Portugal <sup>(12)</sup>	Slovak R	Slovenia	UK-Scotland
<b>D.</b>	<b>Training Costs</b>																						
1.	Own Staff/Members of LAG	✓	✓	✓		✓					✓		✓	✓	✓	✓	✓			✓		✓	✓
2.	Lengthy/foreign language courses	✗		✓							✗		✗			✗	✓			✓			
3.	Other training arranged by LAGs	✓	✓	✓									✓		✓	✓	✓			✓			✓
<b>E.</b>	<b>Promotion &amp; Animation Costs</b>																						
1.	Development & Promotion of Strategy	✓	✓	✓			✓	✓			✓		✓		✓	✓	✓		✓	✓	✗	✗	✓
2.	Website (setting up & maintenance)	✓	✓	✓							✓		✓		✓	✓	✓		✓	✓		✓	✓
3.	Publicity material	✓	✓	✓				✓			✓		✓		✓	✓	✓	✓	✓	✓		✓	✓
4.	Promotional (small) gifts	✓	✓	✓							✓		✓			✗	✓		✓	✓			
5.	Marketing, Hospitality, Public Relations	✓	✓	✓		✓	✓	✓	✓	✓	✓		✓				✓		✓	✓			✓
6.	Sharing of know how	✓	✓	✓		✓	✓	✓							✓	✓	✓		✗	✗		✓	
7.	Promotion of cooperation projects	✗	✓	✓		✓	✓	✓	✓		✓		✗				✓		✗	✗			
8.	Other Animation	✓	✓	✓	✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9.	Membership of national & regional associations	✓	✓	✓	✓						✗		✓		✓	✓	✓		✓	✓			✓

**Notes:**

- (1) **CZ:** Some costs limited by ceiling. B.3 & B.6 - only where allowed by Czech legislation. B.7 - only until the end of year 2010. C.2 - From 1.1.2011 they will be eligible.
- (2) **DK:** A.3 - Purchase of 2nd hand equipment is only eligible if it has not received EU-funding before. D.1/2/3 - All training programmes must be related to achievement of the objectives in the local development strategies, otherwise they are not eligible.
- (3) **EE:** B.7 - Lease or purchase of car limited to one per LAG (max 250 000 EEK and running costs up to 5 000 EEK p.m. B.1 - External advisers includes audit.
- (4) **ES:** C.2/3 – The cost of bank guarantee to obtain bank loan is not eligible.
- (5) **FI:** B.1 - External specialists include audit and legal advice.

- (6) **EL:** B.5, 6: parking and taxi cost excluded ; B.7.: only car leasing limited to one per LAG (maximum: 1600cc & retail value 20.000€), non tax, VAT and insurance cost excluded ; E. 3 & 4: not for sale; E. 1: eligible after the approval of the local development strategy. special thematic studies also eligible; E. 7. : Promotion of cooperation projects are eligible in each project budget under the measure 421 ;
- (7) **IE:** E.8 - Expenditure on "animation" restricted by funds/ceiling.
- (8) **IT:** B.3 - Board members remuneration is eligible only in some RDPs. The expenses and attendance allowances are always eligible.
- (9) **LT:** E.8 - No separate budget line for "animation" costs; these are covered under general information & publicity. B.2 - "Consultancy services" is funding from skills "common payment", which in Lithuania cannot exceed 15 %. B.7 & B.8 – "Purchase of cars" is non eligible. Funding is allowed only for "Car rent", and in this case "Car maintenance & spare parts" is accepted.
- (10) **MT:** B.1 - External specialists include audit and legal advice.
- (11) **PL:** B.1 - External specialists include audit and legal advice. B.3 & B.6 - Payment to board members limited to max of 3 000 EUR incl. travel.
- (12) **PT:** B.2 - Buying by the end of 2011, unless otherwise previously authorized replacement by MA. B.7 - Buying a car by the end of 2011, unless otherwise previously authorized replacement by MA. C.1 - VAT eligible in certain cases only. C.2 - Insurance and Bank charges with the guarantees for the demand of advance and with the bank account required for the programme. E.9 -Membership in the Federation "Minha Terra".

## 1.5 Payment rules and procedures

The payments related to running costs fall into two broad categories in terms of their **status**:

- “refund” claims against actual expenditure.
- advance payments under the 20% ceiling which are reconciled subsequently (“in arrears”) with actual expenditure reported by the LAG.

### Use of advances

The use of advances is common, including BE-Flanders, DK, EE, EL, IE, IT, LV, LT, MT, PL, PT, SE, SK, UK-Scotland and some of ES regions. However, in some cases they are restricted to some types of expenditure (e.g. personnel and overheads in EE).

In DK and LV the LAGs receive 100% of their estimated costs in advance but usually different ceilings apply to the amount allowed, e.g. 20% of running costs in IT, SK, up to 5% of public support applied to the amount of running costs (5% of 12%) and 20% of “plan approved” skills acquisition and animation costs in PT. In UK-Scotland each LAG was given at the outset of the programme an advance payment from the Scottish government’s own finance as a part of its indicative financial allocation eg in Rural Tayside £140,000 of an initial LEADER allocation of £2 million was advanced, i.e. 7% to assist with setting up and initial running costs,

Advances for running costs using EAFRD budget are not at all possible in CZ, DE, FI, FR and SI. In FI advances are paid from national funds<sup>5</sup>.

### Advance payment system

The frequency of payments varies considerably. There are some RDPs where there is only one initial payment (BE-Flanders, EL, MT, PL, UK-Scotland, PT). In EL PA credits the LAG account with one advance payment (12% up to 20% of the public expenditure of the measure 431). In BE-Flanders the advance payment was only made in the beginning of the programme and only to certain LAGs: €50,000 paid in advance to six LAGs which did not have enough “financial space”, to be able for instance to pay their employees. In PL the whole advance payment is paid within a month after signing a contract with the MA for measure 431.

Advances are paid on a monthly basis (IE) or 4 times per annum (DK, LV). DK considers the advance payment system with one yearly request by the LAG and four payments (quarterly) by the Ministry to represent good practice. The procedure meets at the same time the Ministry’s concern regarding minimizing the LAG administration burden and not making advance payments of too large amounts.

