

**Client**

**Department of Agriculture and Rural Development**

**Project**

**Review of Leader Methodology in Northern Ireland**

**Division**

**REPORT – August 2013**

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## 1 TERMS OF REFERENCE AND METHODOLOGY

### 1.1 Introduction

The Department of Agriculture and Rural Development commissioned RSM McClure Watters in association with The Rural Development Company to undertake a Review of the LEADER Methodology in Northern Ireland. This report (and accompanying Appendices) presents a summary of key findings against the Terms of Reference drawing on an extensive programme of primary and secondary research.

In this chapter we present the Objectives and Terms of Reference, the methodology adopted, the report structure and acknowledgements.

### 1.2 Objectives and Terms of Reference

The Objectives and Terms of Reference for the Review are as follows.

#### Objectives of review

1. To examine and compare the long term economic and social impact of the LEADER approach since 1994 in Northern Ireland (with a particular focus on the 2000 – 2006 and 2007 – 2013 programmes);
2. To examine the value for money of the LEADER approach in NI in comparison to other rural development interventions (i.e. Local Strategic Partnerships, top down approaches, other collective bodies, private sector delivery agents.)
3. To identify best practice from other European regions, in particular England, Wales, Scotland and the Republic of Ireland.
4. To identify lessons learnt from the 1994 – 1999, 2000-2006 and 2007-2013 models and make recommendations to DARD on possible models for using a LEADER approach in the new rural development programme (with associated costs).

#### Terms of Reference

1. Review the application of LEADER in NI since 1994, with an enhanced focus on the 2000 – 2006 and 2007 – 2013 programmes (including the cooperation element) via:
  - literature review;
  - engagement with key informants (e.g. beneficiaries, LEADER practitioners, cluster network group, DARD, Rural Network for Northern Ireland, European Network for Rural Development, other relevant NICS departments, local government, farm organisations, Enterprise NI, audit practitioners).
2. Examine the long term economic and social impact of the LEADER approach since 1994 in Northern Ireland:
  - (i) In examining impacts, report on:

- a. the extent to which it has been an effective policy instrument in NI for:
    - (i) empowering local communities to address local problems in line with national strategy objectives;
    - (ii) delivering national policy objectives identified in local development strategies;
    - (iii) giving more added value to rural development delivery compared with other approaches such as top down implementation;
  - b. the suitability of LEADER to different rural development actions such as quality of life, economic development, sector specific interventions (i.e. agri food, forestry, environmental measures) and other EU programmes.
3. Compare the costs and achievements/impacts of the LEADER model with those of other rural development interventions in order to examine the value for money of the LEADER approach in NI in comparison to other rural development interventions;
  4. Highlight lessons learnt and best practice from each model (both LEADER and other interventions). This will include:
    - (i) Identifying best practice from the NI experience of the different LEADER models adopted;
    - (ii) Identifying best practice from similar LEADER type structures such as local strategic partnerships, INTERREG groups, PEACE groups via literature review and engagement with practitioners.
    - (iii) Identifying best practice from other relevant European regions, in particular England, Wales, Scotland and the Republic of Ireland via literature review and engagement with relevant LEADER practitioners and Managing Authorities and Paying Agencies.
    - (iv) Factoring in any relevant lessons learned from other non-LEADER models of intervention designed to achieve similar objectives.
  5. In light of 1-4 above, develop a number of key recommendations, based on lessons learned, for the application of Leader in the next Rural Development Programme, including recommending:
    - \* What aims a Leader model should be used to deliver
    - \* What the new LEADER delivery structure might look like, taking into consideration:

- a. number of LAGs and territory covered;
- b. the role of local authorities/timing and potential impact of the Reform of Local Government;
- a. the role of partnerships established under other EU programmes;
- b. level of delegated authority/responsibility;
- c. control, monitoring and audit requirements;
- d. administration models (including models of funding disbursement);
- e. costs;
- f. extent to which LEADER strategies can (or cannot) include funding streams/directives beyond the current EAFRD LEADER programme (i.e. other European funds, other national government programmes.), taking account of the new EU regulations (including the finance and regulatory controls);
- g. training and skills sets required to ensure groups have sufficient capacity to deliver using the LEADER methodology; and
- h. continuity from one European funding period to the next.

## 1.3 Methodology

The key strands of research included the following complementary workstreams.

### 1.3.1 Desk Research and Literature Review

This included a review of the following information:

- background to LEADER including origin, evolution, approach and elements;
- relevant policy and strategic context information for rural development in NI and EU.
- learning from previous generations of LEADER in NI;
- learning from other rural development interventions and delivery structures in NI including: Peace, INTERREG, Building Sustainable and other Axes in NIRDP.

### 1.3.2 Consultation – Stakeholder Interviews and Focus Groups

This included an extensive programme of consultation encompassing:

- **DARD and other rural stakeholders** – this includes meetings and telephone consultations with DARD staff involved in policy, management and delivery of NIRDP and in particular Axis 3 and also for Axis 1, Project Steering Group members, Rural Network NI, and other rural stakeholders (UFU, NIRWN, RCN) – see Appendix 1 Section 1.1 Table 1;
- **Joint Council Committees, Local Action Groups and Programme Management staff**
  - The purpose of this strand of consultation was to engage with all 7 Clusters, ensuring that the views of all clusters were taken into account. The intention was to seek views from all 7 clusters though this would not necessarily involve

- engagement with the entire population of JCC and LAG members. An approach to achieve this was discussed with the Cluster Networking Group;
- At a meeting with the Cluster Networking Group, it was agreed that a meeting would be held in each Cluster area and that each meeting would include representation from JCCs, LAGs and Programme Management staff. Each cluster identified a suitable date within the consultation period and made members of JCCs and LAGs aware of the meeting date. In some cases, the meetings were held immediately before or after normal business meetings of the LAGs to accommodate their members' availability.
  - Attendance at the consultation meetings varied per Cluster – in total there were 60 attendees across the 7 Clusters: ARC North West (3), DRAP (9), GROW (10), Lagan Rural Partnership (9), North East Region (14), SOAR (11), SWARD (4).
  - These included representatives of JCC members (in 5 of the 7 Clusters), LAG members (in all 7 Clusters), Programme Management staff (in all 7 Clusters) and Council Economic Development staff - see Appendix 1 Section 1.2 Table 2.
  - In addition a meeting was held with Programme Management staff (attended by 6 of the 7 Programme Managers) – Appendix 1 Section 1.2 Table 3.
- **Local Government: Local Economic Development Staff, Elected Members and NILGA:** All Councils had the opportunity to take part in the Cluster meetings (in each Cluster area) – in some cases, Elected Members (representing JCCs or LAGs) and Economic Development staff attended these meetings (see Appendix 1 Section 1.2 Table 2). Staff in 26 Councils were also invited to take part in telephone consultations: Economic Development staff from 20 Councils took up this opportunity - see Appendix 1 Section 1.3 Table 4. In addition, as 15 of the 26 Councils were not represented by Elected Members at the meetings held in each Cluster, representatives of these Councils were offered a further opportunity to take part in consultation: 3 Councillors availed of this – see Appendix 1 Section 1.3 Table 5. We also consulted with Northern Ireland Local Government Association (NILGA).

### 1.3.3 Consultation – LEADER Workshop

A workshop was held at Greenmount College on the 21st August 2012 to provide LEADER stakeholders with an overview of some of the best practice and emerging policy and implementation direction from elsewhere in the EU and in the light of this to seek their input on a number of key questions concerning the future of LEADER in NI. A total of 22 delegates participated in the workshop; these represented Local Action Groups and their staffs, Joint Council Committees, the NI rural network and the DARD rural policy and delivery teams, a full delegate list is provided Appendix 1 Section 1.4 Table 6.

### 1.3.4 Consultation – Project Promoters' Survey

A survey of project promoters was undertaken – this included successful and unsuccessful applicants, as well as those who had withdrawn their applications. A comprehensive questionnaire was designed – drafted and revised in conjunction with DARD. Input was also sought from the LAG staff on questionnaire design. A range of topics were included in the questionnaire including:

- Section 1: About you/your organisation (including information about Community / Voluntary Groups and Private sector)
- Section 2: Applying for Funding
- Section 3: Support with Funding Application
- Section 4 Outcome of funding application
- Section 5: Successful applicants only – A) Funding Awarded
- Section 5: Successful Applicants Only – B) Support with Draw Down of Funding
- Section 5: Successful Applicants Only – C) Impact of Funding
- Section 6: Unsuccessful Applicants Only
- Section 7: Withdrawn Applicants Only
- Section 8: Strengths and Areas for Improvements

The survey was issued on-line via an email invitation forwarded to a sample of project promoters by the LAGs; this was supplemented by some postal surveys where email addresses were not readily available.

Overall 111 valid survey responses were received.

### 1.3.5 Learning from LEADER in other regions

This included identifying relevant lessons from the application of LEADER throughout the EU including learning from England, Scotland, Wales and Ireland,

## 1.4 Format of Report

An Executive Summary has been produced and is available in a separate document.

The structure for the report and appendices is set out in the tables below.



**Table 1: Report Structure**

Chapter No.	Chapter Title
2	Background to LEADER
3	LEADER – Policy Context and EU Drivers
4	LEADER in Northern Ireland since 1994
5	Consultation Findings
6	Learning from LEADER Throughout the EU
7	Learning from Other Rural Development Interventions
8	Conclusions and Recommendations

Source: RSM McClure Watters, October 2012

**Table 2: Appendices**

Appendix No.	Appendix Title
1	Consultees
2	Survey Results – Project Promoters (LEADER)
3	LEADER – NIRDP 2007-2013 – Outputs to Date
4	NIRDP 2007-2013 – Overview
5	NIRDP 2007-2013 – Project Inspection and Audit
6	Rural Network for Northern Ireland
7	LEADER 2007-2013 – Key Issues
8	LEADER in NI Since 1994
9	LEADER in England, Scotland, Wales and Ireland

Source: RSM McClure Watters, October 2012

## 1.5 Acknowledgements

The Research Team would like to thank the Project Steering Group members for being available for meetings and providing access to the information that was required for the completion of this report.

We would also wish to acknowledge the time and input from the wide range of stakeholders with whom we consulted including JCC and LAG members, LAG staff and local government. In addition, we would like to express our gratitude to the numerous project promoters who invested their time in completing surveys to contribute to this important research.

## 2 BACKGROUND TO LEADER

### 2.1 Introduction

This chapter considers the origin of LEADER and how it has evolved over the four generations of the programme. It also describes the concept in terms of approach and objectives.

### 2.2 The origins and evolution of LEADER

The LEADER approach to Rural Development emerged in the early 1990s as, what was then known as 'A European 'Community Initiative'. The Community Initiatives were experimental approaches to different aspects of development funded through the Structural Funds and sat alongside the mainstream programmes. LEADER was introduced as an 'accompanying measure' to the CAP with a focus on a wider rural development approach involving local actors in the development of their own communities rather than a conventional top down agricultural sectoral approach to the delivery of support.

The intention was to improve the development potential of rural areas by drawing on the local populations' initiative and skills and pursuing integrated local development, this involved promoting their acquisition of know-how and then transferring or disseminating this know-how to other rural areas. This saw a major shift in development perspective from one where beneficiaries moved from being recipients of support to becoming architects and actors in effecting change, development 'done by' rather than 'done to' the rural communities involved. Reacting to criticism to the individual project approach in the Structural Policy, the approach was therefore essentially place (or area) based and bottom up involving communities in contributing to their own improvement.

The Community Initiatives were primarily concerned with the development of innovative ways of doing things. In the first iteration of Leader (1991-93), the main innovation lay in the introduction of the approach itself as a stand-alone initiative; it was styled as an experiment in rural development. Although still limited to disadvantaged rural areas under Leader II (1994–1999) the Leader approach progressed and became more widely applied. The focus shifted beyond innovation merely in the method to act as a laboratory with the pursuit of innovation in the pilot actions or projects supported. Leader II also saw the introduction of transnational cooperation. Under Leader + (2000-2006) the Leader method was said to have entered its maturity phase and the area again expanded. We saw the introduction of a far stronger focus on the preparation and delivery of Local Development Strategies by the LAGs identifying and addressing local needs and solutions with a reinforced role for networks and transnational cooperation.

For the current period (2007–2013) Leader has been 'mainstreamed' that is to say integrated into the rural development regulation as an alternative approach to achieve the objectives of

the three ‘mainstream’ Axes of the policy. There are no longer specific Leader programmes; rather it is included as a methodological approach to mainstream RD programming.

Looking ahead we see the further extension of the Leader approach as the basis for community-led local development in the CSF-Funds 2014-20 with the possibility for Leader territories to implement “multi-funded” strategies.

Not only has the method and the means through which it is implemented evolved but there has also been a significant evolution in terms of the breadth of its application. The first two generations of LEADER, Leader I and Leader II were tied to the Objective 1 and Objective 5b Structural Fund designations of rural disadvantage. The two succeeding generations of the approach, Leader+ and the current LEADER approach see the approach more generalised and applicable to all rural areas. This, and the enlargement of the EU and its rural territories has seen a massive expansion in the number of LEADER groups, rising from 217 LAGs under Leader I to the current total of over 2,300 with attendant increases in area covered and budget (€450m - €5bn).

## 2.3 The approach and its objectives

The main concept of the Leader approach is encapsulated in the acronym which gives it its name, from the French, Links between Actions for the Development of the Rural Economy. The intention is that by strengthening the convergence between those responsible for interventions and the potential beneficiaries and building the links between areas, sectors and activities that the process may be short circuited through greater connectivity.

Underpinning this is the theory that given the diversity of rural areas, development strategies are more effective and efficient if they are decided and implemented at local level by local actors; accompanied by clear and transparent procedures; have the support of the relevant public administrations and are supported by the necessary technical assistance for the transfer of good practice.

This theory is implemented through a specific methodology which has come to be known as ‘The Leader approach’ and which is targeted on building local actors’ and communities’ capability and strengthening the delivery of local development actions.

There are seven main elements of the approach which have remained largely unchanged over the four generations of Leader, these are:

1. **Area-based local development strategies:** Area-based essentially means local such areas often characterised by common traditions, a local identity, a sense of belonging or common needs and expectations. The area chosen must have sufficient coherence and critical mass in terms of human, financial and economic resources to support a viable local development strategy.
2. **Bottom-up approach:** Local actors participate in decision-making regarding the local strategy and the selection of the priorities to be pursued in their local area. Local actors

involved include the population at large, economic and social interest groups and representative public and private institutions.<sup>1</sup>

3. **Public-Private Partnerships:** The Local Action Groups (LAGs) A local partnership, known as a 'Local Action Group' (LAG) is established with the task of identifying and implementing a local development strategy, making decisions about the allocation of its financial resources and managing them. A LAG should bring together public and private partners, be well-balanced and representative of the existing local interest groups, drawn from the different socio-economic sectors in the area. The most fundamental principle is that at the decision-making level the private partners and associations must make up at least 50 % of the local partnership (this principle is strengthened in the 2013 - 2020 period with the specification in the Common Provisions Regulation<sup>2</sup> that 'Community-led local development, which is designated as LEADER local development in relation to the EAFRD, shall be: community-led, by local action groups composed of representatives of public and private local socio-economic interests, where at the decision making level neither the public sector nor any single interest group shall represent more than 49 % of the voting rights.') and that all decisions must be quorate with at least 50% non-public sector involvement (The tasks of local action groups shall include drawing up a non-discriminatory and transparent selection procedure and criteria for the selection of operations, which avoid conflicts of interest, that shall ensure that at least 50% of the votes in selection decisions are from the non public sector partners<sup>3</sup>). LAGs decide the direction and content of the local rural development strategy, and make decisions on the different projects to be financed.
4. **Facilitating innovation:** Leader can play a valuable role in stimulating new and innovative approaches to the development of rural areas.
5. **Integrated and multi-sectoral actions:** Leader is not a sectoral development approach; the local development strategy must have a multi-sectoral rationale and approach integrating multiple sectors of activity.
6. **Networking:** Networking includes transferring good practice, of disseminating innovation and building on the lessons learned from local rural development between Leader groups, rural areas, administrations and organisations involved in rural development within the EU, whether or not they are direct Leader beneficiaries.
7. **Co-operation:** A key component of Leader cooperation involves a LAG undertaking a joint project with another Leader group, or with a group taking a similar approach, in another region, Member State, or even a third country.

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<sup>1</sup> Regulation EC (2011) 615 Article 30 3 (c,d,e & f) The tasks of local action groups shall include ensuring coherence with the local development strategy when selecting operations, by prioritising them according to their contribution to meeting the strategies' objectives and targets; preparing and publishing calls for proposals or an ongoing project submission procedure, including definition of selection criteria; receiving applications for support and assessing them; selecting operations and fixing the amount of support and, where relevant, presenting the proposals to the responsible body for final verification of eligibility before approval.

