

Better LEADER practices for Local Development Strategies across the EU

This infosheet is part of a series of relevant practice examples that Managing Authorities and Local Action Groups have used while implementing the LEADER approach in the 2007-2013 period. The series aims to extend the reach of rural development policy by highlighting what works well in the design and delivery phase of Local Development Strategies (LDS).

Supporting LAG independence and objective decision-making

N.06



Country: Finland

Organisation: Managing Authority (MA) - Finnish Ministry of Agriculture and Forestry

AT A GLANCE



Objectives

To safeguard specific LEADER features and the Local Action Groups' (LAGs) ability to challenge the traditional power structures of local municipalities, the Finnish Managing Authority (MA) has focused on defining an appropriate structure and legal form for LAGs. The initiative is about making sure that the LAGs' decision-making process is impartial and objective.



Key elements of the approach

The most important aspect is that, in addition to the quality of the Local Development Strategy, the Finnish MA evaluates the LAG structure and legal organisation as part of the selection process.



Lessons learnt

The report of the European Court of Auditors (ECA) on the implementation of the LEADER approach¹ suggests that in some cases LAGs could be assimilated into local **governments**. The LAG legal form should always be left to the Member State to define and be based on the local governance context and needs at grassroots level.

¹ Report of the European Court of Auditors on the Implementation of the LEADER approach for rural development <http://eca.europa.eu/portal/pls/portal/docs/1/7912812.PDF>



Objectives and background

Across Europe, LAGs take multiple legal forms: non-profit associations, enterprises, local government units, etc. The way in which the LAG is constituted inevitably influences its Local Development Strategy (LDS) preparation and implementation. In Finland, where the local governments (municipalities) have a strong role in service provision, with tax gathering rights and budgets of hundreds of millions euros, all LAGs are non-profit associations. If LAGs were constituted as part of the municipal administration, the specific LEADER features would be quickly diluted and aggregated into the municipal bureaucracy, which employs hundreds of people even in fairly small municipalities.



To safeguard key LEADER features, such as innovation, the bottom-up approach, true public-private-civil sector partnerships and the ability to challenge the traditional power structures, the Finnish MA has put significant effort into how LAGs should be structured and making sure that their governance is unbiased and objective.



Key elements of the approach

The Finnish MA evaluates the LAG's legal form as part of the LDS selection process. The LAG must be a legal entity and all community actors must have the opportunity to join this partnership. There must be a sufficient number of members in the LAG (the average is more than one hundred). The members must include representatives of public administration, entrepreneurs, local communities and ordinary local people. All this

requirements must be evidenced in the LDS document.

The LAG selection process also focuses on the Board of Directors (BoD), including the rules regarding election of new BoD members, duration of mandates, delineation of members into public, private and independent civil sectors and other stringent criteria on confidentiality and conflicts of interest as regards to project applications and evaluation.

Criteria of the Board of Directors (BoD)

- As all LAGs are non-profit associations, the Board of Directors is elected directly by the members in a General Assembly every year.
- The same person can stay on the Board for a maximum of six years.
- The Board consists of three equally sized parties: public sector, private sector and independent civil sector.
- All Board members must sign a personal statement indicating which sector they belong to and submit information about their employer and confidential posts. People working for the municipality or state church for example or having confidential posts in them are automatically calculated among the public sector.
- The Board members also sign a statement of confidentiality (along with the LAG staff) as regards to project applications and related personal or company information.
- To avoid conflicts of interest when evaluating project applications, Board members must exclude themselves from the decision-making process in cases where they are members of or work for the applicant, where they have a competitor position in relation to the applicant or where they have a family relation with the applicant.

The LAG must also indicate in its LDS how it will organise itself internally and divide

tasks to ensure sound administration and financial management.

Communication aspects

The MA requires the LAG-related information as part of the LDS planning process. In its annual reporting the MA also monitors that the LAGs continue to meet the organisational criteria during the whole programming period.

The LAGs, assisted by the Finnish National Rural Network, have the responsibility to train new Board members to follow the MA rules.





Lessons learnt

Benefits

As the Finnish LAGs are not constrained by the public authority status they are much freer to animate, create and innovate, and to support the applicant. The unbiased status makes them easy to approach for all local organisations. The frequent renewal of Board members prevents the creation of cliques in the decision-making process. Confidential application processes and steps to avoid conflicts of interest build trust between the applicants, LAG and local community. It also ensures a high degree of local participation and ownership.



Barriers

Keeping membership lists as well as the other data about 'LAG principles' updated has become a (small) part of administrative routine in Finland.

Lessons learnt

The ECA report suggested merging LAGs with existing local government structures if LEADER added value cannot be proven under the current approach. In Finland and many other Member States, the added value is demonstrated through the evaluation reports, but the ECA suggestion may increase the pressure on LAGs in regions where local governments are eager to take over the running of local development projects. The LAGs' legal form should always be left to the Member State to define, based on the local governance context and local needs. Some Member States are already in favour of a local government led system.

The information included in this Infosheet is primarily coming from case studies carried out within the ENRD Focus Group 4 on Better Local Development Strategies. It has been compiled by the Contact Point on the basis of the information collected in the EU Member States and regions and takes into account views expressed by the Focus Group. This notwithstanding, the content does not necessarily reflect the official position of the EU institutions and national authorities.