



European Economic and Social Committee

NAT/502
LEADER as a tool for
local development

Brussels, 21 September 2011

OPINION
of the
European Economic and Social Committee
on
LEADER as a tool for local development
(own-initiative opinion)

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On 20 January 2011 the European Economic and Social Committee, under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

LEADER as a tool for local development
(own-initiative opinion).

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 6 September 2011.

At its 474th plenary session, held on 21 and 22 September 2011 (meeting of 21 September), the European Economic and Social Committee adopted the following opinion by 151 votes with 15 abstentions.

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1. Conclusions and recommendations

- 1.1 The LEADER method has proved to be a viable solution over the past twenty years. The possibility should therefore be considered of expanding LEADER, as a tried and tested development instrument, while maintaining its key elements, namely the direct involvement of civil society through participation of its representatives in local partnerships and ongoing dialogue with local people on future development priorities.
- 1.2 With regard to the operational programmes for the period after 2013, we need to consider substantially strengthening partnership-based approaches (particularly local and regional cross-sectoral partnerships in rural as well as, separately, in urban areas), while carrying out the necessary harmonisation of processes and partnerships, and requiring that their projects meet high standards in terms of their added value, usefulness and effectiveness. Partnerships must always be based on a bottom-up approach.
- 1.3 The EESC subscribes to the LEADER approach and its extension in the form of bottom-up partnerships for funding from other EU funds for rural areas, and specifically recommends using this approach, under a different name, in urban areas for implementing development and investment strategies. Partnerships can help connect the activities of local authorities, businesses, not-for-profit organisations and citizens, based on principles of sustainability. However, this would mean abandoning the current "sector-based approach" between the EAFRD and the Structural Funds, limiting the trend towards strict separation between the different funds, while adopting similar rules so that the various funds can be used under a system of common controls and indicators.

1.4 For the period post-2013, the EESC proposes:

- a) an overarching approach to local development for rural regions combining resources from different funds in a single budget and based on the possibility of tapping the European Agricultural Fund for Rural Development, European Regional Development Fund, Cohesion Fund, European Fisheries Fund and European Social Fund as well as other funds, using a simplified procedure and with no additional red tape;
- b) discussing and agreeing on a standard definition of rural areas, requiring that an integrated approach be used to create Local Development Strategies;
- c) using the LEADER approach as a suitable model for the creation and operation of bottom-up partnerships;
- d) making financial provision within all the funds for formulating and implementing integrated development strategies that harness the capacities and skills of local partnerships;
- e) clearly and carefully defining conflicts of interest for members of Local Action Groups, which would help allay most of the criticism about the implementation of LEADER; in order to increase transparency and improve public scrutiny and information, building up information on what Local Action Groups really represent and on their activities and tangible achievements in the different municipalities, etc. and, to this end, preparing conferences, seminars, publications and campaigns in the local media (radio, television, press, etc.).

1.5 One key concept in the Barca report¹ is "place-based development", which is intended to promote an integrated local or regional approach to addressing problems. This place-based policy aims to combat the persistent failure to fully harness local potential. It is completely in keeping with the spirit and objectives of the LEADER method: a bottom-up approach based on the specific nature of local problems, whereby local stakeholders join forces to make more effective use of their region's intrinsic potential. It is often said during discussions on this issue that the Lisbon treaty reinvigorated the concept of subsidiarity, in conjunction with the strengthened role of local and regional authorities.

1.6 The EESC recommends significantly reducing red tape, particularly for small-scale projects (e.g. by reducing the number of documents and reports that need to be provided), and including LEADER in the simplification drive, which will allow more flexibility and help encourage innovation in the regions. On the project front, the EESC recommends introducing a large-scale European financing through advance payments or a rolling financing system. This could significantly increase take-up capacity in the regions without affecting the cash-flow of small businesses, which are the initiators, beneficiaries and therefore managers of such projects. At the same time, the EESC recommends considering the possibility of replacing national co-financing with contributions in kind, e.g. in the form of voluntary work.

¹ http://ec.europa.eu/regional_policy/policy/future/barca_en.htm.

- 1.7 As regards shifting to a greater volume of resources, drawing on several funds at once and applying the approach to urban areas, the EESC recommends returning via the "learning process" stage to the point where the LEADER approach was considered a laboratory, and building on experience acquired over the past twenty years when the approach and the Community Initiatives started being implemented in rural areas, which was an unquestionably positive experience. The EESC recommends more flexibility in using this innovative process. This will enable regions to develop more rapidly.