<sup>2</sup> Regulation EC (2011) 615 Article 28 1. (b)

<sup>3</sup> Regulation EC (2011) 615 Article 30 3 (b)

Through the application of this method, the process of development and strengthening the capability of rural communities is pursued in a complementary manner though or supporting the projects themselves. As specified by DG Agri, the difference between Leader and other more traditional rural policy measures is that it indicates 'how' to proceed rather than 'what' needs to be done'.

### 3 LEADER - POLICY CONTEXT AND EU DRIVERS

#### 3.1 Introduction

In this section, we consider relevant policy and strategic context information for rural development in NI and EU and what this means in terms of what LEADER needs to deliver in NI.

#### 3.2 Northern Ireland Context

##### 3.2.1 DARD – Draft Strategic Plan 2012- 2020 (August 2012)

The Department of Agriculture and Rural Development (DARD) has responsibility for rural development and rural policy in Northern Ireland. These responsibilities include the management and implementation of the Rural Development Programme, the development of the Rural White Paper Action Plan, rural proofing and the promotion of integrated rural policy making across government.

DARD's Draft Strategic Plan 2012 – 2020 (August 2012) sets out the following:

- Vision: A thriving and sustainable rural economy, community and environment
- Aim: To be a Department that works with stakeholders, builds partnerships and values its staff; strives to work efficiently, responds quickly to change and focuses on achieving sustainable outcomes.
- Goals
  1. To help the agri-food industry prepare for future market opportunities and economic challenges.
  2. To improve the lives of rural dwellers
  3. To enhance animal, fish and plant health and animal welfare.
  4. To help deliver improved sustainable environmental outcomes.
  5. Underlying Goal: To manage our business and deliver services to our customers in a cost-effective way.

Of particular relevance to the Review of LEADER is Goal 2 which includes:

- We will promote equality of opportunity and good relations for rural dwellers.
- We will tackle rural poverty and social isolation by working with the Executive, other Departments and Agencies, and rural stakeholders. The Department will provide a range of services including technical advice and support focused on the farm family household. We will also take steps to help the wider rural community and under-represented groups to benefit from funding programmes and initiatives such as the Tackling Poverty and Social Isolation Programme.

The Strategic Plan also sets out “What success will look like”; which is also of relevance to the Review of LEADER:

- A better awareness of the Department’s Section 75 equality duties; its commitment to tackling inequalities and under-representation and to ensuring measurable and improved equality outcomes.
- Sustainable rural businesses and jobs.
- A better understanding of the challenges facing rural communities and a more integrated approach, inside and outside government, to addressing them and developing rural potential.
- Improved representation and participation by under-represented groups.
- Targeting of interventions to achieve best economic and social return.
- Economically sustainable farm family households.
- Rural households with equitable access to services.

The Strategic Plan also includes Key Actions - of particular relevance to the Review of LEADER:

- Implementation of our Equality Scheme; achievement of targets set out in our Audit of Inequalities and Action Plan (2011-2016) and placing equality and good relations assessments at the centre of policy and decision-making processes).
- Complete actions under the existing Rural Development Programme and develop the 2014-2020 programme.
- Develop focussed support for farm family households
- Ensure that the Common Agricultural Policy includes the flexibility to address rural challenges in an integrated way.

### **3.2.2 Rural White Paper Action Plan (June 2012)**

The draft Rural White Paper Action Plan (2011) was produced to provide a ‘strategic framework’ to guide rural policy and the work of the Northern Ireland Executive for the next ten years. This was produced as the Programme for Government 2007-2011 contained a commitment to obtain approval from the Executive for the Development of a Rural White Paper.

*(Source: DRAFT Rural White Paper Action Plan).*

As a result, the draft Rural White Paper Action Plan contains a vision and action plan for rural areas, of which were developed as a result of numerous consultations with a Stakeholder Advisory Group, other Government departments and ministerial colleagues.

The vision, as laid out in the draft plan, was as follows:

*“A fair and inclusive rural society where rural dwellers enjoy the same quality of life as all others in the region. We envisage vibrant, strong rural communities, resilient and receptive to global trends through strong inter-linkages with urban areas and market towns.*

*For rural economies adapting to global trends and improved infrastructure and transport systems to ensure rural dwellers can avail of employment opportunities and key services.*

*For rural areas that maintain their distinctive features as places of agricultural production, areas of outstanding beauty, places of social, historic and cultural uniqueness and places with a strong community infrastructure which can avail of economic, social and cultural opportunities.*

*For the continuing development of linkages between rural and urban areas so that everyone can enjoy the beauty and uniqueness of rural places and the facilities and services of larger towns and cities.”*

*(Source: DRAFT Rural White Paper Action Plan).*

Underpinning this overall vision are five themes. Under each theme, policy priorities and actions were identified; these actions were then revised and amended post consultation (consultations began in March 2011) for the final Rural White Paper Action Plan. The five themes and associated policy priorities are shown in the table below.

Of particular note is the reference to the Rural Development Programme in one of the policy priorities associated with Sustainable Rural Communities; and also two particular actions that refer to the RDP and/or LEADER:

- Action 43: We will ensure planning policy and rural development policy is joined up and find ways to reduce the time taken to consider rural development programme planning applications. (Action for DOE)
- Action 59: We will share our experiences on the LEADER approach and facilitate the implementation of cross-border co-operation projects. (Action for DARD & DECLG).

**Table 3: Rural White Paper – Themes and Policy Priorities**

Theme	Policy Priorities
<b>Urban/Rural Linkages</b>	<ul style="list-style-type: none"> <li>• To support the development of an efficient transport and infrastructure system that facilitates effective rural - urban inter-linkages</li> </ul>
<b>Access to Services</b>	<ul style="list-style-type: none"> <li>• To promote fair and equitable access to key services for all rural dwellers;</li> </ul>
<b>Sustainable Rural Communities</b>	<ul style="list-style-type: none"> <li>• To promote tolerance, health, well-being and inclusion for rural dwellers;</li> <li>• Seek to minimise, where it exists, disadvantage, poverty, social exclusion and inequality amongst those living in rural areas and in</li> </ul>



Theme	Policy Priorities
	particularly amongst vulnerable groups; <ul style="list-style-type: none"> <li>• To maintain a viable economic, social, cultural and physical infrastructure in rural areas and seek to ensure that regional infrastructure disparities are minimised;</li> <li>• To preserve the cultural and social uniqueness of rural community life linked to its smaller population settlement;</li> <li>• To promote the development of effective and inclusive rural governance structures and sufficient community capacity to engage in these structures;</li> <li>• To enhance and refine the <b>Rural Development Programme</b> to ensure the maximum benefit from future Programmes for rural communities.</li> </ul>
<b>Sustainable Economies</b>	<b>Rural</b> <ul style="list-style-type: none"> <li>• To provide rural businesses with appropriate support to ensure the development of dynamic and innovative rural economies;</li> <li>• To seek to maximise employment opportunities for rural dwellers.</li> </ul>
<b>Sustainable Countryside</b>	<ul style="list-style-type: none"> <li>• To support the development of a more sustainable agricultural sector, a more competitive agri-food sector and enhanced agri-environmental links;</li> <li>• To safeguard the beauty and fabric of our rural areas and increase opportunities for all to enjoy the benefits of the countryside.</li> </ul>

Source: Rural White Paper Action Plan (June 2012)

The final Rural White Paper Action Plan, launched on 28<sup>th</sup> June 2012, reflects the draft, with changes only made to the actions that are to be completed by the various Departments and agencies such as the DOE, DEL, DE, DARD, OFMDFM, DECLG, DHSSPS, DFP, DETI and NISRA. The total number of actions increased from ninety in the draft, to ninety-four in the final version.

### 3.2.3 Northern Ireland Assembly’s Committee for Agriculture and Rural Development Position Paper on CAP Reform (September 2011) and Revised Position Paper on CAP Reform (December 2011)

In 2010, the European Union instigated the latest Common Agricultural Policy (CAP) reform.

Proposals (published by the European Commission in October 2011) for this reform after 2013 aim to strengthen the competitiveness and the sustainability of agriculture and maintain its presence in all regions, in order to guarantee European citizens healthy and quality food production, to preserve the environment and to help develop rural areas. The proposals include 10 key points:

- **1) Better targeted income support in order to stimulate growth and employment.** To better develop the agricultural potential of the EU, the Commission is proposing to support farmers' income in a fairer, better targeted and simpler way. Basic income support will cover only active farmers. It will be degressive from €150k per holding and capped beyond €300k, taking into account the number of jobs created. It will also be distributed more equitably between farmers, between regions and between Member States.
- **2) Tools to address crisis management which are more responsive and better suited to meet new economic challenges.** Price volatility is a threat to the long-term competitiveness of the agricultural sector. The Commission is proposing safety nets (intervention and private storage) which are more effective and more responsive for the sectors most exposed and to promote the creation of insurance and mutual funds.
- **3) A 'Green' payment for preserving long-term productivity and ecosystems.** To strengthen the environmental sustainability of agriculture and enhance the efforts of farmers, the Commission is proposing to spend 30% of direct payments specifically for the improved use of natural resources. These measures - crop diversification, maintenance of permanent pasture, the preservation of environmental reservoirs and landscapes - are practical, simple to implement and will have a genuine ecological effect.
- **4) Additional investment in research and innovation.** To produce more, with less, and better, the Commission is proposing to double the budget for agricultural research and innovation, including through a new European Innovation Partnership (EIP). These funds, including through a new EIP, will support research projects relevant to farmers, encourage closer cooperation between scientists and farmers and the quicker transfer of positive results from the laboratory to the field, and provide better information and advice to farmers.
- **5) A more competitive and balanced food chain.** Agriculture plays a vital role as the first step in the food supply chain, but the sector is highly fragmented and unstructured, and its added value is not recognized. To strengthen the position of farmers, the Commission is proposing to support producer organizations, develop inter-professional organizations, and to develop direct sales between producers and consumers. Sugar quotas, which have lost their relevance, will not be extended beyond 2015.
- **6) Encouraging agri-environmental initiatives.** The specificities of each territory should be taken into account and environmental initiatives will be encouraged at national, regional and local level. For this, the Commission is proposing two specific Rural Development policy priorities for restoring, preserving and enhancing ecosystems and for resource efficiency & the fight against climate change.
- **7) Facilitating the establishment of young farmers.** Two thirds of farmers are over 55 years. To help the younger generation to get involved in the agricultural sector, the Commission is proposing to create a new installation aid available to farmers under forty years old, during the first five years of their project.
- **8) Stimulating Rural employment and entrepreneurship.** To promote employment and entrepreneurship, the Commission is proposing a series of measures to stimulate

economic activity in rural areas and encourage local development initiatives. For example, a "starter kit" will be created to support micro-enterprise projects with funding up to €70k over five years. The LEADER local action groups will be strengthened.

- **9) Better addressing fragile areas.** To prevent desertification and preserve the richness of our land, the Commission is providing an opportunity for Member States to further help farmers in areas with natural handicaps, with additional support. This is in addition to other aid already available under the rural development policy.
- **10) A simpler and more efficient CAP.** To avoid unnecessary administrative burdens, the Commission is proposing to simplify several administrative mechanisms of the CAP, including the rules of conditionality and control systems, without losing efficiency. Moreover, aid to small farmers will also be simplified. For the latter, a flat rate of 500 to €1,000 per farm per year will be created. The sale of land by small farmers who cease agricultural activity to other farms willing to restructure their farms will be encouraged.

(Source: European Commission - Press release (October 2011) -The European Commission proposes a new partnership between Europe and the farmers).

This reform represents only the latest proposals, as the CAP has changed consistently over the last twenty years to reflect “changing societal concerns related notably to the environment, food quality and safety, territorial balance, as well as to the evolving needs of the EU economy”. CAP therefore, it is argued, provides a framework to allow for “competitiveness and sustainability challenges of agriculture and rural areas across the EU territory”.

(Source: European Commission, ‘Commission Staff Working Paper- Executive Summary of the Impact Assessment: Common Agricultural Policy towards 2020’ 2011).

This framework has two pillars; Pillar I and Pillar II. Pillar I is summarised in the ‘European Commission, ‘Commission Staff Working Paper- Executive Summary of the Impact Assessment: Common Agricultural Policy towards 2020’ (2011) as follows:

*“Pillar I includes instruments related to the functioning of agricultural markets and the food supply chain (Council Regulation (EC) No 1234/2007) and to direct payments (Council Regulation (EC) No 73/2009) conditional upon statutory management requirements and good agricultural and environmental conditions. Combined, these measures provide a fundamental layer of support to EU farmers, creating the basis for keeping sustainable farming in place throughout the EU. Pillar I measures are mandatory for Member States and, with very few exceptions, there is no co-financing. This ensures the application of a common policy within the Single Market, monitored by an integrated administration and control system (IACS).”*

Pillar II is summarised in the same paper as including:

*“Measures that aim at improving the competitiveness of the agriculture sector, delivering specific environmental public goods and promoting the diversification of economic activity*

*and quality of life in rural areas. These measures are largely voluntary, contractual in nature, co-financed and delivered within a strategic framework which links policy action to European, national, regional and local needs.”*

This most recent reform is viewed as necessary to reflect this decades emerging issues including economic, environmental and climate change pressures; the reform is aimed to be in place by 2014, post discussions and consultations which are due to be finished by the end of 2013.

*(Source: [http://ec.europa.eu/agriculture/cap-post-2013/index\\_en.htm](http://ec.europa.eu/agriculture/cap-post-2013/index_en.htm)).*

These proposals were met with high levels of concern across the EU and the NI Assembly published its response within the Committee for Agriculture and Rural Development Position Paper on CAP Reform (September 2011). In this paper, the NI Assembly express its' concerns that reforming of the CAP “could have far-reaching consequences across a broad spectrum of rural life” and, in reducing the budget with particular focus on Pillar I, will have a specific impact on Northern Ireland and “such an approach could see the UK effectively marginalised in the forthcoming negotiations”.

*(Source: Northern Ireland Assembly's Committee for Agriculture and Rural Development Position Paper on CAP Reform September 2011).*

The Committee express concerns in this paper through ten specific themes, or sub sections:

- High level issues;
- Budget allocation;
- Flat rate entitlement support;
- Greening Pillar I;
- Coupled support;
- Small farmer support;
- Active farmers;
- Market support; and
- Pillar II.

This position paper was then revised in December 2011, and expressed concerns by outlining that within Northern Ireland agriculture is central in the employment market, with a labour force of 46,948 directly involved in agriculture; this contributes “£378 million gross value added to the local economy. This is more than double to UK average”. The agri-food sector is also key in the Northern Irish marketing sector, as it accounts for 23.8% of total manufacturing sales in 2010, increasing turnover by 8.3%.

Overall, this revised paper expresses concerns that:

*“The greening measures of permanent pasture, crop diversification and 7% for ecological focus areas are inappropriate and will increase bureaucracy and have the potential to discourage farmers from farming, reduce food production & also undermine their*

*competitiveness. The Committee is also have concerned about the lack of emphasis on food security, promotion of the agri-food sector and clarification on a number of definitions such as 'active farmer', 'small farmer', agricultural activity' and 'permanent pasture'.*

*(Source: Northern Ireland Assembly Committee for Agriculture and Rural Development- Revised Position Paper: EU Proposals CAP Reform December 2011).*

Although one of the 10 proposals under CAP Reform refers to LEADER, these papers from the ARD Committee responding to proposals for CAP Reform did not specifically refer to Axis 3 and 4, the LEADER approach or the use of rural partnerships involving Councils.

### 3.2.4 Local Government Reform

The reform of local government will see the number of Councils reduce from 26 to 11. The process is due to be completed by April 2015. The new councils are intended to be stronger, more efficient and to deliver more effective services. They will be citizen focused, responding to the needs, aspirations and concerns of their communities. In partnership with others, they will guide the future development of their areas.

The new council districts are:

- Antrim and Newtownabbey District;
- Armagh, Banbridge and Craigavon District;
- Belfast District;
- Causeway Coast and Glens District;
- Derry and Strabane District;
- Fermanagh and Omagh District;
- Lisburn and Castlereagh District;
- Mid and East Antrim District;
- Mid Ulster District;
- Newry, Mourne and Down District; and
- North Down and Ards District.

Legislation to define the boundaries of the 11 new local government districts has now been approved by the Assembly. It also sets the number, boundaries and names of the wards into which each district will be divided.

Some functions are likely to transfer from central to local government; the complete package of functions is currently being reviewed. Those currently under consideration include:

- Planning (from DOE);
- Urban regeneration (from DSD);
- Local economic development and tourism (from DETI);
- Public realm functions of local roads (from DRD);
- Local sports facilities (from DCAL).

It is also proposed that Councils will have a new statutory duty of Community Planning and a new power of well-being:

- Community planning: This will provide a framework within which Councils, departments, statutory bodies and other relevant agencies and sectors can work together to develop and implement a shared vision for promoting the well-being of their area based on effective engagement with the community.
- Power of well-being: This will enable councils to take any action, not already the responsibility of another agency (unless that agency has given explicit agreement), to improve the well-being of the local community or local area.