In LV at the beginning of the last month of every (“current”) quarter a LAG submits to the PA an estimate on activities planned in the next quarter and receives the 100% advance payment. The estimate is examined by the PA within 10 working days from the date of submission and then, a few days later, the payment is made to the LAG. LAG must implement all the activities included in the estimate. After the end of the current quarter the LAG submits a report on activities carried out and the financing used. Attached to the report are documents proving eligible costs and documents on

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<sup>5</sup> In FI support may be paid from national funds in advance to a corporation of public interest up to the maximum of 20% of the amount granted. The decision on granting the support must include the conditions for the advance. A security may also be required for the payment of the advance..

transactions. If the report contains ineligible costs, the amount of aid included in the estimate and approved for the next quarter is reduced and the corresponding part is transferred to ineligible costs.

### **Refund payments**

The **frequency of financial claims and payments** vary considerably, some occurring at regular intervals and some on a more ad hoc basis.

Regular frequencies range from 12 times per annum in EE, to 4 times per annum (the most common), 3/yr (CZ) and 2/yr. Some of the respondents have provided information on the **time** it takes for the programme authorities **to approve a financial claim and make payment** to the LAG. This tends to require 3 months for the former and 1 month for the latter in CZ and similar periods have been reported in the case of BE-Flanders, EE, PL, SI. Claims are made quarterly in UK-Scotland for reimbursement of costs incurred and usually paid within 1-2 months. Long delays have been reported in SK (up to 6 months) and EL. Great variations have been reported in SE from region to region, with LAGs having to wait from 1 month to 10 months to get their payment after their claims have been handed in.

Some responses (e.g. EL, SK, SI) have highlighted that very detailed documentation is required in support of financial claims (full invoices, receipts, reports, etc) making the whole process onerous and slow.

## **1.6 Conclusions**

A fairly clear cut point arising from the above is that the greatest obstacle is the ceiling on running expenses in programmes following the "third model" in the implementation of Leader and where animation costs are included in the ceiling. In some cases this problem is compounded by difficulties arising in securing bank guarantees, providing "own funding" or ineligibility for VAT, as well as payment delays.

Regarding the eligibility of costs a broad and generally consistent picture has emerged. However, there are many detailed provisions as well as gaps in the way eligibility is expressed and presented in the established lists which limit comparability and analysis in greater detail. Further information collection using an exhaustive list to be compiled from the lists already received from the respondents, with a rigorous categorisation following the main headings of the table above, may therefore be necessary.

A clearer and sharper picture is emerging on payment rules and procedures, showing that two main approaches are followed by programmes, one using advance payments and the other refund payments. Both approaches have similarities in claim/payment frequencies and timings/delays, which in some cases are considered as too bureaucratic and slow.

## 2 Complex Projects

### 2.1 Introduction

The first report of Focus Group 1 established that complex integrated / multi-sector projects were possible under some RDPs. It also noted that this was not the case in the majority of RDPs and that a number of problems prevented or constrained the development and implementation of operations combining several measures.

The 2<sup>nd</sup> questionnaire sought to:

- obtain more information on how "integration" is understood and applied locally;
- find out more on progress with the implementation of complex projects.

Responses were requested from programmes which were understood to have relevant experience with complex projects - see Annex 2.

Of the questionnaires received, 21 included responses on complex projects covering 16 RDPs: BE-Flanders, CZ, FR, DE (Bayern, Schleswig-Holstein), EL, IE, IT (Piemonte, Calabria), ES (Andalucia, Aragon, Cantabria, Cataluña, La Rioja, Madrid), SI, UK-Scotland.

Although a working definition of "complex projects" was provided in the questionnaire<sup>6</sup> as a reference point, the responses have not followed a consistent pattern highlighting that a range of widely different perceptions and definitions are in use in the RDPs.

These responses indicate that the programmes broadly fall into three categories as far as the state of development of complex projects is concerned:

- programmes where complex projects are explicitly envisaged or allowed and where there are already results in the form of approved/implemented projects (and some illustrative examples have been provided by the respondents) – BE-Flanders, CZ, DE (Bayern, Schleswig-Holstein), IE, ES (Aragon, Cataluña), SI;
- programmes where complex projects are explicitly envisaged or allowed and, although the process has been launched, there are no approved projects as yet – EL, IT (Piemonte, Calabria);
- programmes where there is no scope for complex projects or where complex projects are not excluded but no processes concerning such projects have been launched - ES (Andalucia, Cantabria, La Rioja, Madrid), FR, UK-Scotland. Several of the responses have referred to the factors that prevent or constrain the development of complex projects.

The analysis that follows on how "integration" is understood and applied locally is focused on the first and, to a lesser extent, on the second of these groups of programmes.

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<sup>6</sup> Complex or similar projects are defined as "projects consisting of several operations ("package of actions ") eligible under several measures or under a specific Leader integrated measure and designed to implement a part of the local development strategy".

## 2.2 How is “integration” understood and applied locally

From the responses received, there are 9 RDPs in the first two groups which can be considered as fully or partly “operational” as far as complex projects are concerned. Even within this relatively small number of programmes, a wide range of different perception of “complex projects”, approaches to “integration” and relevant procedures can be observed. Among these it should be noted that:

- some programmes have adopted a thematic focus for complex projects, e.g. “quality of place” in BE-Flanders, tourism and local products in EL, cooperation in ES-Cataluña;
- complex projects tend to be confined to Axis 3 (e.g. BE-Flanders, IE, EL, IT-Piemonte) or Axis 4 (e.g. DE-Bayern, ES-Aragon, ES-Cataluña, SI) or both (e.g. DE- Schleswig-Holstein);
- only in very few cases (CZ, IT-Calabria) it is possible to combine measures of Axes 1 and 2 with other measures.

The specific approach on complex projects adopted by each of the RDPs which have reported that they are in an operational stage as far as complex projects are concerned is presented below with reference to: the objective of integrated projects; how the Leader principle of integration is translated in local development strategies; and, which integrated schemes and measures in the RDP are open to Leader.

**BE-Flanders** has emphasised an integrated focus on projects viewing as best practice a broad approach: capturing several measures; involving many partners; securing public-private partnership; etc.