2. **Introduction**

2.1 **The LEADER instrument and its origins – history, impact**

- 2.1.1 Launched as a Community Initiative in 1991, the LEADER approach was developed by the Commission in a number of different phases over a long period. If we consider LEADER I as an "experiment," then LEADER II represented the "laboratory stage", culminating in LEADER+, which reached "maturity" in 2006. During the period 2004-2006 the approach was implemented on an experimental basis in the new Member States. Since the beginning of the current programming period in 2007, LEADER has been one of the four axes of the CAP's second pillar and one of its main tools. Currently, LEADER is funded through the EAFRD as part of Member States' rural development programmes and co-funded by the Member States following the principle of shared management between the European Commission and the Member States. Since 1991, a total of EUR 9.75 billion has been allocated to the different LEADER Community Initiatives and the current Axis IV of the EAFRD. Currently, more than 2200 Local Action Groups are operating in the EU. Over the past 20 years, the EU funding for LEADER has helped to establish a unique network of rural actors across all the 27 EU Member States.

- 2.1.2 This has produced a unique and innovative approach to partnership and cooperation that allows projects to be funded transparently, even in the most far-flung regions of the EU-27, giving them access to European funding .

2.2 **Current situation in the EU – local action groups**

- 2.2.1 LEADER is popular in rural areas both as a funding instrument and as an approach, not only among members of local action groups but also and above all among local authorities and other operators in rural areas. Local Action Groups have been set up in all 27 EU Member States, with the groups in Romania and Bulgaria about to become operational. LEADER plays an important role in the pre-accession strategies for candidate and potential candidate countries for EU accession.

- 2.2.2 A total of 2 192 Local Action Groups have been selected in the EU-27 so far, with a total EAFRD budget of around EUR 5.5 billion for the period 2007-2013.

- 2.2.3 LEADER underpins Axis IV of the EAFRD for the period 2007-2013. Total expenditure, which includes national government and private sector co-financing, amounted to EUR 13.9 billion in public funding and EUR 5 billion from private sources.
- 2.2.4 LEADER is used more widely in the EU's new Member States than in the EU-15. In certain Member States, Local Action Groups cover practically the whole country and are an effective policy instrument for rural areas and small rural towns. This is a structure which effectively complements local authority remits.
- 2.2.5 Local Action Groups have developed an administrative capacity that is capable of ensuring transparent distribution of EU funding at local level.
- 2.2.6 In the context of the current economic crisis, such local and flexible intermediate bodies can make an effective contribution to increasing employment at local level.

2.3 **Evaluation of LEADER+**

- 2.3.1 The implementation of the Community Initiative LEADER+ has been examined by the European Court of Auditors. The Court of Auditors made six fundamental recommendations to the European Commission and the Member States, summarising the weaknesses of the LEADER+ approach. The European Commission replied to these recommendations and the Court of Auditors' comments have been taken into account for the remainder of the current period and for the design of LEADER in the next programming period.
- 2.3.2 Some 893 Local Action Groups from the EU-15 took part in the LEADER+Community Initiative. A further 250 Local Action Groups from six new Member States started implementing LEADER-type measures in 2004. A total of EUR 2.1 billion has been allocated to the Community Initiative.
- 2.3.3 The LEADER approach has given rural regions the opportunity to start setting up public-private partnerships. Thanks to the LEADER approach, there has been a clear increase in the take-up capacity for EU funding.
- 2.3.4 LEADER+ prompted a further increase in the number of Local Action Groups in the current period, up to the current total of more than 2 200.
- 2.3.5 In spite of the criticism of the European Court of Auditors, the use of the LEADER approach brings concrete results and is fully consistent with EU policy, since it is effective, encourages positive change, is target-based, broad in scope and transparent. The LEADER approach therefore occupies a legitimate place in the European rural development policy and Member States' rural development programmes and deserves greater support, not just within the framework of the CAP. LEADER encourages the creation of local cross-sector partnerships

and acts as a local financing instrument consistent with the subsidiarity principle, supporting projects where development takes place in accordance with the wishes of local people, while at the same time raising the standard of living in rural areas.

- 2.3.6 This opinion should lead to greater interest in the LEADER approach and facilitate systematic use of Local Action Groups, including for other funding instruments outside the rural development context. It should also help to justify the need to maintain at least the funding allocated to LEADER from the overall CAP budget and thus retain a prominent role for LEADER within the Common Agricultural Policy.
- 2.3.7 The LEADER approach may also be used for programmes linked to other EU funds. Moreover, in rural areas, the LEADER approach has enhanced the cohesion of rural communities.