### 3.3 EU Drivers

#### 3.3.1 Introduction

Looking ahead, there are a number of Commission proposals which have a bearing on the future of LEADER. In this section we provide a brief overview covering the hierarchy, of EU 2020, Common Strategic Framework (CSF), Common Provisions Regulation (CPR), Community Led Local Development (CLLD) and Rural Development Regulation (RDR) and associated guidance.

#### 3.3.2 Common Agricultural Policy (CAP) and Common Strategic Framework (CSF)

The proposal for a Regulation of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) was published by the European Commission in October 2011 and is currently under negotiation by the Council and the Commission. The European Parliament will also participate in these negotiations. The exact timing of the adoption of the regulations will have a consequent effect on the drafting and finalisation of Member States' RDPs.

On October 12th 2011 the European Commission published its new draft legal proposals for the Common Agricultural Policy (CAP) after 2013.<sup>4</sup> These encompass four draft proposals relating to the CAP for the period 2014-2020 including the EAFRD (Rural Development). For the EAFRD, the Commission proposals broadly focus on competitiveness, innovation, climate change, the environment and territorial development.

These EAFRD proposals must be read in conjunction with another set of proposals under the Common Strategic Framework (CSF), also known as the Common Provisions Regulation (CPR).<sup>5</sup> The CSF proposals encompass overarching obligations across a total of 6 EU Funds – EAFRD, European Regional Development Fund (ERDF), European Social Fund

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<sup>4</sup> [http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index\\_en.htm](http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index_en.htm)

<sup>5</sup> [http://ec.europa.eu/regional\\_policy/what/future/proposals\\_2014\\_2020\\_en.cfm](http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm)



(ESF), Cohesion Fund, European Territorial Fund and European Maritime and Fisheries Fund (EMFF). These funds will be fused under a Partnership Contract with the European Commission but the EAFRD will function separately at Programme level. (The CPR is discussed in more detail in Section 3.3.6).

### 3.3.3 CAP and Rural Development Objectives and Priorities 2014-2020

Within the overall CAP, rural development policy is intended to contribute towards the following objectives:

- the competitiveness of agriculture;
- the sustainable management of natural resources, and climate action;
- a balanced territorial development of rural areas.

These rural development objectives will be achieved through six priorities for rural development (see table below), which are linked with the thematic objectives of the CSF. The rural development objectives will also contribute towards the Europe 2020 objectives for smart, sustainable and inclusive growth.

**Table 4: Union Priorities for rural development (Article 5)**

Priority	Areas of focus
<p><b>Priority 1: Fostering knowledge transfer and innovation</b> in agriculture, forestry, and rural areas with a focus on the following areas:</p>	<ul style="list-style-type: none"> <li>• (a) fostering innovation and the knowledge base in rural areas;</li> <li>• (b) strengthening the links between agriculture and forestry and research and innovation</li> <li>• (c) fostering lifelong learning and vocational training in the agricultural and forestry sectors.</li> </ul>
<p><b>Priority 2: Enhancing competitiveness</b> of all types of agriculture and enhancing <b>farm viability</b>, with a focus on the following areas:</p>	<ul style="list-style-type: none"> <li>• (a) facilitating restructuring of farms facing major structural problems, notably farms with a low degree of market participation, market-oriented farms in particular sectors and farms in need of agricultural diversification;</li> <li>• (b) facilitating generational renewal in the agricultural sector.</li> </ul>
<p><b>Priority 3: Promoting food chain organisation and risk management</b> in agriculture, with a focus on the following areas:</p>	<ul style="list-style-type: none"> <li>• (a) better integrating primary producers into the food chain through quality schemes, promotion in local markets and short supply circuits, producer groups and inter-branch organisations;</li> <li>• (b) supporting farm risk management:</li> </ul>
<p><b>Priority 4: restoring, preserving and enhancing ecosystems</b> dependent on agriculture and forestry, with a focus on the following areas:</p>	<ul style="list-style-type: none"> <li>• (a) restoring and preserving biodiversity, including in Natura 2000 areas and high nature value farming, and the state of European landscapes;</li> <li>• (b) improving water management;</li> </ul>

Priority	Areas of focus
	<ul style="list-style-type: none"> <li>(c) improving soil management.</li> </ul>
<p><b>Priority 5:</b> Promoting <b>resource efficiency</b> and supporting the shift towards a <b>low carbon</b> and <b>climate resilient</b> economy in agriculture, food and forestry sectors, with a focus on the following areas:</p>	<ul style="list-style-type: none"> <li>(a) increasing efficiency in water use by agriculture;</li> <li>(b) increasing efficiency in energy use in agriculture and food processing;</li> <li>(c) facilitating the supply and use of renewable sources of energy, of by-products, wastes, residues and other non-food raw material for purposes of the bio-economy;</li> <li>(d) reducing nitrous oxide and methane emissions from agriculture;</li> <li>(e) fostering carbon sequestration in agriculture and forestry;</li> </ul>
<p><b>Priority 6:</b> Promoting <b>social inclusion poverty reduction and economic development</b> in rural areas, with a focus on the following areas:</p>	<ul style="list-style-type: none"> <li>(a) facilitating diversification, creation of new small enterprises and job creation;</li> <li>(b) fostering local development in rural areas;</li> <li>(c) enhancing accessibility to, use and quality of information and communication technologies (ICT) in rural areas.</li> </ul>
<p>Note: The information in this table relating to the priorities is as set out in the Commission proposal. Some redrafting of this text will take place prior to finalisation of the proposal. Source: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) – 2011/0282 (COD) replacing COM (2011) 627</p>	

These priorities should form the basis of programming; the regulation also opens up the possibility for sub-programmes (e.g. young farmers, small farmers, mountain areas, short supply chains) that benefit from higher aid intensities. The list of individual measures has been streamlined and individual measures have been reviewed. With most measures potentially serving more than one objective or priority, it is no longer deemed appropriate to group them into axes; programming on the basis of priorities should ensure balanced programmes.

The regulation also states that: “Leader and networking approaches will continue to play a key role, in particular for the development of rural areas and the spreading of innovation. Support through Leader will be consistent and coordinated with the support for local development from other EU shared management funds.”

### 3.3.4 RDP Budget - Overall and LEADER

The overall future budget and its breakdown between measures for the next RDP is not currently known. However, at the time of writing the overall budget for the current RDP is around €4.9 billion, of which around €2.4 billion is EU funding, with the remainder in national funding.



With regards to the budget for LEADER in particular, according to the draft proposal a minimum of 5% of the total EAFRD contribution to the rural development programme must be allocated to LEADER.

### **3.3.5RDP - Indicative Timescales for Programme Development**

An indicative timetable for the development of the RDP 2014-2020 is set out in Table 5 below. This illustrates the significant elapsed time from starting to develop the programme until it is approved; only then can the funding begin to be released. Given the number of stages, the number of stakeholders and external factors which influence the development of the programme, there is potential for delay so the proposed agreement date of June 2014 should be regarded as the earliest date at which the Programme would be agreed.

**Table 5: RDP Programme Development – Initial Project Plan**

Date	Main stages / activities of Programme Development
October 2011	Commission publish proposals for CAP reform
June - December 2012	Drafting of SWOT analysis and ranking of disparities to be addressed.
July 2012 – January 2013	Drafting of programme outline measures, indicators, targets including baselines.
	Clearance within DARD and other Departments.
August 2012	Agree terms of reference for ex-ante and strategic environmental assessment evaluators.
September 2012	Establish a stakeholder consultation group
December 2012	First draft of UK Partnership Agreement
December 2012 - January 2013	Public procurement of ex-ante evaluators (includes Strategic Environmental Assessment)
January 2013	Ex-Ante evaluation of SWOT analysis.
February 2013	Ex-ante evaluation of outline programme indicators, targets etc.
January - March 2013	Complete equality and regulatory impact assessments.
February - March 2013	Redrafting of programme following feedback from evaluators.
March 2013	Ministerial clearance prior to public consultation.
March – June 2013	Define measures to be delivered through the Leader approach
March – July 2013	Consultation on programme, strategic environmental assessment, equality and regulatory impact assessments.
August 2013	Programme redrafted following consultation
	Ex-ante (including Strategic Environmental Assessment) completed.
	Equality Impact Assessments completed.
	Regulatory Impact Assessment completed.
September 2013	Ministerial and Executive clearance on draft programme. Draft programme submitted informally to Commission
September – December 2013	Verification of standard costs with DFP.
	Informal liaison with Commission on draft programme.
January 2014	Programme formally submitted to Commission
February – May 2014	Formal liaison with Commission on Programme
June 202014	Rural Development Programme 2014 – 2020 approved by Commission

Source: CAP Reform Pillar 2: Development and Approval of 2014-2020 Rural Development Programme, Project Initiation Document, Project Version 2, January 2013

### 3.3.6 Common Provisions Regulation - CSF Funds 2014- 2020 and Community-Led Local Development

The European Commission favours the coordination of all available funds through a **Common Strategic Framework** to meet the objectives of the Europe 2020 economic policy. Within the draft Common Provisions Regulation (covering all funds) they have proposed a non-mandatory model which Member States may adopt for **Community-led Local Development**<sup>6</sup> (see Articles 28 Community-led local development, Article 29 Local development strategies, and Article 30 Local action groups).

This provides for the further extension of the Leader approach as the basis for community-led local development in the CSF-Funds 2014-20 with the possibility for Leader territories to implement “multi-funded” strategies. So in the 2014-2020 programming period, there is scope for LEADER group local strategies to use EU and national funding outside of the EAFRD Rural Development Programme; similarly, there is scope for non-LEADER groups to use EAFRD. The range of options being considered includes:

- One area-one strategy;
- Mono-fund strategies and overlapping areas but coordinated with varying degrees of formality;
- Lead fund.

Nothing is yet decided as neither the regulations nor the financial allocations have been determined. It is important to note that unlike similar programmes where the use of LEADER is recommended, under EAFRD the use of LEADER is mandatory.

When the regulations are agreed, Northern Ireland proposals for the coordination of EU funds in support of growth and jobs will form part of the proposed **United Kingdom Partnership Agreement** which will be submitted to the European Commission following political agreement and public consultation. This document will include a statement of the means and scope by which it is proposed to support territorial development by EU funding.

In NI, informal consultation with stakeholders has commenced on the targeting and delivery of EU funding after 2013. The overarching aim will be to deliver investment for growth and jobs in line with the objectives of the UK National Reform Programme and the NI Executive's Programme for Government, Economic Strategy and Regional Development Strategy. The bodies likely to be responsible for managing the programmes (DETI, DEL and the Special

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<sup>6</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52012PC0496:EN:NOT-> Amended proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Council Regulation (EC) No 1083/2006 /\* COM/2012/0496 final - 2011/0276 (COD) \*/

EU Programmes Body) have been tasked with identifying potential areas for funding. DFP will coordinate the drafting of NI input to the UK Partnership Agreement based on programming proposals and socio-economic analysis.

A Consultative Partnership Group<sup>7</sup> has been established to consider and discuss issues relating to the development of Northern Ireland's EU Structural Funds Programmes. The group provides a forum through which key stakeholders can have an on-going and meaningful influence on the development and preparation of future ERDF and ESF programmes.

The primary focus of the group is the preparation of the:

- Northern Ireland contribution to the UK Partnership Agreement; and
- Two operational programmes which will replace the current Competitiveness and Employment Programmes.

The group is also kept informed of progress on the Territorial Co-operation and Rural Development Programmes as part of the Common Strategic Framework approach within the UK Partnership Agreement.

Members of the group have been nominated from relevant:

- Social Partners;
- Local Government Sectors;
- Trade Unions;
- Community and Voluntary Sectors;
- Environment Sector;
- Energy Sector;
- Education Sector;
- Agri-food Sector; and
- The Equality Commission.

The Consultative Partnership Group is an advisory body and not a decision making forum. Its existence will not replace any requirements for formal consultation where all interested stakeholders will have the opportunity to provide their views on the future programming proposals.

Delivery systems should follow responsibility for the priority policies proposed for funding and be justified by accountability, value for money and transparency. At present there has been no proposal for special provisions to make particular provisions for Rural Development Programme LEADER groups to receive any ring-fenced areas of funding from the ERDF, ESF or cross-border programmes being planned.

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<sup>7</sup> [http://www.dfpni.gov.uk/index/finance/european-funding/content\\_european\\_funding-future-funding.htm](http://www.dfpni.gov.uk/index/finance/european-funding/content_european_funding-future-funding.htm)

If this remains the case it would not prevent Rural Development LEADER Groups from applying directly for funding from programmes on an equal footing with other groups but would imply that they would not be designated as delivery agents or intermediate bodies within those programmes.

In terms of LEADER and potential budget, within the draft Common Provisions Regulation (Article 31 Support from the CSF Funds for local development), it states that:

“Support for local development shall include:

- (a) the costs of preparatory support;
- (b) implementation of operations under the local development strategy;
- (c) preparation and implementation of cooperation activities of the local action group;
- (d) running costs and animation of the local development strategy up to the limit of 25 % of the total public expenditure incurred within the local development strategy.”

### 3.4 Summary

#### 3.4.1 Europe

The next Rural Development Programme 2014-2020 presents a further opportunity for the application of the LEADER approach. Proposals on the RDP are currently being negotiated by Member States through EU working groups with the Commission and are therefore subject to change. The next programme will see a move away from the Axes structure; there will also be fewer measures than previously. A number of broad priority areas for support have been identified.

The EC is keen to see LEADER play a role in rural development and there is also an opportunity to coordinate support for local development with other EU funds.

The overall RDP budget will not be known for some time as overall Common Agricultural Policy budget has yet to be agreed. A minimum of 5% will be allocated to the LEADER approach.

#### 3.4.2 UK

There is a requirement for a Partnership Agreement at UK level to show how the various EU funds can work together to achieve common objectives. This also provides for the option of the potential/optional use of the LEADER approach to deliver other European funding.

#### 3.4.3 Northern Ireland

The Rural Development Programme is an important contributor to the realisation of DARD's vision and achievement of objectives. It is important that the next NIRD takes into account DARD's policy priorities as set out in the Rural White Paper (and the role of the RDP in contributing to key themes – specifically Sustainable Rural Communities). A further

consideration for the next NIRDP is the need to allocate a minimum of 5% of the budget to the LEADER approach (in line with EU policy on rural development).

The content of the next NIRDP programme (2014-2020) has not yet been finalised and the exact detail in terms of priorities and measures will be set out in a final programme document which will be informed by research such as this report, a situation analysis, ex-ante evaluation and SEA process and public consultation.

Programme development is now underway following initial consultation with stakeholders in February 2012. A Consultative Partnership has been established with stakeholders for consultation on programme development.

It is expected that consultation on the draft RDP will take place in early summer 2013 with final Programme approval anticipated in July 2014. However, this will depend on final agreement of the draft proposals for rural development and the accompanying implementing regulation.

## 4 LEADER IN NORTHERN IRELAND SINCE 1994

### 4.1 History of LEADER in Northern Ireland

#### 4.1.1 Rural Development Programmes in Northern Ireland

##### 4.1.1.1 Background to Rural Development Programmes in NI

The first Rural Development Programme (RDP) began in Northern Ireland in 1991. It was established to help rural communities meet the needs of a changing economic environment. Successive programmes have aimed to improve the economic, environmental and social opportunities available to people in rural areas. In Northern Ireland, the Department of Agriculture and Rural Development (DARD) fills the role of developing and co-coordinating rural development policy, managing the implementation of rural development strategies, programmes and projects, and acts as an interface between the RDP and other public sector bodies.

Since the first Programme, there has been considerable change in rural development policy and practice, as well as the rural landscape. However the basic foundations of the Rural Development Programme have remained constant and are largely consistent with the LEADER principles. DARD states these basic foundations as:

- The approach to rural development in Northern Ireland should be “bottom up” so that the rural community is directly involved;
- There should be an integrated approach treating rural development as a process rather than a series of individual projects and programmes;
- Rural development should be addressed in partnership, involving central government, local authorities, rural communities, voluntary bodies and the private sector;
- There should be a focus on disadvantaged rural areas (and hence on disadvantaged rural people);
- There should be specific funding set aside to support rural development strategies and projects.

It is also interesting to note the changes in the delivery mechanisms of the programme. Within the first programme (LEADER I), there was only one LAG: the RDC and only community groups were eligible for funding. As the programme evolved the number of LAGs has varied (LEADER II had 15 LAGs; LEADER+ had 12 LAGs and in the current period LEADER 2007-2013 is being delivered by 7 LAGs) and eligibility extended beyond community groups to also include businesses / private enterprises.

Also of interest is the variety of funding streams that have been used to support rural development – for example: the NIRD 1994-1999 incorporated the entire LEADER II programme as well as other EU funding for rural development including: SPARD, PEACE, INTERREG II and PESCA and also funding from the International Fund for Ireland. Similarly

the NIRDP 2000-2006 incorporated the entire LEADER+ programme and elements of PEACE II, INTERREG IIIA and the BSP Programme (see further details in Appendix 8.)

