



Using non-LEADER/CLLD Cooperation to support Smart Villages

Orientations for policy-makers and implementers

Photo © Freepik

1. Introduction	1
2. Smart Villages and cooperation	2
3. The significant flexibility of the 2014-2020 Cooperation measure	4
4. Types of eligible cooperation activity	5
5. Types of eligible costs	6
6. Lessons to be learnt from the EIP-AGRI approach	7
7. Putting it all together to create an 'even more integrated' approach	7

The content of this document is based on the outcomes of the discussions of the ENRD Thematic Group on Smart Villages, and does not represent the views of the European Commission.

1. INTRODUCTION

Smart Villages were highlighted in the European Commission's [Communication on the Future of Food and Farming](#) (November 2017) as a priority for helping "local communities address issues of inadequate broadband connectivity, employment opportunities and service provision in a clear and comprehensive manner". The Smart Villages concept is important since it brings renewed attention to the needs and potential of rural areas, as well as underlining the need for much greater focus on empowering communities at the very local level if rural areas are to survive and thrive in the coming decades. However, it must be understood that the Smart Villages concept is very much about a process, whereby local communities take on an active role in shaping their own future. There is no single model for Smart Villages proposed – or implied – as the needs and potential of each rural community and each rural area varies significantly across the EU (see briefing on 'How to support Smart Villages strategies which effectively empower rural communities?').

Although Member States are encouraged by the European Commission to support Smart Villages, there are no specific interventions for Smart Villages included in the legislative proposals for the post-2020 Common Agricultural Policy (CAP) or the Cohesion Policy. Instead, the importance of the concept is emphasised by the introduction of a Smart Villages result indicator in the proposed Regulation on the [CAP Strategic Plans](#). Member States are thereby given the flexibility



to design their own national/regional support for Smart Villages by adapting the broad types of policy intervention in the new 'CAP Strategic Plans' Regulation to the specific context and needs of their rural communities.

One policy intervention which will be central to rolling-out the Smart Villages concept is the available support for various forms of cooperation between different rural 'entities'.

This briefing document specifically explores the potential role of non-LEADER/CLLD cooperation for supporting Smart Villages, whilst the role of LEADER/CLLD is considered in another briefing. It has been developed primarily by interpreting guidance and experiences from previous programming periods in the context of the Commission's proposal for a Regulation on 'CAP Strategic Plans' for the period 2021-2027.



© Pixels - Rachel Vrine

2. SMART VILLAGES AND COOPERATION

Smart Villages are about channelling the energy, vision and commitment of local communities towards local action. Cooperation is central to this process. The [project examples](#) and [initiatives](#) that have been collected and discussed in the ENRD Thematic Group on Smart Villages

clearly indicate that Smart Villages usually begin with local people coming together around a common problem or a common vision in order to implement some form of bottom-up and participatory strategy which provides a roadmap for cooperation and which may include:

IDENTIFICATION

a clear identification of the sequence of cooperation actions/interventions that have been proposed by the community for pursuing their vision.

OVERVIEW

an overview of how (and by whom) these actions/interventions will be managed.

EXPLANATION

an explanation of how members of the wider community will be mobilised and effectively engaged in this process.

ESTIMATION

an estimation of related costs.

In order to reach this point – and beyond – certain enabling conditions need to be in place. These conditions include:



Well-developed **self-organisation** and **governance**, whether involving public or private entities.



Readily available and active **animation, facilitation** and **brokerage** to help form alliances and partnerships between relevant entities.



Capacity building for leadership and the **skills to mobilise local people** and to focus them on issues that matter to them.



Access to knowledge, information and skills required to nurture new ideas and scale them up to the point of implementation. This might include technical or feasibility studies, or in many cases, actually piloting new ideas and 'learning-by-doing'.



Access to fast and flexible finance, ideally in the form of (global) cooperation grants which can deliver tailor-made packages of funding for multiple categories of expenditure to local people, or in combination with other grants under other types of interventions.

