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).

Integrating Corporate Social Responsibility into LEADER projects

Country, Region: Spain, Catalonia
Organisation: Local Action Group (LAG), Fundació Garrotxa Lider

Objectives

By requiring its project holders to adopt the principles of Corporate Social Responsibility - i.e. to have coherent economic, social and environmental management policies in place - a Spanish LAG is increasing the added value of the LEADER approach.

Key elements of the approach

An innovative methodology, known as the sustainable management code, is used to integrate Corporate Social Responsibility (CSR) into LEADER. The approach combines a diagnostic and monitoring tool with the assistance of a CSR advisor to help beneficiaries define their improvement action plans. Incentive allocations for CSR action are foreseen and the final amount of public aid is related to the degree of CSR plan fulfilment.

Lessons learnt

This practice could well be adopted in the context of the future multi-fund Local Development Strategies, which will integrate wider and different thematic priorities in the overall framework of territories.
Objectives and background

In order to raise the integral quality of the region and to promote sustainable development, the LAG Fundació Garrotxa Lider used the LEADER+ (2000-2006) initiative to stimulate the voluntary integration of responsible management criteria by companies awarded public funds.

The LAG developed an innovative public grant management methodology, encouraging beneficiary organisations to adopt economic, social and environmental management policies.

Key elements of the approach

This method is based on a sustainable management code, which is a specific diagnostic and measure tool, and on technical consultancy and tutoring with the beneficiary organisations. The code defines the general CSR measures that have to be adopted, guides the beneficiaries in the economic, environmental and social impact assessment of their activities and provides a reliable monitoring system that guarantees medium- and long-term decisions that contribute to the balanced development not only of the organisation itself but also of the territory. The code also provides very clear indicators to measure the output and impact of activities.

The process is structured as follows:

1. Selection criteria
   In evaluating the projects which are to obtain funding, the LAG includes objective criteria regarding CSR. The essential requirements are the economic viability of the project and the compliance with current environmental and social legislation.

2. Appointment of a CSR tutor
   The LAG assigns a CSR tutor to each selected beneficiary, whose duty it is to advise and guide the project holder on the incorporation of CSR policies during all stages of the process.

3. Initial diagnosis
   An initial analysis ascertains each beneficiary’s current CSR commitment and elaborates a benchmark report which
outlines the improvements to be made in the fields of sustainable management. This snapshot is important not only to identify the corrective measures that will be considered in the next stage, but also to make the company aware and to plan performance.

4. Improvement programme agreed

Based on the results of the initial analysis, the CSR advisor, the LAG agrees a customised improvement programme with the company, defining actions or corrective measures that allow the company to boost its strong points and to ameliorate its weaknesses. These actions are phased in time, agreed by both parties and approved by the company’s management. Each improvement is assigned a certain percentage of the LEADER grant. In Catalonia, participating companies have obtained incremental LEADER funds to the order of 15%, which reward and compensate those that help the local economy using territorial resources. The final amount of public aid that the project holder receives is determined by the degree of fulfilment of the improvement programme.

5. Implementation

The aim is to develop all actions defined in the improvement programme at the same time as the company prepares the investment objectives of the LEADER funding. During this process, the CSR tutor follows up with each beneficiary to help with implementation, to check schedule compliance, to detect problems and to propose solutions. The departure point of each company is different and, therefore, improvement plans need to be adapted to each enterprise’s specific situation.

6. Validation

Once the implementation stage is finished, and coinciding with the certification of the investment object of the LEADER grant, the LAG evaluates and verifies the fulfilment of the CSR commitments in the company’s improvement programme and determines the final grant percentage.

7. Sustainability reporting

The final stage of the process, which is not connected to LEADER funding, is when the CSR advisor assists the company in the elaboration of a sustainability report, which documents the economic, environmental and social impacts of the company and aims to raise stakeholder (customers, suppliers, employees, community, etc.) awareness.

**Communication aspects to beneficiaries**

The integration of CSR in the LEADER has been widely publicised by the Catalonian
Region over the last 10 years. It became a well-known method and now it is included in the RDP and related regulations.

Lessons learnt

Benefits

Currently this methodology is carried out by 18 LAGs in Catalonia, the Balearic Islands and Aragon and implemented by 79 companies that have benefitted from LEADER funds. Overall the implementation of CSR by small and medium companies (SME) in rural areas is a powerful means of improving competitiveness and it contributes to recovery and social cohesion.

The application of the sustainable management code adds value to the LDS designed by LAGs, as it provides:

- balanced development of the socio-economic activities of the territory;
- resource use which does not compromise future development options;
- innovative new management practices based on advice and tutoring given to each individual beneficiary;
- enhanced social cohesion and solidarity between actors, and between them and the territory; and
- mechanisms to assure equal opportunities and the improvement of social and labour conditions.

Barriers

The key burden falls on the LAG that has to provide the CSR instructor and monitor the progress of the CSR programmes. However, the closer involvement of the selected beneficiary companies, the presence of the tutor and the definition of clear indicators in the improvement programme, are all conducive to a better implementation and LDS monitoring.

Lessons learnt

This practice is very relevant in the context of the future multi-fund Local Development Strategies, which will embody wider and different thematic priorities in the overall framework of the economy, civic society and the environment.

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.