#### **4.1.1.2 NI Rural Development Programme 2000-2006**

During the funding period, 2000-2006, DARD offered support to the agriculture, food, forestry and broader rural economic sectors under a range of European Union funded programmes such as the Rural Development Regulation Plan, the Programme for Building Sustainable Prosperity (BSP), the LEADER+ programme, the EU Programme for Peace and Reconciliation (PEACE II) and the INTERREG III programme.

The RDP 2000-2006 incorporated the entire LEADER+ programme and elements of the PEACE II, INTERREG IIIA and the BSP Programmes. LEADER+ was viewed as distinct from these other programmes and not an integral part of them. So in this period, local rural development was supported through a number of EU co-financed programmes and was delivered through a range of different mechanisms. These included:

- Under the BSP Programme, DARD supported Area-based Programmes and projects to address both the needs and the opportunities of specific geographical areas;
- Under the PEACE II, DARD established five Natural Resource Rural Tourism Partnerships to help Northern Ireland's disadvantaged rural areas take advantage of particular opportunities presented by their natural resources;
- Under the Northern Ireland LEADER+ Community Initiative, 12 Local Action Groups, covering 94 per cent of the total eligible area and 43 per cent of the Northern Ireland population, developed and implemented local development strategies that addressed the needs and potential for microbusinesses in their areas.

The RDP 2000-2006 focused on support for community-led projects that aimed to stimulate the economic and social regeneration of the most disadvantaged rural areas in Northern Ireland and the Southern border counties (through the EU Programme for Peace and Reconciliation and INTERREG III programme). The 2000-2006 Programme was administered in NI by DARD and the Rural Development Council and in the Republic of Ireland by the Department of Community, Rural and Gaeltacht Affairs.

#### **4.1.1.3 NI Rural Development Programme 2007-2013**

The Northern Ireland RDP 2007-2013 resulted from the reforms of the Common Agricultural Policy (CAP) in June 2003 and April 2004. These introduced a new financial instrument and a single programme: the European Agricultural Fund for Rural Development (EAFRD). This instrument, which was established by Council Regulation (EC) 1290/2005, was aimed at strengthening the EU's rural development policy and simplifying its implementation. In particular, it was established to improve the management and control of rural development policy for the period 2007-2013.



DARD received European Commission approval for NIRDP 2007-2013 on 24 July 2007. The NIRDP 2007-2013 is the single successor to the RDP 2001-2006 and Rural Development Regulation Plan 2001-2006. It is funded through a single Rural Fund, which is separate from Structural Funds, as stipulated in Council Regulation (EC) No 1698/2005 of 20 September 2005. This simplification of EU funding streams means that support is provided through one programme: the NIRDP and one fund: the EAFRD.

The NIRDP is aimed at improving the economic, social and environmental conditions in rural areas throughout Northern Ireland. It is designed to bring together a wide range of support schemes and programmes for the farming, forestry and primary processing sectors; rural enterprise and business development; diversification; and rural tourism. It includes measures with objectives to support and encourage rural communities and deliver the LEADER initiative for local innovation in rural areas.

#### **4.1.2 LEADER approach in Northern Ireland**

The LEADER-type approach to delivery has been supported by DARD since the early 1990's, this essentially involves a bottom-up method of delivery. The four generations of LEADER in NI are briefly described below.

##### **4.1.2.1 LEADER I**

LEADER I – the first LEADER initiative - was delivered between 1991 and 1993. Introduced by the EU as a means of stimulating innovative local approaches to rural development, LEADER I in NI was targeted at non-profit making rural community groups in the most deprived rural areas. The Rural Development Council (RDC) was the sole distributor of the £4.5 million allocation.

In contrast to most other regions of the EU, the LEADER I initiative in Northern Ireland was implemented through a single designated LEADER Action Group – the Rural Development Council. The funding available under LEADER I was targeted at supporting 15 rural community led regeneration projects throughout the 5 most disadvantaged rural areas in NI. In parallel with LEADER funding, community projects could also access a large proportion of match funding from International Fund for Ireland; with funding co-ordinated in this way, it was easier to get these projects off the ground.

So, at this stage, the focus of the RDP was solely on tackling disadvantage in rural areas. Community projects were funded under a range of measures including: technical assistance, rural tourism, vocational training, small enterprise and agricultural diversification.

##### **4.1.2.2 LEADER II**

LEADER II – implemented between 1994 and 1999 – sought to follow the wider European model of rural development of adopting a more “local” or “bottom up” and area-based approach to the development and implementation of the programme. Its design was

informed by learning from the implementation of LEADER I and gaps identified in its delivery; (it was felt to be too restrictive and did not generate widespread ownership across rural NI), however its broad aims remained the same.

It was implemented by 15 Local Action Groups (LAGs) and 9 Other Collective Bodies (OCBs). These 24 groups had responsibility for 4 Measures (Acquisition of Skills, Rural Innovation Programmes, Transnational Co-operation and Networking) and a budget of £14m. The programme was jointly funded by DARD (35%) and 3 of the EU Structural Funds (European Regional Development Fund (ERDF), European Social Fund (ESF) and the Guidance section of European Agricultural Guidance and Guarantee Fund (EAGGF)).

#### **4.1.2.3 LEADER+**

The LEADER approach was fully adopted via the LEADER+ Community Initiative (CI) in the 2000 to 2006 programming period. This maintained the ethos of the previous LEADER programmes. Under the Northern Ireland LEADER+ Community Initiative, 12 LAGs covering 94% of the total eligible area and 43% of the Northern Ireland population, developed and implemented local development strategies that addressed the needs and potential for microbusinesses in their areas. The initial design of the NI LEADER+ programme was such that its focus, in contrast to other LEADER+ programmes across the EU, was solely on micro-business development in the private sector (e.g. farms or rural businesses employing 10 people or less). However, in response to requests from LAGs, changes were introduced to the NI LEADER+ programme which enabled it to fund community groups under the co-operation measure. This broadened the focus of the programme beyond the private sector. The programme in NI was structured around 3 key Actions (Territorial Rural Development Strategies, Co-operation and Networking) and was worth over £21m. Rural development measures in this period were funded through the Guidance section of the EAGGF and other structural funds (ESF, ERDF and FIFG).

#### **4.1.2.4 LEADER in the 2007-2013 funding period**

LEADER in the 2007-2013 funding period was designed drawing on the local community-based capacity and knowledge acquired through community-led rural development in the three previous LEADER programmes (see further details in Appendices 3, 4, 5, and 6).

In this funding period, LEADER was included for the first time as a cross-cutting axis which was designed to contribute to the three other axes in the RDP at a local level. Axis 4 – Implementation of the LEADER approach is intended to build local capacity for employment and diversification. While contributing to the other Axes in the Programme, it also has an important role to play in improving governance and mobilising the endogenous development potential for rural areas. It was intended that the LEADER approach would be characterised – as before - by the 7 key features (described in Section 2.3). The LEADER Axis should also promote an area-based strategic approach to improving the quality of life in rural areas and

the diversification of the rural economy; and should encourage the identification of sectors or issues which could benefit from a co-operation approach.

This LEADER approach is being used by 7 LAGs with responsibility for allocating funding of £100m across the Axis 3 Measures (except support for rural broadband). As required by the European Commission, a competitive process was used to select the 7 LAGs. The 6 Measures support a diverse range of beneficiaries and activities in rural communities (Diversification into non-agricultural activities; Business creation and development; Encouragement of tourism activities; Basic services for the economy and rural population; Village renewal and development; and Conservation and upgrading of the rural heritage).

## **4.2 Summary of LEADER Programmes in Northern Ireland**

### **4.2.1 LEADER – Summary of programmes in NI**

**Table 6: LEADER in Northern Ireland**

Programme	LEADER II 1994 1999	LEADER+ 2000 2006	LEADER 2007 2013
<b>Number of groups</b>	<ul style="list-style-type: none"> <li>x 24 LEADER Groups                             <ul style="list-style-type: none"> <li>15 LAGs (implement strategies in distinct geographical areas)</li> <li>9 Other Collective Bodies (sectoral groups which implement projects covering whole of NI)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>x 12 LAGs (area based)                             <ul style="list-style-type: none"> <li>Some are single Council areas, others are groups of Councils</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>x 7 LAGs (area based)                             <ul style="list-style-type: none"> <li>Each LAG include a group of Councils</li> </ul> </li> </ul>
<b>Funding (value)</b>	<p>LEADER II was worth £14m<sup>8</sup> which included an average LAG administration allocation of 15%<sup>9</sup>, plus a further 6% for animation and capacity building (Update MTE of LEADER+)</p> <ul style="list-style-type: none"> <li>£10.8m allocated to 15 LAGs (min £200k, max £1m)</li> <li>£3.1m allocated to 9 OCBs (min £51k, max £900k)</li> </ul>	<p>LEADER+ programme worth over £21m with a 15% administration budget</p>	<ul style="list-style-type: none"> <li>Overall the 7 LAGs are responsible for delivering funding of £100m</li> <li>(allocation ranges from £8.6m to £20.5m per Cluster)</li> <li>Costs of administration are capped at 20% of spend in each Cluster</li> </ul>

<sup>8</sup> This includes match funding

<sup>9</sup> Administration budgets for each LAG varied from 10% to 21%. The average administration budget across the LAGs, according to the LEADER II Closure Report is 15%.

Programme	LEADER II 1994 1999	LEADER+ 2000 2006	LEADER 2007 2013
<b>Delivery Model</b>	<p>LAGs and OCBs established as companies limited by guarantee.</p> <p>A number of different models of delivery were pursued from incorporated completely to organisations having close links with local District councils and District Partnerships</p> <p>In almost all cases a delivery “infrastructure” had to be put in place</p>	<p>In most instances there is a one-to-one support relationship between the LAG and the relevant Council, however, in 4 cases there is more than one Council involved.</p> <ul style="list-style-type: none"> <li>• 5 LAGs are physically located in Council premises.</li> <li>• 1 LAG (RAPID), although not located within the Council premises, is viewed as the ‘rural arm’ of Derry City Council.</li> <li>• 6 other LAGs operate autonomously from the Councils.</li> </ul>	<p>In each Cluster, there are 3 tiers:</p> <ul style="list-style-type: none"> <li>• Joint Council Committee (consists of Elected Members from each of the Partner Council). Its role is to influence areas such as financial control and selection, recruitment and management of staff. It is the decision-making body.</li> <li>• Local Action Group (consists of Elected Members from each of the Partner Councils and Social Partners (min. 50%)). It is responsible for assessing need in its area, assessing applications and making recommendations for funding.</li> <li>• Programme Management Staff. These support application, assessment and claims processes.</li> </ul>
<b>Administrative Costs</b>	<p>In the case of LAGs, administrative costs account for an estimated 21%<sup>10</sup> of total funds allocated, representing unit cost of £0.27 per £1 of grant delivered “on the ground”</p>	<p>The administration budget<sup>11</sup> for each LAG within the context of LEADER+ and DARD support is 15% of their overall award (i.e. Action 1 and 2 budgets). In absolute terms this budget from DARD varies from £151k to £269k per LAG.</p>	<ul style="list-style-type: none"> <li>• Costs of administration are capped at 20% of spend in each Cluster</li> <li>• Admin costs are drawn down throughout the programme but there is a risk to councils that if spend does not increase and clusters do not meet their targets</li> </ul>

<sup>10</sup> According to the Ex Post Evaluation “21% relates to total administration costs. Average LEADER II administration percentage is approximately 15.2% of allocation”

<sup>11</sup> These administration funds are designed to cover staff costs and other operational expenditure of the LAGs such as financial monitoring, project developmental and appraisal work and general overheads.

Programme	LEADER II 1994 1999	LEADER+ 2000 2006	LEADER 2007 2013
		<p>DARD, in line with European Commission guidelines, request that the 15% is 'tagged' to actual expenditure incurred by each LAG, meaning that it can only be drawn down in line with operational expenditure.</p> <p>The 15% administration budget refers only to the DARD allocation, and in many cases LAGs receive cash and/or in kind funding from their relevant Council(s).</p>	<p>there will be a clawback of admin costs</p>
<p><b>Measures</b></p>	<p>4 Measures</p> <ul style="list-style-type: none"> <li>• Measure A: Acquisition of Skills</li> <li>• Measure B: Rural Innovation Programmes</li> <li>• Measure C: Transnational Co-operation</li> <li>• Measure D: Networking</li> </ul>	<ul style="list-style-type: none"> <li>• 3 Key Actions (with sub-measures and themes)</li> </ul> <p>Action 1: Territorial Rural Development Strategies</p> <ul style="list-style-type: none"> <li>• Measure 1.1: Use of new know-how and new technologies (Theme 1)</li> <li>• Measure 1.2: Improving the quality of life in rural areas (Theme 2)</li> <li>• Measure 1.3: Adding value to the local products (Theme 3)</li> <li>• Measure 1.4: Making the best use of natural resources (Theme 4)</li> <li>• Measure 1.5: Acquisition of Skills (New LAGs only)</li> <li>• Measure 1.6: Administration costs of LAGs</li> <li>• Measure 1.7: Publicity and Promotion</li> </ul>	<p>Under Axis 3 there are 6 Measures:</p> <ul style="list-style-type: none"> <li>• 3.1 Diversification into non-agricultural activities</li> <li>• 3.2 Business creation and development</li> <li>• 3.3 Encouragement of tourism activities</li> <li>• 3.4 Basic services for the economy and rural population</li> <li>• 3.5 Village renewal and development</li> <li>• 3.6 Conservation and upgrading of the rural heritage</li> </ul> <p>Under Axis 4 there are 3 Measures:</p> <ul style="list-style-type: none"> <li>• 4.1: Implementation of Local Development Strategies</li> <li>• 4.2: Inter-territorial and Transnational Co-operation</li> </ul>

Programme	LEADER II 1994 1999	LEADER+ 2000 2006	LEADER 2007 2013
		of the Activities of LAGs Action 2: Co-operation <ul style="list-style-type: none"> <li>• Measure 2.1: Inter-territorial co-operation</li> <li>• Measure 2.2: Inter-territorial co-operation with groups in Rol</li> <li>• Measure 2.3 Transnational co-operation</li> <li>• Measure 2.4 Transnational co-operation with groups outside EU</li> </ul> Action 3: Networking <ul style="list-style-type: none"> <li>• Measure 1: Contribution to the UK LEADER+ Network and associated activities</li> </ul>	<ul style="list-style-type: none"> <li>• 4.3: Running costs, Acquisition of skills and Animation</li> </ul>
<b>Sources</b>	Ex Post Evaluation of LEADER II (PwC, 1999/2000)	LEADER + MTE (DTZ Piedad, 2003-4) Update of the MTE of LEADER+ (PwC, 2006) MTE NIRDP 2001-2006 (PwC, 2006) Review of LEADER+ Administration Support (PwC, 2006)	MTE of NIRDP 2007-2013 (NISRA, Dec 2010)

#### 4.2.2 LEADER – Long Term Economic and Social Impact

Across the three programming periods, LEADER has delivered a range of economic and social impacts these can be broadly categorised as economic regeneration, community cohesion / empowerment and rural development.

##### 4.2.2.1 Economic Impacts

- Training / advice / employment programmes and improved labour market access
- Diversifying sources of farm income
- Tourism – support for tourist attractions and creation of tourist beds
- Job Creation and Maintenance
- Business Creation and Maintenance
- Buildings restored and used by trading businesses
- Leverage of investment into rural regeneration

##### 4.2.2.2 Social Impacts

- Building Capacity and Confidence in rural communities
- Improving Quality of Life / Addressing Social Issues
- Skewing resources to individuals, groups and areas as being in greatest need
- Create local synergy
- Improve skills / capacity of project promoters ( in accessing EU funds)
- Networking and information sharing

##### 4.2.2.3 Empowering local communities to address local problems in line with national strategy objectives

The LEADER methodology enables local communities to develop and implement integrated rural development strategies in response to local needs and taking account of national objectives. The “bottom-up” approach provides the means by which local communities would be empowered to address local problems. The preparation of local strategies and business plans by each LAG provided a means to link local need with national strategy objectives.

##### 4.2.2.4 Effectiveness as a Policy Instrument Delivering National Policy Objectives identified in local development strategies

Each LAG was required to develop a strategy setting out their plans for delivery of Measures in their areas using LEADER. These strategies were informed by national policy objectives as set out in the overall RDP programme document.