The main goal of integration is to improve the “quality of place” in rural and peri-urban areas. “By improving the quality of place, we invariably integrate the ecological, economic, and social interests of a region. In this way, we create areas for which we can conceive a personal attachment, areas that become imbued with their own special identity and that deserve all of the efforts we make on their behalf, for the present and for the future”.

In the beginning of this programming period the local development strategies had to be “integration – proof”. A technical experts’ working group checked them on the Leader principles before their approval at the political level.

Only the measures of Axis 3 are open to Leader.

In the **Czech Republic** the integrated projects are allowed to combine more than one measure of the RDP. Almost all measures in axes 1 and 3 are allowed to the integrated projects but most of the measures of Axis 2 are not open to Leader.

LAGs can choose from the pre-defined measures, one main measure and at most two adjacent measures to its project fiche in order to combine the eligible activities and costs from these measures (more than 50% must come from the main measure).

In **Ireland**, it is possible for LAGs to fund projects that cover more than one measure under Axis 3 only. In order to facilitate correct reporting each of the elements of the project that are categorised under a different measure must be reported separately though the project itself may be just one project. This does increase the reporting burden on the LAGS.

There are no projects outside of the pre-defined measures and there is no system for facilitating projects that fall between two Axes, only projects that may have a mix of elements that fall under different measures of Axis 3.

In **DE-Bayern** complex "embedded" or multi-sectoral projects can be funded within the Leader Axis. As far as there is no responsibility of any other administrative unit for innovative, cross-sectoral or interdisciplinary projects, complex projects fall within the responsibility of the Department of Agriculture which has residual responsibility for Leader. The Leader Manager in the Department of Agriculture is a central contact point, consultant and coordinator for all Leader parties and ensures that all relevant administrative structures are coordinated and can bring their competences to bear on the realisation of such projects.

In **DE-Schleswig-Holstein** a complex project must be entirely within pre-defined measures and all measures of Axes 1 to 3 can be covered by complex projects, except for area measures.

In **ES-Aragon** the objective of an integrated or complex project "should be to provide a unique and global solution to the needs and the problems generated in a specific area and corresponding to specific fields". Although the RDP of Aragon does not provide specifically for integrated projects, such projects are eligible "as far as the expected performances are suitable for every instrument of the RDP".

The LAGs can manage complex projects, provided that the operations are applicable within the measures of Axis 4.

In **ES-Cataluña** the objective of integrated projects is to achieve an economic and territorial improvement, a better social protection, a joint development and collaborative work among different regions. This is meant to be an approach that should be adopted by the LAGs from the beginning, through the local development strategies. The scope of complex projects is confined to Axis 4, cooperation measure 421.

In **Slovenia** Axis 3 measures can be combined under Leader. The RDP does not, however, allow the combination of measures under other axes, e.g. there is no option to implement a single project under 121 and 311 operations - there must be two separate projects.

Measures from Axes 1, 3 and 4 can be covered by complex projects - both inside and some outside pre-defined measures - but Axis 2 measures cannot be integrated.

In **Greece** as the projects co-funded under measures 311,312, 313 of Axis 3 contribute mainly to the economic development of rural areas, the objective of integrated projects is essentially the viability of the investment through the complementarity of services provided by SMEs, especially in the sector of tourism and local products.

The Leader principle of integration is mainly translated in local development strategies by interactions and interlinks between tourism and local products projects (farms and recreational infrastructure, tourism accommodation and additional services/activities, etc).

Not all integrated schemes in the RDP are open to leader.

In **IT-Piemonte**, the Region has activated integrated projects to achieve the objectives of thematic areas of intervention included in the local development strategies (eg rural tourism, services, local products, etc). For each area, the LAGs can activate one or more "lines of action" within a main measure of Axis 3 which will connect with other RDP measures (reported in at least two axes of RDP). Each line corresponds to one (or more) integrated projects. Each integrated project is activated through a call for proposals issued by the LAGs.

The RDP provides another form of integrated project, similar to the Leader, for measure 322, which therefore cannot be activated by the LAGs.

In **IT-Calabria** the Region promotes integration between the RDP axes through the creation, enhancement and promotion of "project chains". This principle is promoted in two ways:

- in the local development strategy selection, up to 10pts (out of a total of 60) are assigned to the criterion "Integration with other modes of implementation of the RDP and programmes of the ERDF and ESF";
- the integration within Axis 4 deals with the implementation of measures related to measure 410. In particular, under Measure 411, the LAGs can activate the integrated projects for micro-sectors, including some measures of Axis 1 (121, 123, 133).

To avoid duplication of Leader work with other integrated projects of the RDP the LAG activities on "competitiveness" must be exclusively aimed at "micro local chain project."

## 2.3 Progress with the implementation of complex projects

### 2.3.1 Programmes under which complex projects are eligible and have reached implementation stage

The responses received cover 7 programmes under which complex projects are eligible and where results have already been achieved: BE-Flanders, CZ, DE-Bayern, ES (Aragon, Cataluña), IE, SI. In all cases, illustrative examples of implemented projects have been provided.

In **BE-Flanders**, 50 out of 260 approved Leader projects are estimated to be "complex projects".

An example is the "**Kyoto in Pajottenland**" project: sustainable region for renewable energy and ecology. Through the development of local policies and initiatives for the development of wind energy, biomass and solar energy, it will be possible to maintain the development and prosperity of this region in a sustainable manner, and to make it stronger. In parallel, the project will drastically reduce waste in the municipality by using it for the production of renewable energy.

In **DE-Bayern** all projects under the Leader axis are considered to fall into the complex projects category. As such a large number (410) of approved projects have been reported including the following examples:

- **Network Business-School: Building a career-oriented cooperation** (Netzwerk Wirtschaft - Schule: Aufbau einer berufsorientierten Zusammenarbeit): establishing a coordination point for cross-border cooperation and coordination between regional businesses and schools; establishment of a database; planning and implementation of various information and cooperation events.



- **Farmland Inn-Salzach** (Bauernland Inn-Salzach): first exemplary network of diverse farming services in the districts of Mühlendorf and Altoetting and their common external representation; project management, joint public relations, preparing and implementing an action programme.

In **ES-Aragon**, although the RDP does not contain provisions covering explicitly complex projects, 20 such projects are reported to have been approved to date.