3. **Recommendations for rural areas**

- 3.1 The LEADER approach has the potential to accelerate the development of rural areas and has proven to be such a success that it should, where possible, be extended to cover all rural areas in the EU. The EESC recommends that the LEADER approach be retained within the CAP and that this approach also permit access to funds in the sphere of cohesion policy and the environment. This would allow a comprehensive approach to rural development and more effective action to support integrated sustainable development of rural areas. It would also facilitate better urban-rural linkages and interactions². In the context of the EAFRD, the LEADER approach provides a useful link between rural and urban areas. Where urban areas are concerned, the principle underpinning this approach should be changed, in order to distinguish it from LEADER, for example by introducing a programme called "Links between the urban economy and development actions", or LEADEV.
- 3.2 The EESC proposes that more funding be deployed using the LEADER approach, and not just funding under the future rural development programmes. The approach is also being used within the framework of the European Fisheries Fund. The EESC suggests making it possible for all operational programmes that are implemented in rural areas and have potential beneficiaries there (e.g. small municipalities, rural schools, microbusinesses and small- and medium-sized enterprises, agricultural operations, not-for-profit organisations, etc.) to be included in the respective programme through the LEADER method, within the framework of the EAFRD, and that 5% to 25% of funding be earmarked for this purpose. This will help guarantee the required share of integrated and innovative projects that are carried out through coordinated community action in rural areas.
- 3.3 The EESC proposes that the LEADER method be considered as an innovative bottom-up approach, which should therefore be as free as possible from red tape and thematic

² http://ec.europa.eu/regional_policy/newsroom/pdf/pawel_samecki_orientation_paper.pdf (p. 10).

requirements. Local people know what they need most; indeed this is a fundamental tenet of the subsidiarity principle. The principle of public control should be applied in partnerships based on initiatives of local citizens.

- 3.4 The clear added value of Local Action Groups and partnerships lies in the fact that they engage local people and encourage interaction between them. This benefit is not being sufficiently appreciated when assessing the implementation of the LEADER+ Community Initiative, and the EESC therefore recommends placing greater emphasis on the importance of the work carried out by members of Local Action Groups on the ground. This will ensure an open approach to the formulation of local development strategies, local level coordination and the involvement of all parties who want sustainable and diversified development that guarantees improved standards of living. In addition, the EESC recommends that voluntary partnerships between local authorities be able to join Local Action Groups and put forward ideas for projects. At the same time, it is clear that LEADER cannot be used as a means of making up for insufficient municipal revenues and financing public services at local level in the EU Member States.
- 3.5 Interterritorial and transnational cooperation between Local Action Groups are key factors in applying the LEADER approach. Over the past twenty years, the highly beneficial impact of this method to establish international and interregional (between different Local Action Groups) partnerships and cooperation has not received the recognition it deserves. In an EU whose Member States can vary significantly in terms of their standard of living and situation of their rural areas (even within individual countries themselves), this much-needed activity is absolutely vital for rural areas, as it can have a decisive impact on their development.

4. **Recommendations for urban areas**

- 4.1 If it is possible to use partnership approaches for all the EU funds, then the principle underpinning the LEADER method that is used in rural areas can also be applied separately in urban areas and communities to create "local partnerships". Initially, for example, this might take place over a transitional period, which would be followed by an assessment. The EESC believes it would be helpful to use the term "urban development programme" for this partnership approach and recommends that this option be included in all the development funds managed by the various DGs. Integrating resources will increase their availability.
- 4.2 The EESC recommends using the principle underpinning the LEADER method for peri-urban areas as well, although separately and distinctly from LEADER. In such areas, towns and cities would contribute to this method, with a view to gradually closing the development gap between rural and urban areas.
- 4.3 The EESC recommends linking and integrating the activities of the former URBAN Community Initiative, the LIFE programme and other programmes using the principles underpinning the LEADER method, thereby increasing their combined added value.

- 4.4 When preparing and implementing projects, it is best if local authorities are either directly involved in an urban area partnership or if they are consulted on individual activities. This makes it possible to limit potential discrepancies between different projects and to achieve synergies between projects managed by the local authority and the local partnership, while securing support from partnership projects where feasible. The best way of creating synergies is to develop integrated plans for the development of specific towns, urban areas and urban agglomerations.
- 4.5 In urban areas, the LEADER approach could be applied by creating a partnership for a given sub-regional urban area, based on certain fixed criteria as is currently the case in rural areas.

Brussels, 21 September 2011.

The President
of the
European Economic and Social Committee

Staffan Nilsson