#### **4.2.2.5 Giving more added value to rural development delivery compared with other approaches such as top down implementation;**

The main benefits from the bottom-up approach were:

- Use of local and regional knowledge, local community networks, and grass roots organisations to facilitate Programme delivery.
- Accessing Local knowledge and experience
- Wider participation and engagement in rural development
- Increase in local confidence resulting from local participation and consultations.
- Sense of independence 'on the ground' from the availability of an accessible local funding source.
- Leverage of Voluntary Inputs
- Enhanced relationships between private, voluntary, community and statutory sectors

#### **4.2.3 LEADER – Value for Money**

There is limited information on which an assessment of value for money can be made in a programme such as LEADER II where qualitative dimensions such as innovativeness, networking and capability building are core elements of the strategic aims and objectives. However a number of points are made in assessing the value for money of LEADER II:

- LEADER II (1994-1999) provides information on deadweight (estimated to be about 27%) and the cost of direct job creation as around £25,000.
- LEADER+ (2000-2006) provides information on cost per job – estimated as £12,700 (at the time of the MTE). There are also other outputs against which the total cost should be allocated (business creation, people trained, environmental projects supported). However, it is not possible to robustly disaggregate which portion of funding resulted in job creation and which resulted in other outputs
- LEADER (2007-2013) – at the time of writing there is limited information on impacts against which a value for money assessment can be made.

#### **4.2.4 LEADER – Lessons Learnt and Best Practice**

Across the three programming periods, the following key lessons have been identified from the LEADER approach (taking into account the areas in which recommendations for the application of LEADER in the next RDP are to be made – see Terms of Reference 5 – where there is relevant information).

##### **4.2.4.1 What aims a Leader model should be used to deliver**

LEADER has been used to support a range of measures including support for farm diversification, support for micro-enterprises, rural tourism and more recent projects with a

social / community focus including basic services for the rural economy, village renewal and conservation / rural heritage.

Feedback from consultees in the current programming period highlights that:

- little appetite from the LAGs to “give up” any of the Measures they currently deliver;
- an alternative approach would be to keep the LAGs delivering the same types of Measures but with a focus on small scale, local projects; with DARD also delivering under the same Measures but on large scale strategic projects. [Note: if such an approach was adopted, resource implications would need to be considered in terms of – for example additional requirements within DARD and corresponding reductions for LAGs];
- some measures were felt to have a good fit with local government and could therefore be best delivered “in-house” by Councils (e.g. Village renewal);
- the “one size fits all” approach offering the same process for different types of grants to different target groups (from farmers to voluntary / community groups) was not favoured by all. There is also a view that different skills / approaches required to work with private sector and community/voluntary sector applicants.

#### **4.2.4.2 Number of LAGs and territory covered**

The number of LAGs has varied from one LEADER initiative to another (LEADER II / 15 Local Action Groups (LAGs) and 9 Other Collective Bodies (OCBs); LEADER+ / 12 LAGs; LEADER 2007-2013 / 7 LAGs). Changing the structure / composition requires planning/ transition period in order to allow new structures to be bedded in. There is also a risk of losing capacity and experience built up in previous programmes.

Clearly, there is a cost associated with pursuing a decentralised area based, bottom up approach to delivery. The more decentralised the approach (more delivery bodies), the smaller will be the average scale of each Group and the larger will be the unit costs as fixed costs are incurred by each Group. Whilst the decentralised approach delivers benefits for local communities and achieves leverage through engaging voluntary participation by local interests, these additional costs will be offset to some extent. A balance needs to be struck between generating sufficient value and benefit from a bottom up approach and managing the Programme and incurring an acceptable level of administrative costs.

In the current programming period, the number of LAGs was established to mirror the proposed RPA Council structure (which did not go ahead).

#### **4.2.4.3 Role of local authorities/timing and potential impact of the Reform of Local Government**

Local government has had a role to play in all of the LEADER programmes – including Councillors having a role on the LAG (LEADER II, LEADER+ and in the current 2007-2013 programming period) or more recently Councils having responsibility for the delivery of the programme (contracting with DARD) as the JCC.

The 3 tier structure adopted in 2007-2013 is not widely favoured. It has caused some frustration and some delays are attributed to this – due to the need for all decisions to go through the JCC.

Uncertainty over the RPA has caused obvious difficulties in the establishment of the LEADER structure for the NIRDP 2007-2013. The number of LAGs was established to mirror the proposed RPA Council structure (which did not go ahead).

#### **4.2.4.4 Role of partnerships established under other EU programmes**

The LAGs have existed as separate entities to date and operate in parallel with other partnerships established under other EU programmes (e.g. Peace, etc.).

Under LEADER+, some of the LAGs had staff who were involved in delivery of projects funded from other sources (including BSP, Peace, Interreg); also other funders including Lottery and Community Safety Programmes.

#### **4.2.4.5 Level of delegated authority/responsibility**

Across the previous rounds of funding, a variety of models have been employed to deliver the LEADER methodology. Common to all rounds of funding is the need to ensure compliance with EU requirements and the need for accountability and this inevitably has led to some friction in also seeking to deliver a “bottom-up” approach.

This need to balance two contrasting requirements is concisely reflected in the MTE of LEADER + which states: “The basic rule of thumb, in any bottom-up approach, should be to provide the maximum degree of autonomy, while at the same time ensuring probity and accountability”.

However, the MTE of LEADER+ highlights the underlying issues of trust and accountability:

- Decentralised mechanisms such as the LAGs are intended as a means of devolving decision making and accountability to a local level, which in turn requires a dilution in the control and influence that Government has on the activities and outcomes of such bodies. However, on a number of occasions Government Departments (through their Accounting Officer or Permanent Secretary), have been held responsible for the activities of decentralised mechanisms under the aegis of their Department.
- This suggests that it is not possible to devolve accountability even to bodies such as LAGs, with non-executive boards. Consequently Government Departments are left to impose even more rigorous accountability requirements on them because of the fact that they are decentralised.
- However one of the best ways to improve accountability and reduce risk is to improve the communication channels between the Department and the LAGs.
- Ultimately, there are only two options, either DARD builds up a level of trust with the LAGs whereby they can make decisions at a local level, or else DARD needs to vet all of

the decisions taken by the LAG. Clearly the former approach would ensure both the benefits of the bottom-up approach and at the same time free DARD staff to undertake the strategic development work.

Following the approach adopted in LEADER+ which was not without its difficulties, it was decided to adopt an alternative approach for the delivery of LEADER in 2007-2013. This sought to build in greater levels of accountability through issuing contracts to Lead Councils (on behalf of JCCs) and to provide a greater degree of assurance to DARD. However in practice the 3 tier structure adopted in 2007-2013 has not been widely favoured. It has caused some frustration and some delays are attributed to this – due to the need for all decisions to go through the JCC.

Looking ahead therefore, careful consideration must be given to appropriate structures and supporting systems in order to strike the right balance between ensuring accountability and enabling the “bottom up” approach to be adopted.

#### **4.2.4.6 Control, monitoring and audit requirements**

Audit requirements are mandatory. Feedback from the JCCs and LAGS indicates a degree of frustration with the level of audit and there are some concerns about proportionality. This has been a recurring issue.

#### **4.2.4.7 Administration models (including models of funding disbursement)**

The level of funding allocated to LAGs has increased from one LEADER initiative to another (LEADER II / 15 Local Action Groups (LAGs) and 9 Other Collective Bodies (OCBs) responsible for £14m; LEADER+ / 12 LAGs responsible for £21m; LEADER 2007-2013 / 7 LAGs responsible for £100m). Funding has generally been allocated in one tranche at the outset of the programme – following submission and scoring of a plan or strategy form the LAGs. Under the current programming period, the 7 LAGS have responsibility for £100m (which is a significant increase on previous LEADER initiatives). Releasing the full budget to each LAG at the outset has limited DARD’s ability to be flexible in reallocating money between Measures or Axes in the event that there is significant underspend. However, on the other hand, if the budget was not allocated at the outset it would create uncertainty which would adversely affect long term planning and would create job insecurity.

#### **4.2.4.8 Costs**

The overall level of funding available for administration is capped (15% in 2000-2006, 20% in 2007-2013) by EC Regulations.

See discussion above on Number of LAGs - the issue of higher costs associated with decentralised approaches –which needs to be balanced against added value.

Each additional pound of administration expenditure reduces what is available to final beneficiaries, although it could also be argued that better support for projects and promotion of the programme might boost impacts.

Currently the LAGs take on all of the processes concerning applications, assessments, awards and claims; each LAG sets up its own systems and processes to do this (in line with DARD guidance and systems). This leaves scope for inconsistency. Therefore, there may be an argument to consider centralising some of the common 'back-office' type functions.

#### **4.2.4.9 Training and skills sets required to ensure groups have sufficient capacity to deliver using the LEADER methodology**

The Ex Post evaluation of LEADER II highlighted the need to ensure that individuals involved in the operational administration of the Programme are experienced in **both** rural development and overall Programme Management.

The MTE of LEADER+ highlighted the benefits of experience being carried over from one LEADER period to the next including benefits in terms of:

- well-established relationships and linkages between LAG members and other local development organisations;
- making the establishment of effective administrative systems much easier; and
- awareness of local need was relatively well developed from the outset of LEADER+, thus helping to make the strategy development process more straightforward.

In the current programming period (2007-2013), support has increased the capacities of LAGs, especially in respect of training and support afforded to them by the RNNI. However, there are some concerns about the capacity of those involved (particularly in the JCC tier) as noted in the MTE of the NIRDP and also a view shared by consultees (primarily from DARD), though not a view generally shared by those in JCCs, LAGs, etc. (see Section 5 for more information on feedback from consultees including issues around the need to ensure JCCs have relevant skills/capacity to fulfil role required with regard to LEADER). This is linked back to how people are recruited onto the LAG and JCC (and lack of specific experience criteria). There are also areas in which training / development would be beneficial related to strategy development and updates, monitoring and evaluation.

(Separately the Rural Support Networks have been contracted by DARD to support project promoters to access NIRDP funding.)

#### **4.2.4.10 Continuity from one European funding period to the next**

The Ex-Post Evaluation of LEADER II highlighted as weaknesses:

- the short timescale available for formation of delivery structures, subsequent approval and the practical implementation of the Programme in terms of actual achievement of commitment and spend combined to affect a 'rush' to allocate and draw down funding.

- The time lag and funding gap between the end of LEADER II and the commencement of LEADER+ were considered detrimental to some LAGS.

It recommended that in terms of an Exit Strategy - early consideration should be given to transitional or future arrangements (if any) to be put in place. It noted that gaps in funding had created a degree of disillusionment, particularly amongst farmers and the farming community who have only recently been animated/become involved in LEADER II following their exclusion from LEADER I.

In the current funding period, there is recognition of the need to allow adequate lead in time to prepare for any funding programme; and this is even more important if there are changes in boundaries that groups work within.

## 5 CONSULTATION FINDINGS

### 5.1 Introduction

In this section we present key findings from consultation – focusing on DARD and JCC, LAGs and Local Government; also project beneficiaries; key issues raised during consultation have also informed other sections of the report.

Many of the issues raised are also referenced in several reports – these are summarised in Appendix 7:

- RDP Departmental Briefing Paper, Committee for Agriculture and Rural Development – Official Report (Hansard) (April 2012);
- Barriers to Progress: Solutions (Draft Report on Findings, June 2011);
- Barriers Response and Action Plan (2011);
- Joint Cluster document on Axis 3 & 4 Delivery (November 2010);
- Rural Development Programme – ARD Stakeholder Event; and
- Barriers to Participation for Community Groups in the NIRDP 2007-2012 (2011).

First we set out details of all those consulted.

#### 5.1.1 Consultation – Stakeholder Interviews and Focus Groups

This included an extensive programme of consultation encompassing:

- **DARD and other rural stakeholders** – this includes meetings and telephone consultations with DARD staff involved in policy, management and delivery of NIRDP and in particular Axis 3 and also for Axis 1, Project Steering Group members, Rural Network NI, and other rural stakeholders (UFU, NIRWN, RCN) – see Appendix 1 Section 1.1 Table 1;
- **Joint Council Committees, Local Action Groups and Programme Management staff**
  - The purpose of this strand of consultation was to engage with all 7 Clusters, ensuring that the views of all clusters were taken into account. The intention was to seek views from all 7 clusters though this would not necessarily involve engagement with the entire population of JCC and LAG members. An approach to achieve this was discussed with the Cluster Networking Group;
  - At a meeting with the Cluster Networking Group, it was agreed that a meeting would be held in each Cluster area and that each meeting would include representation from JCCs, LAGs and Programme Management staff. Each cluster identified a suitable date within the consultation period and made members of JCCs and LAGs aware of the meeting date. In some cases, the meetings were held immediately before or after normal business meetings of the LAGs to accommodate their members' availability.



- Attendance at the consultation meetings varied per Cluster – in total there were 60 attendees across the 7 Clusters: ARC North West (3), DRAP (9), GROW (10), Lagan Rural Partnership (9), North East Region (14), SOAR (11), SWARD (4).
- These included representatives of JCC members (in 5 of the 7 Clusters), LAG members (in all 7 Clusters), Programme Management staff (in all 7 Clusters) and Council Economic Development staff - see Appendix 1 Section 1.2 Table 2.
- In addition a meeting was held with Programme Management staff (attended by 6 of the 7 Programme Managers) – Appendix 1 Section 1.2 Table 3.

**Local Government: Local Economic Development Staff, Elected Members and NILGA:**

All Councils had the opportunity to take part in the Cluster meetings (in each Cluster area) – in some cases, Elected Members (representing JCCs or LAGs) and Economic Development staff attended these meetings (see Appendix 1 Section 1.2 Table 2). Staff in 26 Councils were also invited to take part in telephone consultations: Economic Development staff from 20 Councils took up this opportunity - see Appendix 1 Section 1.3 Table 4. In addition, as 15 of the 26 Councils were not represented by Elected Members at the meetings held in each Cluster, representatives of these Councils were offered a further opportunity to take part in consultation: 3 Councillors availed of this – see Appendix 1 Section 1.3 Table 5. We also consulted with Northern Ireland Local Government Association (NILGA).

**5.1.2 Consultation – Project Promoters’ Survey**

A survey of project promoters was undertaken – this included successful and unsuccessful applicants, as well as those who had withdrawn their applications. A comprehensive questionnaire was designed – drafted and revised in conjunction with DARD. Input was also sought from the LAG staff on questionnaire design. A range of topics were included in the questionnaire including:

- Section 1: About you/your organisation (including information about Community / Voluntary Groups and Private sector)
- Section 2: Applying for Funding
- Section 3: Support with Funding Application
- Section 4 Outcome of funding application
- Section 5: Successful applicants only – A) Funding Awarded
- Section 5: Successful Applicants Only – B) Support with Draw Down of Funding
- Section 5: Successful Applicants Only – C) Impact of Funding
- Section 6: Unsuccessful Applicants Only
- Section 7: Withdrawn Applicants Only
- Section 8: Strengths and Areas for Improvements.



The survey was issued on-line via an email invitation forwarded to a sample of project promoters by the LAGs; this was supplemented by some postal surveys where email addresses were not readily available.

Overall 111 valid survey responses were received (further details in Appendix 2). In terms of reliability, it is appropriate to consider confidence intervals. Based on the underlying population of applicants (at the time the survey was issued, there were around 4,730 applicants), survey responses are subject to a confidence interval of  $\pm 9.2\%$ .

### 5.1.3 Consultation – LEADER Workshop

A workshop was held at Greenmount College on the 21st August 2012 to provide LEADER stakeholders with an overview of some of the best practice and emerging policy and implementation direction from elsewhere in the EU and in the light of this to seek their input on a number of key questions concerning the future of LEADER in NI. A total of 22 delegates participated in the workshop; these represented Local Action Groups and their staffs, Joint Council Committees, the NI rural network and the DARD rural policy and delivery teams, a full delegate list is provided Appendix 1 Section 1.4 Table 6.

## 5.2 Summary of feedback from DARD

### 5.2.1 Introduction

This section presents a summary of issues raised in consultations with DARD staff involved in the delivery of RDP.

### 5.2.2 What is working well?

- Rationale for involving Government was robust: pre-cursor to RPA and an opportunity for civic governance in action. Also, NIRDPA Axis 3 fits well with the work of Councils – complements existing work (scope for Councils to take a more strategic approach and fit LEADER in with other strategies and funding streams); there are also precedents in terms of Councils' roles on other EU programmes. Involving Councils would also minimise the risks to DARD including the need for claw backs (as had happened on the previous programme). Provided an opportunity to prove that Local Government could deliver in ways that Central Government could not;
- Involvement of Councillors - Close to those on the ground and close to problems and opportunities;
- Clusters lobbied to get changes for small food manufacturers – could not be funded under Axis 3 (unless perhaps packaging) – food only under Axis 1 – but this was too large for the potential applicants. DARD has created a new scheme under Axis 1 with a less rigorous assessment process for grants up to £50K. (Clusters may feel that this should have been created under Axis 3);

- Strategic Forum and Operational Forum have helped build the relationship between DARD and the JCCs/LAGs.
- Relationships between DARD local offices and Clusters are generally good.