An example is a project on the **valorisation of the historic heritage**, which includes small investments for the preservation of the architectural and cultural heritage, training and dissemination activities, production of publications, etc.

An example from **Slovenia** concerns fruit processing on the farm. An apple producing farm will buy equipment for processing apples (eligible under measure 123), besides that they will create a supplementary activity (diversification) that would be eligible under 311, and they will also provide training for apple processing. Since processing equipment represents the greatest financial share, the aid intensity is same as for measure 123.

Some programmes have shown results but have also reported **obstacles to complex projects**.

In **CZ** there are now 785 approved projects that have had the opportunity to use secondary measures, but it is not yet established how many of them have actually combined the measures into complex projects. Although no specific obstacles have been reported, it has been commented that "it is difficult to follow the detailed rules in more measures and not to slip up".

An example of complex project realised in the Czech Republic comes from the LAG Krajina srdce („Landscape of My Heart"). During the first call for projects in 2008, the LAG supported the projects of communities to improve their aesthetic appearance of villages through landscaping and associated works. This included tree planting, replacing hard landscapes with new green areas, acquisition of machinery to make easier the maintenance of 11 hectares of land, repairs to the chapels in Přestavky and Běleč and the purchase and installation of small furniture to create resting places.

In **IE** several difficulties have been mentioned but may not be related only to complex projects ("we have enough bother getting "simple" projects through"; "cultural projects/community tourism projects which are clearly unique to the area ... are restricted"). There are also examples of projects that have been realised building on Ireland's long-standing experience in this field.

An example is the **East Cork Tourism Network** of 84 local businesses, which was formed in 1995 and has been assisted to evolve as an area based tourism marketing network since its inception through the various LEADER and LEADER-type Programmes. The network has been supported through the RDP, Axis 3, for a package of activities including: Animation Support; Marketing Related Materials and Activities; Research, Analysis & Development; and Training Supports.

In some of the programmes the experience in complex projects is based on **cooperation projects**. This is notably in **ES-Cataluña** where seven complex projects have been approved (not yet formally) and all of them are cooperation projects.

An example is a project concerning **social entrepreneurial responsibility**. It is a project coordinated by the Associació de desenvolupament de la Zona Nord Oriental de Catalunya and pursued by all the LAGs of Catalonia and some LAGs from Aragon and the Balearic Islands. It

concerns access to Leader for enterprises that meet specific requirements regarding working, social and environmental conditions.

Further cooperation projects have been presented as examples of complex projects in other programmes (IE, DE, ES).

In **DE-Bayern**, a cooperation project **“St. James’s Way”** (Gebietsübergreifendes Kooperationsprojekt Jakobswege) highlighting the special nature of this historic pilgrimage route, creating consistent quality standards, and strengthening networking between relevant Leader regions and active groups from church and tourism. Actions included project management, web platform, travelling exhibition, information boards, events, templates for stage brochures, notice posters and other publicity measures.

In **ES-Aragon**, there is a cooperation project, called **“Pon Aragón en tu mesa”**, grouping all the LAGs of the region, whose objective is to strengthen the visibility and consumption of local products. The project includes dissemination activities, publications, activities with children, small investments aiming at improving the quality of homemade products.

### **2.3.2 Programmes under which complex projects are eligible but have not yet reached implementation stage**

The RDPs of EL and IT (Piemonte, Calabria) fall into this category. Greek LAGs are currently assessing project applications, in IT-Calabria the projects have not yet been activated, whilst in IT-Piemonte the call for project proposals closes on 30/11/2010.

## **2.4 The operation of the application system**

An analysis of the RDPs with operating experience indicates the typical rules used in their application system.

The concept of a “main” measure is used in some programmes, e.g.:

- CZ: the main measure of the project (more than 50% of eligible costs) and at most two other (secondary) measures can be combined;
- EL: more than 50% of the costs must be attributed to the main measure and the project assessment is carried out according to the rules of the main measure;
- SI: the main measure is the one with greatest financial share.

Programmes reporting that the project management I.T. tool accepts complex projects, include BE-Flanders, CZ, EL, DE-Bayern and DE-Schleswig-Holstein. This is not the case in other programmes, e.g.: ES (Aragon, Cataluña), IE, SI.

A single application is required in BE-Flanders, CZ, EL, DE-Bayern, SI. Although this is not the case in ES (Aragon, Cataluña) and IE the assessment of different applications is to some degree conducted in a coordinated way since “all project applications are evaluated and approved by the LAGs” (IE) and

the evaluation of the project assesses the overall performance of all measure-specific components included in the project (ES-Aragon).

## **2.5 Conclusions**

The above analysis confirms the finding of the first report of Focus Group 1 that measure-by-measure is the predominant approach in the implementation of Leader.

The few programmes that encourage or allow integrated / multi-sector projects follow quite diverse and distinct approaches and no consistent pattern or approach has been observed.

Nevertheless, a group of practical experiences is emerging based on programmes where complex projects have reached implementation stage. They demonstrate the feasibility of operating complex project schemes, and offer concrete suggestions on approaches and procedures regarding complex projects, including the "main project" and "project chain" concepts, single application, and the recognition of complex projects in the project management I.T. tool.

## 3 Small Scale Projects

### 3.1 Introduction

The first report of FG1 identified a number of small scale project schemes which have been established in some RDPs.

The 2<sup>nd</sup> questionnaire sought to find out how these schemes work and their potential general applicability.

Feedback was requested and received from programmes which were known to have relevant experience: FI, LV, LT, PL, SE and UK-Scotland.

There are two broad categories of schemes:

- Formally established at RDP-level with own rules etc. Such schemes have been established and are operational in FI, PL, LT and LV.
- LAG-level schemes with the status of an approved project which provides small grants (SE and UK-Scotland).

### 3.2 RDP based schemes

#### 3.2.1 Objectives and scope

There are small scale project schemes established at programme level in FI ("coordination projects"), LT, LV and PL.

The general objective of these schemes can be summarised as aiming to facilitate access to the programme for local people and organisations, especially for actions of wider community / public benefit.