© Icons: Freepik-FlatIcon

All of the enabling conditions outlined above can be put in place and/or fostered to a greater or lesser extent by the public funding for cooperation and joint activities that has become a well-established element of EU Rural Development policy in recent years.

Cooperation within and between Local Action Groups (LAGs) has been deeply embedded in the LEADER/CLLD approach since the early stages of its development, whilst support for other specific forms of joint activity in the rural economy were introduced later.

For the **2007-2013** programming period, support was available for cooperation in the development of new products, processes and technologies; farmers' participation in food quality schemes, and; the setting-up and operation of producer groups. For the **2014-2020** programming period, this was enhanced further within the 'Cooperation measure' (Article 35 of the Regulation No. 1305/2013) which offered new opportunities to:

a. bring together a much broader range of people/entities in joint activities;

b. both widen the thematic scope and increase the scale of cooperation; and

c. provide additional 'soft support' for setting-up and implementing joint activities (e.g. animation and running costs).

For the **2021-2027** programming period, it is further proposed that:

- support for all kinds of cooperative activities (from LEADER/CLLD partnerships and their local and transnational actions to local forest management plans) are covered within a single article⁽¹⁾ on the cooperation type of intervention; and
- the scope of this support is extended to also cover Smart Villages.

The following sections of this briefing document explore the principles of the 2014-2020 Cooperation measure and how they might be used to support Smart Villages. More detailed explanation is provided in the EC Guidance document (November 2014) for the Cooperation measure⁽²⁾.

(1) Article 71 of the proposed regulation (COM(2018) 392 final) establishing rules for CAP Strategic Plans 2021-2027.

(2) https://enrd.ec.europa.eu/sites/enrd/files/w10_guidance_cooperation_measure_art_35.pdf

3. THE SIGNIFICANT FLEXIBILITY OF THE 2014-2020 COOPERATION MEASURE

In accordance with Article 35 of the Regulation No. 1305/2013, the basic rules of 2014-2020 EU Rural Development funding for cooperation are that:

- IV. at least two entities must be involved in a supported joint activity;
- V. the funding provided should essentially be about supporting the involved entities to work together in a collaborative way (i.e. there is no required thematic focus other than delivering relevant RDP priorities); and
- VI. support for joint activities should be used to 'make new things happen'. Funding cannot be used to support joint activities which are already taking place.

Therefore, in the context of Smart Villages, funding could not be offered to existing community groupings with existing projects, but it could be made available for existing community groupings with new projects or new community groupings with new projects.

With these basic rules in place, a very wide range of actors working together are then potentially eligible for support provided that their activity contributes to the priorities of prevailing national/regional rural development policy. There is no requirement, for example, for cooperating entities to be active in the agriculture, forestry or food sector. Some of them might be, or alternatively none of them.

There are three main forms⁽³⁾ of cooperation supported in the 2014-2020 programming period that are of broad relevance to the Smart Villages concept:

1. Networks – the creation of new networks (together with the commencement of new network activities) is explicitly mentioned as eligible for cooperation funding in 2014-2020 because of the great importance of networks for stimulating innovation and economic development through knowledge exchange; sharing of facilities and expertise; and the facilitation of other more intensive interactions. The approach to networking is very broad and flexible.

2. EIP-AGRI Operational Groups (OGs) – Operational Groups are a very specific form of cooperation projects that are set-up by *“interested actors such as farmers, researchers, advisers and businesses... who are relevant for achieving the objectives of the EIP-AGRI”*. As such they have a very specific focus upon:

- a) building partnerships that bridge the gap between research and practice;
- b) implementing experimental projects focussed upon fostering interactive innovation and the co-creation of solutions to the practical, day-to-day challenges faced by farmers and foresters; and
- c) disseminating the findings from these projects.

OGs are very flexible groupings and there are very few prescriptions about their form.

3. Other Cooperation Groups – support is also available for other forms of groupings and joint activities that are less experimental in nature than EIP-AGRI Operational Groups, but still have a very broad scope of activity (see Section 4) and the possibility for many different types of costs to be covered.