### 5.2.3 Areas for Development

- Delays in getting started (see Appendix 7.4.2 for timeframe for commencement of RDP) – due to issues on both sides – so DARD is keen to have necessary preparation in place for next programme;
- Some consultees felt that the scale of the programme being delivered through the LAGs was too great and a significant increase compared to previous programmes; also that it was a challenge to spend £100m through what are effectively small grant programmes (max. funding £50k for private sector and £250K for social economy enterprises).
- 2-tier JCC / LAG approach has not worked in practice as anticipated:
  - The involvement of Councils has been more operational than strategic at times, and the expected overall assessment of a Council area in terms of, for example, what the needs are and how different funding streams impact and link to each other have not been fully realised to this end the LAG strategies have not been fully utilised.
  - Councils may want to consider how they could be more proactive in helping to maximise spend, for example by overcommitting funds where this will assist the process.
  - In some areas, the 2 tier approach (LAGs and JCCs) can prolong timescales because of local government processes. In others, it works well and quickly. Consistency here would have been helpful.
  - Likely that the 2 tier approach should be dismantled.
- It can be difficult for Local Government to say “no” to project promoters – in relation to rejecting applications, refusing to extend LoO timescales etc.
- Local Development Strategies: intended to be “living” documents informing decision-making and how funding would be used. Perception that LAGs did not have the opportunity to take ownership of the strategies and that these are not being used in the way they were intended. So calls for applications have tended to be generic rather than focused on the strategies. This diminishes the potential strategic impact of the Axis. No sense that they are being revisited / updated.
- Keen to see LAGs develop and take their own decisions (guided by the Operating Rules but not checking back on every issue with DARD). What had begun as DARD “handholding” to get Clusters up to speed has developed into an interdependence and over-reliance on DARD that was not anticipated and is not in the “spirit” of LEADER. This is due in part to Cluster staff needing some time to become familiar with the Programme initially, but then uncertainty around eligibility and a “fear” of audit leading to claims being disallowed and/or penalties imposed. This manifests itself in:

- DARD staff spending a disproportionate amount of time supporting / advising LAGs (particularly around eligibility, also on procurement) as opposed to monitoring the LAG contracts;
  - the ever-expanding Operating Rules guidance document as DARD add further information in response to queries from LAGs.
- Recognise that there is underspend and there is a need to increase rate of spend – various reasons for this:
    - Difficult economic climate – has impacted on programme and in particular ability to secure match funding;
    - Some Project Promoters contribute to this by adopting a “wait and see” approach once they receive their LoO, before committing their own match funding. They may eventually decide not to proceed and reject LoO; this has a negative impact on spend.
    - Keen to see JCCs and LAGs take a proactive approach to address the underspend – for example in supporting applicants but in a much more targeted way rather than broad/wide-ranging open call. The argument against this is the time required to be invested in support / animation and lack of capacity to do this. However, DARD believes that this investment at the outset would lead to fewer but higher quality applications and this would reduce the amount of time required for assessment, etc.
  - Opportunity to reduce admin burden on Programme Management Staff and LAG members by filtering out applications that are not suitable at EoI stage rather than encouraging all applications;
  - Skills, capacity and membership:
    - Need to refresh membership of JCC and LAGs – DARD have tried to do this to some extent but some feedback that new members have been “obstructed” by those with more experience;
    - Important to have broader membership on LAGs to reflect the rural community;
    - Some concern that some Social Partner members are those who “shout loudest” rather than those who best represent the sector and/or have the most appropriate skills;
    - Need to improve capacity of local authorities/ Councillors involved in LEADER to ensure they have appropriate skills to fulfil their role with regard to LEADER effectively;
    - Requirement for more prescriptive criteria on JCC /LAG members and skills required; and
    - Requirement for training / capacity building for councillors and Social Partners.
  - Recognise that audit requirements must be met and that controls need to be in place – but need to ensure these do not “suffocate” the programme;

- Consider alternative to awarding 100% of funding allocation at the outset - perhaps 50% initially, then 50% based on performance;
- Scope for more PR on good projects.

However it is fully recognised by DARD that there is now a higher degree of expertise within the LAGs, particularly evident throughout 2012, which has helped the programme significantly. This has become apparent in both a higher degree of spend being achieved, and by a willingness to understand the need for the broader impact Strategic Projects, and by bringing these projects into being within a time frame imposed by DARD. Additionally, in discussion with LAGs and JCCs, their better understanding of the need to adhere to procurement rules etc., where this may have been seen as bureaucracy before, is more evident. Finally, a better, more diverse mix of projects has been funded over the last year. The effort and time spent on the programme by LAG members is also recognised and appreciated. This continuing level of support will be important for the new Programme.

## 5.3 Summary of feedback from Clusters and Local Government

### 5.3.1 Introduction

This section presents a summary of issues raised in consultations with JCCs, LAGS, Programme Managers and Local Government Representatives.

### 5.3.2 What has worked?

The main areas highlighted as working well are:

- The level of NIRD funding allocated to the LEADER approach is welcomed by the Clusters.
- The LEADER concept is well regarded and the bottom up approach well-regarded by the Clusters (although not all feel that the current programme allows for a truly bottom up approach).
- The LEADER approach has facilitated councils working together in order to develop and implement a local strategic approach. It has also allowed relationships to have developed between Councils and Social Partners and these have taken time. Clusters promote cross council working relationships and build stronger community relations as a result.
- JCCs and LAGs are productive - local involvement through expertise and knowledge from outwith the council is perceived to be a good thing.
- All LAGs developed strategies for their combined areas. In most cases, external consultants were used to help develop these strategies and they generally involved significant consultation and research.
- The LAG members are felt to have the skills and knowledge required concerning local needs and rural issues.
- LAG members are required to invest significant amounts of time, in order to complete their assessment roles and this has happened very effectively.

- The Clusters have well developed policies and procedures in place with regard to staffing, working with the JCC/ LAGs, reporting spend and these are all very clear and ensured that the processes work well.
- Cluster Staff are responsible for supporting the LAG members with applications and assessment support, and they have built up their knowledge and skills in this area especially if they had been involved in the previous programmes.
- Measure 3.5 Village Renewal and Development stands out as one area where the LEADER approach is most in evidence , through consultation with local groups and the feedback from this clearly shaping the programme.
- Relationships with DARD at local office level are good.
- There has been a flow of applications and projects now approved.

### 5.3.3 Areas for Development

The main areas highlighted as needing action in a future programme, are:

- The programme is perceived to lack an overall strategic framework which would set out what areas it needed to focus on at a regional level and what it needed to achieve.
- Councils were not as involved as they wished to be in the development of the Programme and this impacted on their ability to deliver it and as a result the JCC/LAG structure is not as effective as it could be. In particular Programme Managers report that the 2 tier structure adds to their workload but does not add any value. They highlight the duplication involved in having the JCC and the LAG reviewing all applications. The structure would be more efficient if one body had responsibility for completing the assessments and undertaking the scrutiny role (scrutiny as in: review of applications, assessments and recommendations on these).
- The current structure requires significant input in time from LAG members, but they have no decision making authority.
- Governance training was delivered by the Rural Network NI, however a number of Managers felt that it duplicated previous training they had received and therefore didn't need to be undertaken by all.
- Consultees feel that more work is needed to have a 'bottom up' decision-making process in place as relates to the spirit of Leader. They feel that the DARD processes and systems inhibit the amount of local decision-making and they are critical of the level of bureaucracy in the current programme. This is felt to be extremely time-consuming and detracts from time available to spend on delivery of the programme; it also affects the administrative capacity of the councils. (Note: This is not a new issue and has been raised on previous LEADER programme evaluation; however, the perception is that the level of bureaucracy is not insignificant and is in fact stifling deliver of the programme).
- The process used to develop local strategies were comprehensive (involving desk research and consultations) but were not sufficiently future proofed and as a result they became out of date when the economic situation changed.

- In general, strategies developed at the outset, have not been referred to on a regular basis either to assess progress against areas of need identified in them or to review and update them. This is a particular issue in light of the economic downturn which was not reflected in the strategies when they were produced.
- LAGS do not monitor progress against the strategies, instead monitoring is focused on the level of spend against targets (i.e. Cluster Implementation Plans).
- The needs set out in the local strategies did not always match with the areas that were eligible for support by the LAGs and this leads to frustration at a local level.
- Staffing levels in the current programme were felt to be better than in previous programmes, although despite this the staff were working to full capacity, with a significant percentage of time being taken up on dealing with the programme administration. The programme suffered at the start as some of the staff on the previous programme moved on to other areas of work resulting in a loss of experience moving into the current programme.
- The level of funding available for administration is capped at 20% of project spend. Whilst Clusters can draw down spend against administration costs incurred as work progresses, there is a fear that some of this admin funding will be clawed back by DARD in the event that the Cluster does not meet its targets for spend. Given the slow rate of spend, the barriers to spend that have been encountered to date and the considerable time invested by Cluster staff in withdrawn applications as well as process-related activity (driven by what is perceived as a bureaucratic programme), Clusters see this as a real risk – that Councils may ultimately need to fund some elements of the administration costs.
- Match funding was felt to be a real concern particularly for private businesses (who have to secure 50% match funding) – this contributes to the high level of withdrawn applications.
- Same effort required on the part of applicants for small applications as large applications – this is viewed by some as disproportionate and not felt to be worth the effort – as a result smaller applications are fewer than they should be.
- Relationships between some lead and partner councils could be improved (this issue is exacerbated when all LEADER staff are based in the lead council)
- Relationships with DARD at a central level could be improved.
- The Operating Rules provided by DARD were noted as being subject to frequent changes – this was felt to have an adverse impact on the credibility of the programme as the LAGs could be conveying different messages to applicants before and after rule changes
- Scope for improving PR / raising awareness of the programme – perception that potential applicants are unaware of the programme.
- Some logistics issues can arise in terms of arranging and co-ordinating Cluster meetings – particularly where Clusters cover a large geographic area
- Low levels of co-operation and networking



## Summary of Areas for Development

- **Strategy:** There is a desire to see a Rural Development Strategy for NI, that sets the direction of travel for the rural economy and which the LEADER approach can be used to get the ideas and buy in from those at local levels to work out how the strategy can be delivered on.
- **Area Planning:** Local strategies need to link with Councils new roles around community planning and also with their additional responsibilities.
- **Programme Design:** Programme Managers keen to see DARD actively involved in engaging with stakeholders at the programme design stage and that their inputs should be shaping the programme.
- **Operating Rules:** It is important that these are well developed at the start, to reduce the need to make changes on the way through. Change to the guidance can cause confusion but it also reduces the ability of JCCs/ LAGs to deliver.
- **Reporting:** There is a need to have reporting focused on outputs and outcomes as well as spend.
- **Administration:** The administration involved in the programme needs to be reduced and in particular for small grants;
- **Rural Community** needs to be redefined so that small towns and villages just above 4,500 people can be included (note this definition is specific to NI).
- **Increased Efficiency:** There is a desire to have the duplication removed that happens in both the LAG and the JCC reviewing applications.
- **Change Management:** There needs to be recognition that any new model of delivery or changes in approach need a change approach applied and time to embed these in. Relationships in particular take time to be developed and they are key to this approach.
- **Areas:** Any new structures need to link to the 11 council model – post RPA  
**Funding:** Animation monies were felt to be required in order to improve the number and quality of applications coming forward.

## 5.4 Summary of feedback from Project Promoters

### 5.4.1 Section 1: About you/your organisation – A) All

A profile of the survey respondents (n=111) shows that:

- The vast majority (93.7%) had never been involved in their local LEADER group;
- There is representation from all but 2 of the 26 Council areas (none from Castlereagh or North Down);
- The 4 most common Council areas in which respondents' organisations are based are: Antrim Borough Council (10.8%), Down District Council (7.2%), Moyle District Council (7.2%) and Newtownabbey Borough Council (6.3%). These account for around one third of responses;

- Respondents generally described their organisations as falling into one of the following 4 categories (which account for over 80% of all responses). The descriptions of organisations were: Sole Trader (34.2%), Voluntary / Community Organisation (18.9%), Limited Company (17.1%) and Registered Charity (12.6%).

#### **5.4.2 Section 1: About you/your organisation – B) Community/Voluntary Groups only**

A profile of survey respondents from community/voluntary groups (n=35) shows that:

- Most respondents identified the main focus of their community/voluntary group as community development (40.0%) or environment / conservation / heritage (20.0%).
- Most respondents stated that their group's legal status was either constituted group registered as a charity with HMRC (42.9%) or a company limited by guarantee registered with Companies House (40%).
- About one third of respondents (31.4%) stated that their group's approximate income over the last financial year was <£5,000; almost one quarter (22.9%) of respondents stated income between £5,001 and £20,000 and 20.0% stated that income in the last financial year was in the range: £20,001-£50,000.
- The most common methods of income-generation were: own fundraising (40.0%) or public sector grants (25.7%).

#### **5.4.3 Section 1: About you/your organisation – C) Private Businesses Only**

A profile of survey respondents from private businesses (n=46) shows that:

- About one third (30.4%) of respondents stated that their organisation's industry sector was not amongst the options provided i.e. they gave another response. This included: farming, pet care and landscaping amongst others.
- The next most common industry sectors (from the list provided) were: tourism (28.3%) and light engineering (13.0%)
- Almost two thirds (65.2%) of private business respondents stated that their approximate turnover (excluding farm income) in the last financial year was <£50,000. Another 19.6% had income in the range £50,000 to £99,999.

#### **5.4.4 Section 1: About you/your organisation – D) All**

A profile of all survey respondents (n=111) shows that:

- Almost half of respondents (49.1%) have between 1 and 10 full-time employees; however a sizeable minority (41.8%) have 0 full time employees;
- Almost half of respondents (49.1%) have between 1 and 10 part-time employees; however a sizeable minority (43.6%) have 0 part-time employees.



#### 5.4.5 Section 2: Applying for Funding

A profile of all survey respondents (n=111) shows that:

- About one third of become aware of NIRDP through each of Press adverts (33.3%) or TV adverts (32.4%).
- Over half of all respondents had applied for NIRDP funding only once (55.9%); however over a quarter (28.8%) had applied twice and around one in six had applied three times or more;
- Survey respondents had submitted funding applications in various years with the greatest proportion of funding applications made in 2011 (35.5%). A large proportion has also been made in 2012 (to August) - 31.8% of the total;
- Survey respondents had submitted applications to all 6 of the Axis 3 Measures with around one quarter having been made for projects under each of Measure 3.1: Diversification into non-agricultural activities (26.1%) and Measure 3.2 Business creation and development (27.0%). Similar proportions – just under a fifth – had applied for funding under Measure 3.3: Encouragement of Tourism Activities (18.9%) and Measure 3.4: Basic Services for the economy and rural population (18.0%). Around 5% of respondents had applied to each of Measure 3.5: Village Renewal and Development and Measure 3.6: Conservation and upgrading of the rural heritage;
  - Under Measure 3.1, the main reasons for seeking funding was for building / facility , renewable energy, equipment (around 80% of those who applied under Measure 3.1);
  - Under Measure 3.2, the main reason for seeking funding was to purchase equipment (around two thirds of those who applied under Measure 3.2);
  - Under Measure 3.3, the main reason for seeking funding was for developing facilities or marketing / promotion (over 60% of those who applied under Measure 3.3); and
  - Under Measure 3.4, the main reason for seeking funding was for building / facility (around two thirds of survey respondents who applied under Measure 3.4).
- Survey respondents had applied to all 7 of the Local Action Groups for funding; around one fifth had applied to the North East Region LAG (21.6%) and a similar proportion to GROW. Between 11.7% and 15.3% of respondents had applied to 4 of the other LAGs (ARC North West, DRAP, SOAR and SWARD); only 4.5% had submitted funding applications to Lagan Rural Partnership.
- The most common outcomes that respondents expected to achieve with funding applied for were: to create employment opportunities (55.5%), attract visitors to rural areas in Northern Ireland (43.6%), and provide tourism / visitor facilities (36.3%).
- Over 70% of funding applications sought funding of up to £50,000. The most common funding amount that was applied for was between £40,000 and £50,000 (19.1%).
- Around 63% of funding applications sought match funding of up to £50,000. The most common match funding amount that was sought was £50,000 up to £100,000 (16.4%);

- The majority of organisations accessed their match funding from either within their business (58.2%) or from a bank loan (26.4%).
- The majority of respondents (87.3%) stated that they had secured their match funding.

#### 5.4.6 Section 3: Support with Funding Application

A profile of all survey respondents (n=111) shows that:

- 54.6% of funding applicants stated that they needed support regarding their funding application (60 people).
- Of the 54.6% who needed support, 80.0% asked for support;
- Of the 80.0% who asked for support, 89.6% received support (n=43).