Specific objectives of established schemes have been reported, as follows:

- In FI: to help people and communities access programme funds and to help LAGs implement their local development strategies.
- In LV: to enable "public benefit projects" (based on the positive experience of Leader+ type actions in the 2004-06 period).
- In PL: to contribute to the achievement of the objectives of axis 3.
- In LT: to implement (public) non-profit small scale projects.

In general terms, their scope relates mostly to axis 3:

- In FI: development and investment projects of general interest could be implemented as "coordination project" assembled by a LAG which is responsible for the whole coordination project. The coordination project consists of small sub-projects. (Eligible in measures: 313, 321, 322, 323, 421).
- In LV, LT and PL : the small scale projects are under axis 4 sub-measure 413 and concern activities reaching targets of axis 3 "Quality of life in rural areas and diversification of rural economy"

### 3.2.2 Main characteristics

The eligible beneficiaries are generally natural persons as well as local organisations (public, private, NGOs).

Eligible actions cover both "hard" small investments and infrastructure and "soft" actions:

- Finland: development and investment projects of general interest.
- Latvia:
  - the purchase of equipment and development of small scale infrastructures for the provision or improvement of services, and for the diversification of public activities, including training, cultural, environmental protection, sports and leisure activities.
  - within the above activities the following costs are eligible:
    - investment costs, including purchase of fixed assets, construction of new buildings and premises as well as reconstruction, renovation and improvement of the existing ones;
    - general costs directly associated with project preparation and/or implementation and not exceeding 8% of the eligible investment costs of the project.
- Lithuania:
  - the provision or improvement of services, the diversification of public activities, including training, culture, environmental protection, sports and leisure activities; publicity, event organization, publishing and research when the activity is not permanent.
  - within the above activities the following costs are eligible:
    - the purchase of equipment and development of small scale infrastructures , rental of equipment and machinery; services and goods directly related to the local project activities; information and publicity measures relating to the implementation of local projects; general costs directly associated with project preparation and/or implementation and not exceeding 15% of the eligible costs of the project.
- Poland:
  - delivery of training;
  - promotion and development of local activities;
  - development of tourism, farm tourism and recreation in rural areas, including the creation and reconstruction of small scale tourism infrastructures;
  - initiation of creation, development, processing, placing on the market and improvement of quality of products;
  - organisation of cultural, recreational and sports events;
  - investment in maintaining and cultivating traditional professions and craftsmanship ;
  - renovation, conservation and signposting of roadside shrines, natural monuments and other buildings typical for a given locality;
  - purchase and planting of traditional vegetation and old plant varieties;
  - purchase of software and computer equipment;
  - external (elevation and roof) renovation in private buildings;
  - purchase of costumes, showpieces and other equipment for artists assemblies;
  - investment in maintaining and cultivating traditional professions and craftsmanship;
  - creation/reconstruction of small tourist infrastructure;
  - renovation of, and purchase of equipment for day centres in villages;
  - renewable energy investments for improving of economic or cultural activities.

The extent of financial support has been reported, as follows:

- upper limit for total eligible cost per project: in FI €20,000 per "sub-project"; in LV €28,458; in LT €7,225; in PL there is no limit.

- maximum amount of public support per project: in FI €150,000 per “coordination project”; in PL €6,400.
- maximum aid intensity:
  - 100-75% in FI depending on type of project;
  - 100-60% in LV depending on type of beneficiary;
  - 70% in PL (the balance can be “investment in kind”).

### 3.2.3 Operation

Generally, the tasks of the LAG are the receipt of applications and selection of projects, whilst approval and payment are the responsibility of the MA and the PA. In LV and LT the LAG has a role in the approval process by expressing its opinion as to whether the project conforms with the local development strategy. In FI open calls for “co-projects” are required.

The application documentation is simpler for the small project applicants than for ordinary Leader projects but the assessment of the schemes (see below) shows that this has not gone far enough in all cases. Reporting/monitoring requirements are generally the same as for ordinary projects.

### 3.2.4 Examples of typical small scale projects

#### **Finland: Joutsenten Reitti LAG**

The minimum subsidy for a community development project is fairly high in Finland: €5,000 (EU + state). Many small applicants, like village development associations, simply cannot afford running such big projects. The “coordination project” offers a solution: small proposals are collected under an umbrella or coordination project. The LAG Board makes the selection of proposals – in the case of Joutsenten Reitti LAG 13 proposals were selected out of 23 in total. The budget totalled €50,000 euros and the objectives varied from painting the village hall to landscape management and design of village souvenirs. The LAG remained responsible for all financial transactions, accounting and reporting based on invoices submitted and information on results provided by the sub-projects. The LAG signed official task allocation agreements with all 13 beneficiaries, ensuring that sub-projects are in line in terms of costs and timetable.

#### **Latvia: Establishment and improvement of the market place**

**Aim:** To facilitate the development of entrepreneurship by improving the territory and creating conditions for the local population to provide and receive services of adequate quality.

**Description:** Currently traders, craftsmen and farmers lack adequate and suitable market places. Farmers and craftsmen are compelled to crowd in a parking lot close to the bus terminal or to deliver their products directly to customers.

The project will improve and manage part of plot of land (0.5 ha), including carrying out earth works, purchasing and installing stalls and utility services for the market place, and providing equipment in compliance with public hygiene requirements. The implementation of the project will considerably contribute to the development and diversification of entrepreneurship. The beneficiary of the project is an NGO.

Benefits: A well-organised market place will be provided for local traders, craftsmen and farmers to offer their products whilst the local population will have the opportunity to buy local products. Implementation of the project helps to diminish regional differences between rural and urban territory, providing to urban population access to products grown and produced in the surrounding countryside.

Costs: €20,000; public financing: €17,928.

### **Latvia: Acquisition of equipment for an open-air stage for improving the extra-curricular education of children and youth and ensuring the operation of creativity camps**

Aim: Equipment of an open-air summer stage with a view to involving children and youth in extra-curricular education, to promote the improvement of educational quality and activate the involvement of families in raising the quality of rural cultural life.

Description: Following a feasibility study by a local association and extensive consultations with teaching staff, parents and the local municipality it was considered necessary to foster extra-curricular education through the involvement of children and youth in diverse "musical" activities. In 2009 members of the association actively participated in the improvement of the river bank near the school that resulted in creating a beautiful recreation site and the construction of the open-air stage.