INITIATIVE: [A SUPPORT NETWORK FOR NATURE-BASED BUSINESSES \(FINLAND\)](#)

Demand for nature-based activities such as forest walks with animals has been growing. These 'Green Care' activities can help treat health and social-related issues. But new business start-ups often need advice and support in developing their activities. A Finnish NGO sought to develop a support network. The Finnish NGO used RDP Measure 16.2 'Developing new products and methods' to develop a platform to mentor new businesses and allow them to share best practices. It also developed activities such as study trips, work groups and road shows to enable them to develop.

More than 100 Green Care service providers participated in the project events and activities during its first year. Dozens of business start-ups participated in GreenCareLab, a platform for testing and developing business ideas and services. In addition, four thematic groups for animal, farm, garden and nature-related Green Care services were launched.

OTHER INITIATIVE

[Positive Agritude](#) – a rural network for the social rehabilitation of vulnerable people. Supporting vulnerable people and facilitating their re-integration into society through small volunteer jobs on local farms.

(3) 'Clusters' are also eligible for support, but in accordance with current state aid rules they are very precisely defined and restricted to certain activities thereby limiting their flexibility and potential for implementing the Smart Villages concept.

4. TYPES OF ELIGIBLE COOPERATION ACTIVITY

Numerous types of joint activities are eligible for funding through the Cooperation measure during the 2014-2020 programming period, many of which have significant ongoing relevance to the Smart Villages concept – see list below.

This is not a closed list and Managing Authorities can propose other types of cooperation activity (together with a sound justification) that are needed for rolling-out the Smart Villages concept within this programming period or in the next one.

Non-LEADER local development strategies

Cooperation funding can be used for the implementation of strategies which address some of the needs of a particular rural area/community, but which are less comprehensive than the integrated local development strategy of a LEADER/CLLD Local Action Group. This type of cooperation activity is intended to support public-private partnerships with a more specific and focussed development objective than a LAG. For example, the development and implementation of a renewable energy strategy for a village. All of which is highly relevant to the Smart Villages concept, including filling the gaps where LEADER does not exist or does not address the need.

Climate change and the environment

Potentially very relevant for Smart Villages aiming to address environmental challenges, such as adaptation to climate change, efficient water management, the use of renewable energy, the preservation of agricultural landscapes etc. Particularly well-suited to more complex environmental or climate projects that involve multiple joint activities with many participants and therefore incur high coordination/organisational costs.

Short supply chains and local markets

This is a popular cooperation activity that can be closely linked with a range of community development initiatives, particularly those focused on more self-sustaining and resilient local economies. Funding for cooperation may also extend to the promotion of specific short supply chains or local markets.

Pilot projects

These are widely understood as 'test' or 'experimental' projects which may be integrated with some form of 'development' process. Current funding rules do not restrict pilot projects to any particular sector, but they are expected to address the EU priorities for rural development. Pilot projects should not be used to support stand-alone research but can be linked to and accompanying practical projects. In the context of Smart Villages, pilot projects could be a very useful tool for fostering social innovation – in much the same way that LEADER projects should be considered as 'incubators of innovation'.

Miscellaneous cooperation between small operators

This is intended to foster cooperation between micro-enterprises in rural areas to help them find economies of scale together which they lack when acting alone. Focused on the development and/or marketing of rural tourism services in 2014-2020, but of potential relevance to some Smart Village strategies/plans – especially if the scope is broadened.

Diversification of farming into social functions

Funding for cooperation projects involving 'social farming' and the diversification of farms into educational facilities, health care provision, sheltered work places, community-supported agriculture, etc. Potentially relevant in the context of some Smart Village strategies/plans.

Forest management plans

Another very specific cooperation activity, but highly relevant in regions with many small forest holdings where the owners have no interest to draw up management plans for their individual holdings.