A profile of the survey respondents (n=43) who received funding support shows that:

- The majority received support from LAG Project Officers including: 1-to-1 meetings/advice (79.1%) and advice and guidance on completing the application form (76.7%).
- Other support with the funding application form included support from DARD Rural Enterprise Advisors and Rural Support Networks including:
  - 1-to-1 meetings / advice
  - Advice and guidance on the completing the application form
  - Research to demonstrate evidence of need
  - Completing financial projections for project
  - Completing the application form

#### 5.4.7 Section 4: Outcome of Funding Application

A profile of all survey respondents (n=111) shows that:

- Around one in five respondents (21.6%) were awaiting the outcome of the application;
- Almost half of all respondents (47.7%) had waited either up to 3 months (33.3%) or 4-6 months (14.4%) before they were notified of the outcome of their application. [Note: applicants receive an acknowledgement letter and further communication (e.g. arranging site visits, etc.) as their application progresses – or alternatively the application is rejected and applicants are informed. There is no ongoing communication regarding progress of applications prior to the outcome being decided. There is no KPI in respect of processing applications. The performance of JCCs (with whom DARD are contracted) is assessed in terms of progress against implementation plans which include financial and non financial objectives]
- Of those who had received notification of the outcome of their funding application (n=82), the majority were successful in obtaining their funding and have received their letter of offer. A further 11% were also successful but still awaiting their letter of offer.

#### 5.4.8 Section 5: Successful applicants only – A) Funding Awarded

A profile of survey respondents who were awarded funding (n=64) shows that:

- 21.9% organisations were awarded between £40,000 and £50,000 and 31.2% of organisations were awarded up to £10,000.
- 61.0% of those who were awarded funding have already claimed money to spend from their LAG.
  - Of the 61%, around three quarters (74.4%) had received payment from their LAG within a 3-month timescale (from submitting a claim);
- 59.4% of respondents stated they were either very satisfied or satisfied with the time between their application being submitted and being notified by the decision; although 23.4% were dissatisfied;
- 49.1% of respondents stated they were either very satisfied or satisfied with the time that was taken between the notification of award and the receipt of funding.
- The majority of respondents (at least 59%) felt that the application form, letter of offer claim draw down form and the equality monitoring questionnaire were clear or very clear and easy or very easy to understand.

#### 5.4.9 Section 5: Successful Applicants Only – B) Support with Draw Down of Funding

A profile of survey respondents who were awarded funding (n=64) shows that:

- 58.7% of these respondents drew down funding
- Of the 58.7% who drew down funding, 38.7% stated that they needed support with this;
- Of the 38.7% who needed support 79.2% asked for it.
- Of those who asked for support, most (89.5%, n=17) received it.

A profile of the 17 survey respondents who received support with drawing down funding shows that:

- All received support from LAG Project Officers regarding the drawing down of funds through one-to-one meetings / advice, also advice and guidance on completing their claim forms;
- A large proportion received support from LAG Project Officers regarding the drawing down of funds through LAG seminars on meeting their Letter of Offer's terms and conditions (58.9%) as well as other LAG seminars regarding completing claim forms (58.9%).
- Additional support was received by 10 respondents; the majority received support from the Rural Support Networks including:
  - 1-to-1 meetings / advice
  - Advice and guidance on the completing the claim form

- Guidance on procurement processes
- Completing the claim form

#### 5.4.10 **Section 5: Successful Applicants Only – C) Impact of Funding**

A profile of survey respondents who were awarded funding (n=64) shows that:

- 57.1% of respondents stated that their organisation had not yet achieved the expected outcomes of their funding but expect to whilst 39.7% had already achieved the outcomes they expect to achieve. Only 3.2% had not achieved the expected outcomes.
- The majority of respondents (65.1%) stated that without the funding they probably (34.9%) or definitely (30.2%) would not have gone ahead with the project. However, the remainder (34.9%) would have been able to go ahead with the project over a longer timescale and/or on a smaller scale.
- The proportion who stated that they probably or definitely would not have gone ahead with the project varies by type of organisation:
  - 14.3% (n=1) of registered charities;
  - 92.4% (n=12) of voluntary / community organisations;
  - 80.9% (n=17) of sole traders;
  - 75.0% (n=3) of business partnerships;
  - 0.0% (n=0) of other public agencies; and
  - 41.7% (n=5) of limited companies.
- In the absence of NIRDP funding, some respondents would have proceeded either by adopting a phased approach / longer timescale, and /or reducing the scale of the proposed project and/ or seeking funding from elsewhere.

#### 5.4.11 **Section 6: Unsuccessful Applicants Only**

A profile of the 5 survey respondents who were not awarded funding shows that:

- The largest proportion of applicants (40%) stated that they were unsuccessful in receiving funding because their organisation did not meet the minimum project score (pass mark).
- 60% of those who were unsuccessful in receiving funding were notified by their LAG as to why they did not receive funding.
- An overwhelming majority of unsuccessful applicants (80%) stated that they were either very dissatisfied or dissatisfied with the time taken between submitting their application for funding and being notified on the outcome of their application.
- 80% of unsuccessful applicants stated that they were very dissatisfied with the feedback provided on application.
- 60% of unsuccessful applicants stated that the application form was clear and easy to understand.

- 40% stated that the feedback letter was clear and easy to understand however 40% also stated that the feedback letter was either complex or very complex and difficult to understand.

#### 5.4.12 **Section 7: Withdrawn Applicants Only**

9 respondents to the survey had withdrawn their applications: 5 of these before assessment (prior to a decision being made) and 4 after the Letter of Offer was received.

A profile of the 9 survey respondents who withdrew their funding application shows that:

- There were a variety of reasons for applications being withdrawn – the most common being:
  - Timescales from submitting application to being notified of decision too long (x 2)
  - Unable to secure match funding (x2);
  - Change in circumstances (x2)
- The majority (5) of those who withdrew their funding application stated that they were able to obtain funding from elsewhere.

#### 5.4.13 **Section 8: Strengths and Areas for Improvements**

A profile of all survey respondents (n=93 answered this section) shows that:

- An overwhelming majority of respondents were either very satisfied or satisfied with:
  - The level of advice and assistance provided (82.8%).
  - The knowledge, skills and experience of staff (83.9%)
  - The speed of response (71.0%).
  - The communication with LAG staff (77.4%).
- A majority of respondents (76.3%) who applied for NIDRP funding stated that they would do so in the future; the same proportion would recommend it as a source of funding.
- The most common aspects that respondents would wish to see maintained for the future were:
  - Current range of Measures (mentioned by 28 respondents – the most popular being Measure 3.2 Business Creation and Development);
  - All aspects (x 21 comments);
  - Staff / LAG – including provision of help & advice & support; local knowledge (x 11 comments); and
  - Level of funding available (x 9 comments).
- The most common areas of improvement that respondents recommend for the future were:
  - Simpler (x32 comments);

- 
- Faster turnaround (x 21 comments);
  - Help & advice & support (x 10 comments);
  - Procurement process (x7 comments);
  - Higher % of grant assistance (x5).
- Many respondents felt that a range of supports to help with the application process would be welcome if they were to make a future application. The most commonly sought would be:
    - Advice and support in completing the application form (66.7%) [Note: this highlights a requirement amongst applicants for support with application forms – although LAGs cannot assist in this regard as they are responsible for assessing the applications. Rural Support Networks are contracted to provide support and this may highlight an issue in terms of lack of awareness of the existing support that is available];
    - Help to understanding the programme procurement guidelines (62.4%);
    - Advice and support to determine project finances (51.6%);
  - The majority of respondents felt that those who would be best placed to provide the type of support that they / their group required would be: LAG Employees (59.8%), DARD Rural Enterprise Advisors (44.6%) and Rural Support Networks (27.2%).
  - Many respondents felt that a range of supports to help with the claim draw down process would be welcome if they were to make a future application. The most commonly sought would be:
    - One-to one meetings and advice (79.3%)
    - Advice and guidance on completing the form (55.4%)
    - Guidance on procurement processes (53.3%)
    - Assistance in completing the claim form (41.3%)
  - The majority of respondents felt that those who would be best placed to provide the type of support that they / their group required would be: LAG Employees (57.0%), DARD Rural Enterprise Advisors (46.0%) and Rural Support Networks (22.6%).
  - Respondents were asked to indicate their preferences across a range of aspects of grant-making:
    - A definite preference for local involvement in processing applications and claims:
      - > Assessment: 70.9% expressed a preference or strong preference for grant applications to be assessed by local people (LAG).
      - > Claims processing: 75.2% expressed a preference or strong preference for claims to be processed by local people (LAG).
    - Slightly higher proportions preferred different processes for applications (according to the grant value and, also the target beneficiaries), than for common processes for all grants by value and by target beneficiary:
-

- Process by grant value: 53.7% expressed a preference or strong preference for different processes for different values (e.g. fast track for small grants, in-depth for larger grants). However, 29.1% expressed a preference or strong preference for a common process for all grant values.
- Process by target beneficiaries: 41.3% expressed a preference or strong preference for different processes for grants targeted at different groups (farm families, businesses, and community/voluntary groups). However, 35.9% expressed a preference or strong preference for a common process for all grants regardless of the target group.
  - There is no clear preference for support with applications or claims from a single provider versus several providers with broadly similar proportions expressing a preference for each option:
  - Support with applications: 36.5% expressed a preference or strong preference for support being available to help with applications from several providers; 35.5% expressed a preference or strong preference for support from a single provider; and 28.0% had no strong preference;
  - Support with claims: 35.9% expressed a preference or strong preference for support being available to help with claims from several providers; 41.3% expressed a preference or strong preference for support from a single provider; and 22.8% had no strong preference.

## 5.5 LEADER Stakeholder Workshop – 21 August

### 5.5.1 Introduction

This section reports the process and findings from the LEADER methodology workshop which was conducted at Greenmount College on the 21st August 2012 by members of the study team, Rosalind Henry (RSM McClure Watters) and John Grieve (Rural Development Company). A total of 22 delegates participated in the workshop representing Local Action Groups and their staffs, Joint Council Committees, the NI rural network and the DARD rural policy and delivery teams, a full delegate list is provided Appendix 1 Section 1.4 Table 6.

### 5.5.2 Objectives and Method

The main objectives of the workshop were to provide LEADER stakeholders with an overview of some of the best practice and emerging policy and implementation direction from elsewhere in the EU and in the light of this to develop their input with regard to a number of the key questions posed in the terms of reference.

The workshop session was designed and structured to be a participative exercise and involved a series of themed working group sessions. This provided participants with the opportunity for exchange between the different stakeholder types and the various LAG areas and to develop a shared understanding of the issues and potential solutions, this was explicitly forward looking.



### 5.5.3 Process

The session opened with a welcome from DARD and following this an introduction to the study and the place and purpose of the workshop within this by Rosalind Henry. Reference was made to the various stages of the work and the emerging findings, the key questions which the study is addressing were explained. A brief input on the RDP development process was provided and the next steps in the remainder of the study process were outlined.

John Grieve then delivered a presentation which focused on the wider lessons regarding LEADER from across the EU drawn from a wide range of evaluation experience and material and from the LEADER Subcommittee Focus Group 4 work where he is lead expert.

Following this presentation the process for the workshop was outlined to participants, this involved a series of group work sessions using 'appreciative enquiry' and 'World Café' techniques, the workshop adopted a Chatham House approach to encourage mutual trust along with active and open participation by all concerned.

Working groups progressed through a structured series of questions considering the positive experience and lessons from the current and past programmes, the future relevance of these lessons, the priorities which should be built on in future to help LEADER achieve its potential and the actions which therefore need to be taken. In the final session participants were asked to commit to the identified actions, these commitments were made and agreed within the overall group.

### 5.5.4 The wider lessons

This section outlines the main points which were covered in the presentation, the full detail can be found in the Powerpoint slides which were circulated to participants after the workshop. This forms the basis of the main chapter of the report on the wider lessons from other parts of Europe (see Section 6).

The presentation covered five main sections, these were;

- An overview of LEADER within the EU;
- Multi-level governance and programme delivery structures;
- Local LAG structures and governance considerations;
- The development and delivery of local development strategies; and
- LAG capability and sustainability.

The LEADER overview provided a reminder of the basic LEADER objectives as a local development approach, the succession of LEADER programmes, their characteristics, focus and funds. This was linked to the current period and was placed in the context of the forthcoming wider approach to Community Led Local Development (CLLD) through the Common Strategic Framework and was linked to the current DG Agri perspective on the future implementation of LEADER. This covered what it is intended LEADER should achieve



and that in the future programme LEADER is clearly specified as a method not a measure. The importance of the LEADER approach therefore lies not only in what is done but also how, the way in which LEADER fosters and supports development actions. Within DG Agri there is an evident need and commitment to renew and re-energise LEADER.

A range of lessons and considerations relating to programme delivery and multi-level governance were identified including consideration of the following. The overall delivery structures and the roles of the key players in LEADER implementation were addressed (e.g. in NI we have DARD as Managing Authority, JCC as decision-making body and LAGs which carry out assessments and make recommendations). This considered the roles and relationships between central government or managing authority and the LAG - what is working well and why, how the process can be simplified and streamlined to enable LAGs to operate more effectively as development agents rather than grant administrators. The approaches to statutory functions such as control, monitoring and audit requirements were addressed.

The lessons and considerations regarding local LAG structures and governance were extensive and there is a wealth of valuable and relevant experience here to draw on and transfer to the Northern Ireland situation. Key considerations here included;

- How LAGs are formed, what areas, are they better to be coterminous with local authorities or across boundaries? The number of LAGs and the population, area covered by each.
- The composition of LAG membership, the role for local authorities, the recruitment / selection process for becoming a member of a LAG, number of members and getting “new faces” involved?
- The legal and organisational status of the LAG, is it a separate legal entity or what? What is the level of delegated authority and responsibility? What are the plusses and minuses?
- What the LAG delivers, the budgets, any specific measures etc.?

The development and delivery of LAGs Local Development Strategies has been subject to detailed consideration at EU level and in many respects lies at the heart of LEADER. Here the presentation focused on experience and practice relating to the plans or strategies that guide the work of the LAG (how are these developed, are they reviewed, do they only include things to be funded from RDP or do they include wider needs, does the LAG takes a proactive role to seek other sources of funding to address needs that are not eligible under RDP, how is complementarity addressed, what are the future implications etc.?)

Finally LAG capability and sustainability was considered, this looked at the experience and good practice in relation to the nature and extent of the capacity of LAGs e.g. re: animation, assessment, support for applicants, support with claims, etc. The need for training to ensure sufficient capacity was explored along with the importance of continuity from one European funding period to the next. Management and administration costs were explored particularly in the light of the burden on development activity.

Following the presentation there was a brief session of questions and answers prior to the working groups.

### 5.5.5 Working groups

The fact that the working groups were designed to generate both product and process related benefits was explained to participants and the need to be focused on the future agreed. As a preface to the group work the workshop was asked to consider in their work what the objectives for LEADER in Northern Ireland actually are and what we want to achieve as this in turn drives how we do it, the model. Ultimately the primary consideration is what the nature of the overall objective actually is, is LEADER about development or merely a delivery scheme?

The following sections present the questions addressed, a brief description of the process and the conclusions of the group work.

#### 5.5.5.1 Question 1

**Q1: In your experience what works well in the delivery of LEADER in Northern Ireland? Why do you say that? Groups were asked to specifically consider LAG; MA/PA; Governance; the local development strategy; Administration; and Projects**

The groups were asked to work in pairs and agree up to five points in each pair, each pair then joined another pair and negotiated a common set of agreed points, finally each of the larger groups joined with another and the process was repeated. At each stage the process was managed to mix different groupings of participants. The final set of findings of the positive experience of things which worked well was gathered point by point and common points of agreement identified, these are as follows.

**Table 7: Question 1 – Feedback from Working Groups**

Theme	Main points
<b>Working as a LAG</b>	<ul style="list-style-type: none"> <li>• Voluntary contributions                             <ul style="list-style-type: none"> <li>- Hours put in</li> <li>- Passion</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Composition of LAG – local experience and knowledge</li> </ul>
	<ul style="list-style-type: none"> <li>• LAG partnerships strong with local knowledge</li> </ul>
	<ul style="list-style-type: none"> <li>• LAGs working well – old and new members mix well and learn from one another</li> </ul>
	<ul style="list-style-type: none"> <li>• Admin unit &amp; LAG                             <ul style="list-style-type: none"> <li>- Local contact – reassuring to applicants</li> <li>- Invaluable local knowledge</li> </ul> </li> </ul>

Theme	Main points
<b>Outputs, results and outcomes</b>	<ul style="list-style-type: none"> <li>• Creating jobs in difficult climate – making visible difference in our local areas</li> </ul>
	<ul style="list-style-type: none"> <li>• Wide range of projects – some innovative</li> </ul>
	<ul style="list-style-type: none"> <li>• Scope and potential of a wide range of projects making a difference to local community/economy</li> </ul>
<b>Adequacy of budget</b>	<ul style="list-style-type: none"> <li>• LAGs had a good level of budget and this was established early</li> </ul>
	<ul style="list-style-type: none"> <li>• LAG felt they had security and an adequate size of budget at outset</li> </ul>
	<ul style="list-style-type: none"> <li>• Increase in LAG management budget to 20% improved the available resources</li> </ul>
<b>Relationships and understanding with the Managing Authority</b>	<ul style="list-style-type: none"> <li>• Improving relationships at administrative level between DARD and the LAGs</li> </ul>
	<ul style="list-style-type: none"> <li>• Improving overall relationships between DARD and LAG</li> </ul>
<b>Working together</b>	<ul style="list-style-type: none"> <li>• We are part of something bigger</li> </ul>
	<ul style="list-style-type: none"> <li>• We can learn and share across Europe</li> </ul>
	<ul style="list-style-type: none"> <li>• We have the ability to influence policy</li> </ul>

5.5.5.2

Question 2

**Q2: Looking ahead what are the most important or relevant lessons for Northern Ireland which we can draw from our own and the wider experience? Why? Groups were asked to specifically consider autonomy and accountability; the involvement of local authorities; links other programme; delivery models; and admin and control.**

Participants were asked to form groups of five or six to consider this question and to agree a series of up to five main points and record these on pieces of card. The feedback was taken using these cards which were grouped as follows by the facilitators following discussion and agreement.