Under this project the association is planning to acquire equipment for the open-air stage to fully ensure its function that will facilitate a more active involvement of many children and young people in different public activities and undertakings and it will enhance rural cultural development. To ensure the sustainability of the project the association is planning to involve volunteers from among teachers as well as salaried specialists to carry out different artistic activities and training as well as to maximize utilization of the open-air stage resources there is an idea to organize different summer camps and cultural events for different groups of rural population.

Benefits: The project will offer equal opportunities for all social groups of children, youth and adult rural population to participate in quality extra-curricular education and development of rural cultural life.

Costs: €6,828; public financing: €6,145.

## **3.3 Project based schemes**

### **3.3.1 Objectives and scope**

These are no formally established schemes in the RDPs but LAGs have the opportunity to establish specific projects (local support schemes) which provide small grants to beneficiaries. In these cases the LAG or a LAG partner is responsible or is involved in the implementation of the local scheme. This is the case in SE (where they are known as "umbrella projects") and UK-Scotland (often referred to as "small grant funds").

The general objective of these schemes can be summarised as aiming to facilitate access to the programme for local people and organisations, for particular sectors (e.g. tourism in the UK - Scotland) or groups (e.g. young people in Sweden). This has been formulated in the SE response as "to enable small scale projects to start without having the burden of the ordinary set of rules and regulations that could be inhibiting".

In the case of UK-Scotland the objectives are those of each specific project. For instance, in the case of the Angus tourism project in Rural Tayside LAG the project objectives were: to encourage better quality tourism accommodation in rural Angus; and to encourage the take up of quality grading schemes.

### 3.3.2 Main characteristics

The way umbrella projects are operated in **Sweden** varies considerably from LAG to LAG, but a number of common characteristics have been observed:

- eligible beneficiaries: mainly groups of young people (organized or not), small community groups, culture community groups, etc;
- eligible actions and costs: actions vary ranging from feasibility studies, youth culture festivals, study visits to information and marketing. Small investments can also be eligible;
- upper limit for total eligible cost per project: the MA has encouraged LAGs to keep the small scale projects to a maximum of around approximately €3,000;
- maximum amount of public support from the RDP per project: Most LAGs practise the same amount as at national level;
- aid intensity: it varies between the different LAGs.

In **UK-Scotland** the parameters of each scheme depend on the nature of the particular project and its objectives. For example, in the case of the Angus tourism project:

- eligible beneficiaries: tourism accommodation providers (Bed & Breakfasts, self-catering, hotels, etc);
- eligible actions and costs: costs of obtaining grading from recognised quality grading bodies;
- upper limit for total eligible cost per project: no upper limit – they can apply for grading for various schemes, e.g. green tourism business, "eatscotland", "welcome Scotland", etc.
- Total cost: GBP 27,320 (€31,400)
- Eligible cost: GBP 18,206 (€20,920)
- RDP Leader support (40%): GBP 7,282.40 (€8,370)
- Applicant contribution: GBP 10,923.60 (€12,555) - individuals to pay 10% of costs of grading.

### 3.3.3 Operation

In SE there are variations between LAGs but for most of them the whole point in having umbrella projects is that the LAG does all the tasks (receipt of application, selection, approval, payment) towards the small scale projects and then takes full responsibility for the whole project towards the MA and PA, whose roles are the same as for an ordinary project.

As regards the application documentation, it is much easier than for normal projects but it varies a lot between LAGs in the details. In most cases the beneficiaries are only required to hand in their receipts, their documented time that they have worked in the project and a very simple end report.

In UK-Scotland, like the Swedish case, the LAG has the normal responsibility for the project vis-a-vis the MA and PA, whilst operating a much faster and lighter procedure vis-a-vis the beneficiaries.

The specific way a fast track / small grants procedure is operated may vary according to the project. This is illustrated in the Angus tourism project in Rural Tayside LAG, where the LAG is not giving



grants directly to beneficiaries. Individuals apply for grading for one or more recognised grading schemes and payment is made by the lead partner (Angus Council), who subsequently invoices the successful beneficiaries for their 10% contribution.

### 3.3.4 Examples of typical small scale projects

#### **UK-Scotland Rural Tayside LAG: Angus Accommodation Grant Scheme:**

This is a Leader project (Axis 4) supporting tourism accommodation providers (Bed & Breakfast guest houses, self-catering accommodation, hotels, etc) to obtain grading from recognised quality grading bodies (e.g. green tourism business, "eatscotland", "welcome Scotland", etc.).

The total cost is GBP 27,320 (€31,400) however only GBP18,206 (€20,920) is eligible. Match funding is provided by the applicant, Angus Council (a public sector local authority and also Leader lead partner). The project was funded at 40% i.e. GBP 7,282.40 (€8,370) of Leader awarded.

This is a slightly different from the usual grant schemes in that the LAG does not give grants directly to beneficiaries. Individuals apply for grading for one or more recognised grading schemes. The grading authority then invoices the lead partner (Angus Council) directly who makes payment to them and then invoices the successful beneficiaries for their 10% contribution. It was felt at the time of developing the project that this method would be smoother for applicants.

Approximately GBP 11,500 (€13,218) has been committed to date; 16 successful applicants.

#### **UK-Scotland Rural Tayside LAG: Development of Social Enterprises**

A project led by a local authority to develop social enterprises in a number of ways, including:

- Pre-planning/feasibility and start up funding
- Business development advice and funding (e.g. business planning, marketing tools and techniques, finance, IT, legal, product and service development)
- Training courses based around sector demand
- Awareness raising events
- Signposting to relevant service/individual/resource
- Building partnerships via forums and networking
- Linking with other support groups
- Recognising successes and achievements and sharing good practices

Grant funding support is split into two: start-up funding and development funding both with a limit of GBP 5,000 (€5,750) per applicant. Grants will be for up to 100%. Total costs GBP 87,500 (€10,060). Leader: GBP 35,000 (€40,230) or 40%.

23 social enterprises were supported against an original target of 20.

## 3.4 Conclusions

There is clear evidence that **RDP-based small scale project schemes are extensively used**. In **Latvia** a total of 587 projects have been approved to date. In **Poland** there were 1,335 contracts signed by October 2010, with a total of support granted amounting to PLN 15,535,421 (€ 3,883,860) and representing 12% of the support granted under Measure 413.