5. TYPES OF ELIGIBLE COSTS

Five main types of 'setting-up' and implementation costs for cooperation projects are eligible to be covered by EU Rural Development funding:

- a. **Studies/plans** – these might include specific technical studies/surveys, feasibility studies, drawing up of business plans, local development strategies etc.
- b. **Animation** – this essentially covers the mobilisation and engagement/recruitment of participants in a cooperation activity. In some cases, animation might also include the identification and nurturing of relevant ideas; the organisation of training; facilitation of stakeholder dialogue; and general networking between local actors and stakeholders.
- c. **Running costs of the cooperation** – not all running costs, only those arising specifically from the 'act' of cooperation (e.g. the salary of a coordinator).
- d. **Direct costs of specific planned projects** – costs (including investment costs) arising directly from the activities of a cooperation project. These are distinct from a), b) and c) above
- e. **Promotion** – for 2014-2020 period, this relates specifically to short supply chains and local markets, but could be extended to include other promotional costs (e.g. awareness-raising) in the context of a Smart Village strategy/plan.

There are then two options for making use of these cost categories:

1. The first option is to use the cooperation funding to cover only the costs of setting-up and/or running the joint activity, whilst using other sources of funding (including other rural development measures) to cover the costs which arise more directly from the activities of the project; and
2. The second option is to cover all costs with cooperation funding, including those that are eligible under other RDP measures, such as training and advice (RDP Measure 2) or investments (RDP Measure 4). In this case though the maximum amounts or support rate of the other measures should be respected. The aim being, especially when paying support as some form of 'global amount', to reduce the administrative burden of using several different measures together. This might be the most appropriate option for simplifying access to funding for a Smart Village strategy/plan.

Support may cover up to 100% of eligible costs, unless i) state aid rules apply and impose a lower rate or ii) in the case of the second option above, the cooperation funding is covering costs (notably investment costs) that are eligible for support by other measures where lower aid intensities apply.



6. LESSONS TO BE LEARNT FROM THE EIP-AGRI APPROACH

Whilst EIP-AGRI Operational Groups – focusing on the farming and forestry sectors – may not be directly connected to the Smart Villages concept, there are valuable lessons to be learnt from the EIP-AGRI approach – particularly regarding the importance of good facilitation/animation.

Innovation support services (including innovation brokers) are an important element of EIP-AGRI and can play a role throughout the life-cycle of an Operational Group from the early stages of capturing innovative ideas to the dissemination of project results. This function is comparable to that of a Smart Village community facilitator who would perform one or more (or all!) of the following tasks:

- Help capture the needs of the community;
- Facilitate the establishment of appropriate community groupings and broker specific partnerships (e.g. public-private) relevant to specific needs of the community;
- Support development of the Smart Village strategy/plan, including any preparatory studies, consultation processes etc.;
- Support on-going management / governance of the Smart Village strategy and associated processes in the community;
- Manage specific cooperation activities in the Smart Village strategy;
- Co-ordinate the drawing-down of other funds; and
- Disseminate/embed innovative approaches/practices (e.g. social innovation) in the community.

All of which would be eligible for support with funding for cooperation activities.



7. PUTTING IT ALL TOGETHER TO CREATE AN 'EVEN MORE INTEGRATED' APPROACH

There has been a tendency in the 2014-2020 programming period to view LEADER and the cooperation measure as discrete initiatives and, despite the obvious complementarities, there are relatively few cases of strategic interaction between Local Action Groups and EIP-AGRI Operational Groups. This distinction should now be overcome by providing Member States with the flexibility to design different combinations of cooperative interventions (including LEADER/CLLD, EIP-AGRI and Smart Villages) within the single provisions of Article 71 of the proposed new Regulation on CAP Strategic Plans 2021-2027.

Consequently, there are numerous opportunities for the combination of approaches and tools to generate an 'even more integrated approach' to Smart Villages than currently exists within the LEADER/CLLD approach alone.

Given the considerable scope and flexible provisions of Article 71, the most appropriate delivery mechanism for Managing Authorities wishing to support Smart Villages, might be some form of 'toolkit' of Article 71 interventions upon willingness of Member States given the additional subsidiarity provided by the New Delivery Model of the CAP.