Although **RDP-based schemes** are generally assessed positively and progress has been made towards greater simplification, some doubts and difficulties remain as indicated in the experience of FI and PL.

In **Finland** this support system is considered as helping small projects obtain funding because the LAGs help with the paperwork. Its main advantage is that small groups of individuals or organisations can easily engage themselves in Leader-type rural development. However, some drawbacks have been observed. Legal responsibility remains at LAG level, which requires more human resources than the administration of ordinary Leader projects, whilst the beneficiaries do not learn the project administration tasks that would be helpful "next time" when designing bigger and more important projects. Thus, some LAGs are a little bit afraid of the responsibility of the whole coordination project. It has also been discussed that the administrative requirements for the small projects should be simpler.

Although the current procedure has now been simplified "as much as possible" it is still viewed as too complicated for such projects, as it is necessary to verify the rationality and accuracy of costs at application for aid stage and, therefore, applications have to be detailed. Overall, the process of application for aid and then payment claim is long and beneficiaries claim that sometimes it is not worth to apply because the time they need to get reimbursement is too long for such a small amount of money.

In the case of **Latvia** it has been reported that simpler documentation and aid eligibility conditions have been achieved ("e.g. requirement to conclude agreements to receive the aid is discarded, simplified documentation, beneficiary may deviate from expenditure items of the approved project application estimate as 10% of the total expenditures and this is not requiring alignment with the PA").

The experience of the **LAG-based schemes** offering a small grants / fast procedure has attracted a **clear-cut and positive assessment** in both programmes covered by the responses:

- "simpler and faster" (**UK-Scotland**);
- "simpler" documentation for the applicant, a faster procedure and not so much heavy responsibility, the LAG take that one" (**Sweden**).

## 4 Annexes

### Annex 1: Focus Group 1- 2<sup>nd</sup> Questionnaire: Responses Received by 31/10/2010

Member State	RDP	Respondent's status		Respondent's name	Questionnaires received			
		NRN / MA	Leader Network*		1. Running costs	2. Complex projects	3. Small scale projects	No of q'nnaires received
Belgium	Flanders	x		D. De Dobbeleer	x	x		1
Czech R.		x		J. Litschová J. Doubnerová	x	x		1
Denmark		x		M Jeppesen	x			1
Estonia	Hiiumaa	x**		R. Kokovkin	x			1
Finland	Mainland	x		S. Sihvola	x		x	1
France	Hexagone	x		M. Deroi	x	x		1
Germany	Bayern	x		A. Schaller	x	x		1
	Brandenburg	x		A. Schröder	x			1
	Mecklenburg-Vorpommern	x		V. Kleinfeld	x			1
	Schleswig-Holstein	x		I. Kleber	x	x		1
	Niedersachsen	x		A. Schlüter	x			1
			x	H. Berndt	x			1
Greece		x		M.-C. Makrandreou E. Voumvouraki	x	x		1
			x	I. Tsipri with P. Patras	x	x		1
			x	A. Sidiropoulos	x			1
			x	E. Sakellariou	x			1
			x	V. Papavasileiou	x			1
Ireland		x**		R. Howard	x	x		1
			x	D. Kelly	x	x		1
			x	M. Walsh	x	x		1
Italy	All RDPs****	x		D. Cacace	x			
	Piemonte****	x		R. Di Napoli		x		1
	Calabria****	x		V. Care		x		

Latvia		x		A. Karlšone	x		x	1
			x	V. Kudiņš	x		x	1
Lithuania		x		N. Padvaiskaitė	x		x	1
Malta		x		D. Aquilina	x			1
Poland		x		J. Gierulska	x		x	1
Portugal	Continent	x		J. F. Da Veiga	x			1
Slovakia		x		M. Gondova	x			1
Slovenia		x		B. Kovačič	x	x		1
Spain	All RDPs****	x		E. García Sarro	x			1
	Aragon	x		MA***		x		1
	Cataluña	x		MA***		x		1
	La Rioja	x		MA***		x		1
	Madrid	x		MA***		x		1
	Cantabria	x		MA***		x		1
	Andalucia	x		J. A. Cruz Méndez		x		1
Sweden		x**		C. Heimersson	x		x	1
UK	Scotland	x**		A. Smith with A. Wiseman	x	x	x	1
			x	P. Methven	x	x		1
<b>Total number of responses received</b>					<b>33</b>	<b>21</b>	<b>7</b>	<b>39</b>

\* received through ELARD

\*\*\* received through Eva García Sarro

\*\* LAG on behalf of NRN

\*\*\*\* combined response in one questionnaire

## Annex 2: 2nd Questionnaire on Specific Aspects of the Implementation of Leader

### Leader Subcommittee: Focus Group 1

#### 2nd Questionnaire on Specific Aspects of the Implementation of Leader

**Aim of the 2<sup>nd</sup> questionnaire:**

*This questionnaire examines in more depth three aspects of the implementation of Leader; how to support:*

- *Running costs*
- *Complex projects*
- *Small scale projects*

**Who should complete the questionnaire:**

*The questionnaire is in three sections. The first section (on running costs) should be completed by all participants in Focus Group 1.*

<b>Respondent's name &amp; e-mail address</b>	
<b>RDP(s) on which the responses below are based</b>	

## 1. Running costs

*Considerable variations have been reported in the way the rules and procedures concerning the running costs of LAGs have been set and problems or difficulties encountered by some LAGs. Further information is requested on a number of obstacles reported in connection with LAG running costs as part of the efforts to come up with solutions.*

***Responses are requested from all participants in Focus Group 1***

### 1.1 Eligibility and funding Limits

- 1.1.1 What is the aid intensity applied to running costs (maximum % of public support in relation to the total eligible costs)?
- 1.1.2 Is the ceiling on running costs considered to be seriously inadequate for the implementation tasks delegated to the LAG?
- 1.1.3 Are animation costs included in the running costs for the purpose of the above ceiling?
- 1.1.4 Please clarify if the project approval and payment tasks are delegated to the LAGs (Model 3):
- 1.1.5 Specify the number of full-time equivalent staff of LAGs paid by the running costs budget:
- 1.1.6 Attach the established list of eligible running costs, if available. Alternatively, specify running costs which are not eligible:

### 1.2 Payment rules and procedures

Describe the payment rules (use of advances, frequency of payment, payment timing/delay, application and reporting requirements.....):

**1.3 Advance payments and guarantees (if applicable)**

1.3.1 Describe the advance payments system (frequency of payment, amount, ....):

1.3.2 Indicate if a bank guarantee or an equivalent guarantee is required to obtain an advance?

1.3.3 Are there any difficulties in LAGs obtaining bank guarantees for advances?

- There are no difficulties:
- LAGs are not eligible for bank guarantees:
- The cost of bank guarantees is too high (if possible, provide estimate of bank guarantee cost as a percentage of average annual running cost of a LAG):
- Other difficulties (specify)

1.3.4 What percentage of the total number of LAGs have actually received advance payments to date?

**1.4 Other difficulties with running costs**

1.4.1 Are the LAGs required to provide part of the running costs (own funding)?

If yes:

- describe own funding systems applied<sup>7</sup>:
- do LAGs have difficulty to find the own funding?

1.4.2 Are the LAGs ineligible for VAT refund (being treated as public bodies)?

1.4.3 Are there any other major difficulties (specify)?

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<sup>7</sup> Include also a description of any support in the form of "core funding" or "functioning funding" received regularly (monthly, yearly, etc) from public authorities

## **1.5 Assessment of experience**

1.5.1 Please provide below a brief description of a set of rules and procedures concerning LAG running costs which may also be used as a case study (*you may also attach a fuller description for preparing a "PIKSE postcard"*).

1.5.2 What aspects of the funding mechanism, rules and procedures concerning LAG running costs are considered to represent good practice?



## 2. Complex integrated/multi-sector projects

*Complex or similar projects are defined as "projects consisting of several operations ("package of actions ") eligible under several measures or under a specific Leader integrated measure and designed to implement a part of the local development strategy".*

*It has been reported that some programmes allow complex or similar projects but that in many cases there are obstacles to such projects. We also need more information on how "integration" is understood and applied locally.*

***Responses are requested from:*** BE Flanders, CZ, DE (Baden Württemberg, Bayern, Nord Rhein-Westfalen, Rheinland Pfalz, Saarland, Sachsen-Anhalt, Schleswig-Holstein), DK, FR, EL, IE, IT (P) SI, ES (Andalucia, Aragon, Extremadura, Madrid, La Rioja, Cantabria, Catalonia, Valencia, Galicia), UK Scotland.

### 2.1 Leader principle of integration

#### 2.1.1 a. What is the objective of integrated projects?

- b. How is the Leader principle of integration translated in local development strategies?
- c. Are all integrated schemes in the RDP open to Leader<sup>8</sup>?

#### 2.1.2 Please specify the axes and measures that may be covered by complex projects:

#### 2.1.3 Clarify whether a complex project:

- is defined as falling entirely outside the pre-defined measures:
- or, it must be entirely within pre-defined measures:

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<sup>8</sup> For example, it is understood that the IE landscape management scheme combining axes 2 and 3, and Catalonia farm global contract are not opened to Leader.

- or, it may combine operations some of which are inside and some outside pre-defined measures:

#### 2.1.4 Specify other features of complex projects:

- eligible costs:
- list of operation types covered:
- beneficiaries:
- support intensity:
- other:

## **2.2 Application system rules**

2.2.1 Is the concept of a "main" measure used? If "yes", are there any conditions<sup>9</sup> attached to the main measure and to the secondary measures?

2.2.2 Does the project management IT tool accept complex projects?

2.2.3 Is there a single application required for a complex project or several separate applications are needed, one for each measure?

2.2.4 If separate applications are required, are they assessed together or separately by the LAG or MA?

## **2.3 Assessment of experience**

2.3.1 Approximately, how many complex projects have been approved to date?

2.3.2 Are there any obstacles in supporting complex project (e.g. maximum eligible cost, maximum public support)?

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<sup>9</sup> For example: more than 50% of the costs must be attributed to the main measure; there can be no more than two secondary measures.

If yes, specify:

2.3.3 Provide below a brief description of one or two typical examples of approved complex projects which may also be used as case studies (*you may also attach a fuller description or the contact details of the LAG or project manager who can provide further information for a "PIKSE postcard"*):

2.3.4 What aspects of the application of the Leader principle of integration and the definition and implementation of complex projects are considered to represent good practice?

### 3. Small scale projects

*Some programmes have reported that they have established specific rules for "small-scale projects". We would like to obtain fuller information about these schemes and their operation.*

***Responses are requested from: SE, PL, LV, FI, LT, UK Scotland***

#### 3.1 Definition

3.1.1 Please define briefly the scheme:

- Title (in original language and in English):
- Brief description, including under which axes / measures the scheme operates (*you may also attach documents available describing the scheme and its rules*):
- Indicate the objective<sup>10</sup> of the scheme:

3.1.2 Who /where / how has defined the scheme:

- Defined in the RDP:
  - within the pre-defined measures:
  - outside the pre-defined measures:
- Not defined in the RDP but defined subsequently by the MA or LAG or (specify):

3.1.3 Specify the main characteristics of the scheme:

- eligible beneficiaries:
- eligible actions and costs (indicate if a small investment is eligible):
- upper limit for total eligible cost per project:
- maximum amount of public support from the RDP per project:

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<sup>10</sup> e.g. more flexibility, focus on pilot actions, enlarge the categories of beneficiaries, complementarity with other EU funds

- aid intensity (maximum % of public support in relation to the total eligible costs):

### **3.2 Operation**

3.2.1 What is the role of the LAGs in:

- receipt of applications:
- selection:
- approval:
- payment:

3.2.2 Is there any involvement of MA / PA in the above tasks?

3.2.3 What are the application documentation and reporting/monitoring requirements compared to standard projects?

### **3.3 Assessment of experience**

3.3.1 Please provide below a brief description of one or two typical examples of approved projects under the scheme which may also be used as case studies (*you may also attach a fuller description for preparing a "PIKSE postcard"*).

3.3.2 What aspects of the scheme are considered to represent good practice (e.g. simpler documentation, faster procedure)?