**Table 8: Question 2 – Feedback from Working Groups**

Theme	Most important or relevant lessons
<b>A proportionate process</b>	<ul style="list-style-type: none"> <li>• Simplification of process</li> </ul>
	<ul style="list-style-type: none"> <li>• Small grants programme – proportionate effort in relation to administration – LAG – applicant</li> </ul>
	<ul style="list-style-type: none"> <li>• Proportionality needed</li> </ul>
	<ul style="list-style-type: none"> <li>• Proportionality – funding level required vs administration and audit input</li> </ul>

Theme	Most important or relevant lessons
<b>Structures, guidance and timeliness</b>	<ul style="list-style-type: none"> <li>• Need for early clarity of structures/roles/guidance/eligibility – manage the transition</li> </ul>
	<ul style="list-style-type: none"> <li>• Adequate timescales and lead times to allow for strategy development, animation, development of structures</li> </ul>
	<ul style="list-style-type: none"> <li>• Address the limited autonomy due to multiple tiers/structure</li> <li>• LAG, JCC, lead council, DARD</li> <li>• Guidance is required</li> </ul>
	<ul style="list-style-type: none"> <li>• Greater clarity therefore understanding of guidance – TIMELY</li> </ul>
	<ul style="list-style-type: none"> <li>• TIMELY – start soon!</li> </ul>
<b>Building links</b>	<ul style="list-style-type: none"> <li>• More flexible approach invest in area</li> </ul>
	<ul style="list-style-type: none"> <li>• Working with partners especially at the start</li> </ul>
	<ul style="list-style-type: none"> <li>• Need stronger linkages to other programmes</li> </ul>
	<ul style="list-style-type: none"> <li>• Cross department working ‘policy linking’ e.g. planning and Farm Division measure</li> </ul>
<b>Delivery model</b>	<ul style="list-style-type: none"> <li>• Reduce risk aversion</li> </ul>
	<ul style="list-style-type: none"> <li>• Limit audit tiers</li> </ul>
	<ul style="list-style-type: none"> <li>• Consider and address resource requirement</li> </ul>
	<ul style="list-style-type: none"> <li>• Address management of expectations</li> </ul>
	<ul style="list-style-type: none"> <li>• Delivery agents are part of the development of the new programme – strategy and operation</li> </ul>
	<ul style="list-style-type: none"> <li>• A pro-active approach and flexibility is required from all</li> </ul>
<b>Simplification</b>	<ul style="list-style-type: none"> <li>• Simpler process – more customer focus</li> </ul>
	<ul style="list-style-type: none"> <li>• Clear lines of responsibility (autonomy and accountability)</li> </ul>
	<ul style="list-style-type: none"> <li>• No two tier organisations</li> </ul>
<b>Animation</b>	<ul style="list-style-type: none"> <li>• Greater animation support – development worker not simply ‘administrators’</li> </ul>
	<ul style="list-style-type: none"> <li>• Consistency – LAG members and staff ‘identity’ – for rural community</li> </ul>
	<ul style="list-style-type: none"> <li>• Communicate with everyone – profile of programme</li> </ul>

5.5.5.3

Question 3

**Q3: In designing Northern Ireland s LEADER for the next programme period what are the priorities we need to build on/design in to help ensure it can deliver its real potential?**

The groups were encouraged to mix again and to consider the question, answers were then taken verbally by the facilitators discussing and developing the points as they emerged. These were recorded on flip chart and participants were then invited to prioritise the key points by voting using coloured dots. The following priorities emerged in descending order of importance.

**Table 9: Question 3 – Feedback from Working Groups**

Priority	Score
Designated 'preparation' period, early timely start (Animation and development time 6 mths – 1 year animation period, possible organisations identified to animate, separate from LAG or in partnership with LAG, budget defined early in process)	13
Designing in/ensure proportionality e.g. small grants	12
Process of review/ flexibility to adapt to circumstances	10
Programme training, capacity building and animation support for LAGS (on-going, relevant & timely, need to know what is coming)	10
Operating rules reviewed by all stakeholders and issued early	9
Greater autonomy for LAGs, better partnership working – collective ownership, project management	9
Managed transition with continuity from current programme to new one, realistic time frame and management expectation	8
Fewer tiers of bureaucracy, single tier, more effective structure	7
Impact of RPA strategy for the region	4
Strategies – well defined, must be more than 'bid' documents and be appropriate to funding stream or area based strategies which are based on multi funds i.e. more relevant	4
Early positive RP / communication pre programme - early stakeholder engagement	3
Address the gaps such as training, food, renewables, co-operation	3
Design in cross – departmental interests (rural not just DARD)	2

5.5.5.4

Question 4

**Q4: Participants were asked: to identify from their own perspective what the most important steps in the development and implementation processes are that we can take to ensure an effective LEADER approach in Northern Ireland? The following points were to be considered, Programme development, LAG definition, LAG development, LDS preparation, transition, funding, systems, guidance and training along with the key points identified from the earlier group sessions.**

Participants were grouped by stakeholder type in this final session. In addition to the main question above, they were also asked to consider who should be responsible for each action, this was discussed during the feedback stage and the key actions and responsibilities were agreed by those concerned. The following points and responsibilities therefore form the basis of an agreed action plan for the further development and implementation of LEADER in Northern Ireland.

**Table 10: Question 4 – Feedback from Working Groups**

Actions	Who by	When
Commitment to work with all stakeholders on key issues e.g. managed transition; early clarity on new structures; review operating rules; proportionality issues.	DARD	Autumn 2012
Stakeholder engagement managed by DARD involves LAGs, Councils, RNNI etc. Programme development – input from all stakeholders ‘not just top down’	DARD	Jan 2013
Thematic working group cross RDP for New Programme Development with a focus on:- programme development; strategies; training and capacity; animation for LAGs. Possible Subgroup of consultative partnership. Facilitated by RNNI Jan 2013	DARD	Jan 2013
Transition period / animation process/ LAG development	2 Levels - National DARD - local LAGs Local authorities responsible for training?	Jan 2013
Transition committee	All NI stakeholders	Jan 2013
Ensure strategy is a short organic working document not a blue print. Timely, facilitated development of strategies.	Local stakeholders, LAG	
Define board & staff roles, make more time for pro-active role – OP rules Smaller more effective board, but with working groups outside – part of LAG set up Allow boards and staff more autonomy, OP rules	Via thematic working group?	
Animation for beneficiaries, structured developmental programme, cross sectoral. At least 1 year in advance of (application calls and on-going) Establish profile, communicate, relate, reach out, involve everyone More support for applicants – mentoring, helping process – LAG	LAGs	

Actions	Who by	When
Responsibility for funding	EU, DARD, LAG, Local Authorities	
Develop operational rules in partnership. Policy, delivery, audit	Existing RDP people	

A number of these elements remain to have timelines established and firm confirmation of responsibilities to act however the clear commitment to the first four elements above provide a robust basis to agree and develop the remaining actions.

The workshop concluded with DARDs thanks to all for their wholehearted participation and a commitment on the part of all concerned to continue to work positively together towards the achievement of effective LEADER implementation in the new programming period in Northern Ireland.

## 6 LEARNING FROM LEADER THROUGHOUT THE EU

### 6.1 Introduction

This chapter considers some of the wider experience of LEADER implementation from throughout the EU including the UK and Irish Republic. Although largely based on past and current experience this analysis is couched in forward looking terms reflecting the timing and focus of the review. Key aspects considered which affect the delivery approach employed include:

- the institutional and organisational context within which LEADER is operating;
- the policies and funds to be delivered through the LEADER approach; and
- what the emerging regulations and emerging guidance say.

These are all considered with respect to what the wider experience of the implementation of LEADER tells us.

### 6.2 Looking ahead: Learning from experience

With proposals for the future of the LEADER approach and Community Led Local Development in an advanced stage the process of looking ahead to the future of LEADER has involved considerable reflection on past experience at the EU level. The evolution of LEADER and its wider application has seen the development of a very considerable range of approaches to its implementation with diverse results at programme and LAG levels. This experience has been explored through a variety of different studies and reviews and there are a number of these which contain key elements which are of relevance to this review of LEADER in Northern Ireland. The main relevant documents which inform this review are:

- the European Court of Auditors Special Report into the Implementation of the LEADER method for rural development (2010);
- the EU Leader+ ex post evaluation (DG Agri 2010);
- Evidence from the MTEs (2010);
- LEADER Subcommittee and its focus groups (DG Agri/ENRD 2010 - 2012); and
- the ENRDs PAN EU LEADER event which involved some 400 LAGs (April 2012).

There is a particularly strong read across between certain elements of the ECA report and the Leader+ ex post which were largely conducted contemporaneously but with different terms of reference, methodologies and samples. There are also strong common themes with the focus group findings. The main area of differentiation is with regard to the perspectives on the financial management and administration of the programme; this may reflect the different samples involved where the ECA report involves a markedly larger proportion of southern European Member States.



In the following sections the main findings, conclusions and recommendations of these various reviews are considered concentrating on lessons which are relevant to Northern Ireland.

#### **6.2.1 The European Court of Auditors Special Report into the Implementation of the LEADER method for rural development (2010)**

This report has been fundamental in shaping DG Agri and the other DGs proposed approach to Community Led Local Development and has informed adjustments to the current guidance and management of LEADER. It focused on the Leader+ Programme period and the implications of the implementation of the bottom up approach to rural development, the added value and benefits this is designed to bring, the extra delivery layer involved and what were perceived as the risks and costs associated with this greater degree of subsidiarity. The Court also assessed LAG performance in implementing their strategies and their performance against these objectives.

Although there were examples of good practice, the Court found that many LAGs implemented the Leader approach in ways that limited the potential of its features to deliver added value. The bottom up approach was often limited by the concentration of projects supported within the LAG's own member organisations. LAG decision-making was often dominated by local authorities compromising the added value of partnership. This was also reflected in the findings on decision making procedures which found that the procedures specified and employed were not always sufficiently transparent and did not adequately demonstrate the objectivity of LAG decisions. There were particular concerns with regard to the evidence of conflicts of interests and robust procedures are needed to avoid any risk of conflict of interests and comply with financial regulation.

Real innovation or interaction between different sectors in LAG strategies or projects was limited and LAGs did not focus sufficiently on achieving the objectives of their local strategies, the risk of deadweight was inadequately assessed and addressed. Financial management was weak in some cases and there was insufficient attention paid to the efficiency of funding used. DG Agri and the Member States (or Managing Authorities) were therefore recommended to ensure objective and properly documented project selection procedures and that the partnership principles are adequately respected and are operated in practice.

The responsibilities for many of these weaknesses which have limited the added value which LEADER delivers were laid at the door of DG Agri and the managing authorities. Along with the LAGs, they were found to have been insufficiently demanding for at least 10 years. Member States (or managing authorities) should therefore require the LAGs to set measurable and achievable objectives which are specific to their local area in their Local Development Strategies and then account for their achievement of these, the added value which the Leader approach brought and the efficiency of both the grant support disbursed and of the LAG operating costs.

Monitoring of Leader should therefore be refocused on the added value of the Leader approach, its efficiency and effectiveness and this in turn would feed through into evaluation. Deficiencies in these monitoring and evaluation processes means that DG Agri has not yet been able to demonstrate the effectiveness, efficiency and added value achieved through Leader or the real extent of the actual costs and risks involved in its implementation.

### **6.2.2 LEADER Evaluations**

The last stage at which all LAGs were actively subject to formal evaluation was the Mid Term Evaluation of Leader+. Under Leader+ there was no requirement for the individual programmes to undertake ex post evaluations and as a consequence few Member States or regions actually did so. The EC did however undertake an Ex Post evaluation of Leader+ at the EU level.

#### **6.2.2.1 The Leader+ Ex Post evaluation**

The research under the Leader+ Ex post Evaluation was structured under eight themes and 24 evaluation questions. Here we reflect on the most relevant lessons for Northern Ireland.

##### **Complementarity**

The ability of Leader to complement mainstream programmes, particularly through experimentation and by mobilising small local groups who are otherwise unreachable by the mainstream routes was thought to add considerable value by both LAGs and Managing Authorities. There is evidence that social capital and territorial competitiveness were also enhanced by providing 'soft support' such as animation, feasibility studies, consultancy, etc. for the 'hard investments' carried out under the other funds. A key element of this success lies in LAGs being able to support investments which due to sector or scale were not covered by the mainstream agencies or approaches.

##### **Focus**

Leader+ was structured around 5 development themes, Improving the quality of life was found to be the most popular theme selected by LAGs in their LDS, adding value to local products was not a high priority for LAGs in their LDS however a relatively large number of the projects they supported were in this category. Although innovation was intended to be an important feature of LEADER activities, it was evident that this was not a major priority for LAGs, it is however a vital contributor to diversity and diversification.

In relation to these points the report concluded that the meaning of innovation, its multidimensional character and strategic importance should be clarified and more directly pursued and supported through the LAG strategies. Leader has a strong role to play in promoting as well as harnessing diversity and diversification. Leader should therefore be used as an instrument to foster sustainable local development potential increasing the

adaptive capacity and resilience of the area rather than boosting short term productivity and market gains.

### **Local and multi-level governance**

The way in which the delivery chain and system operates, multi-level governance and the way in which the LAG functions as a partnership, local governance are both major factors in the success or otherwise of the Leader approach.

Leader+ was found to have had significant positive effects on local governing capacities and through this promoted territorially-based forms of rural development and the participation of local actors. At the local level the evaluation found that the Leader approach and the formation of LAGs had brought development actors together who would not otherwise have met or cooperated. This applied at operational level e.g. in shared or joint projects and the strategic level in the development and implementation of the LAG and the local development strategy and included structural improvements and long lasting effects far beyond the importance of the financial resources the LAGs manage.

The process of setting up LAGs and the creation and implementation of local strategies contributed to the accumulation of social capital and social learning (learning effect). The development of the LAGs, the professionalism, local knowledge and contacts of their staff are the most important results of the programme. The relatively limited area size (between NUTS IV and III), large enough in terms of achieving critical mass but small enough to avoid dissipating the personal interactions between stakeholders, is a key factor in this. This is primary Leader characteristic therefore one of the key determinants of success and one of the main advantages of the Leader approach.

The evaluation concluded that the establishment of effective public-private partnerships with a clear allocation and understanding of the respective roles needs to be actively promoted and supported. It is not in the interests of the LAG to exclude potential beneficiaries who are often the more motivated and innovative actors; however their involvement must be governed by robust procedures to avoid any conflict of interests and roles. This resonates very clearly with the ECA findings.

The evaluation concludes that the multi-level governance environment of Leader+ had a significant effect on its implementation. The arrangements for administration and finance and their inclusion within the contractual agreements put in place between LAGs and MAs appears to have worked well and to represent a strong model. Where issues arose over the flow of funds this was mainly as a consequence of additional (regional) tiers of administration which sometimes resulted in serious cash flow difficulties and considerable costs for LAGs and impeding their ability to act.

Where there were obstacles to the successful implementation of innovative Leader strategies were often attributed to delivery system or governance framework conditions which were beyond the sphere of influence of the LAG.

In general, the more autonomy this structure enabled for the LAGs, and the better the service they were provided with by the MA and the Paying Agency, the more participation, structural changes, and real rural development results they could achieve. A high degree of LAG autonomy appears to be highly consistent with the LEADER method objectives and there was evidence to correlate LAG maturity with increased autonomy and accountability. These more autonomous LAGs show better results in awakening dormant skills and potentials, in strategic thinking and in monitoring the development of their area in a structured way. They displayed a higher degree of flexibility and appear to be more effective in swiftly and flexibly serving client needs. The greater fiscal autonomy of the more highly developed LAGs appears to have encouraged a higher degree of scrutiny of value for money, and thus contributed to the value added. Greater autonomy and the decentralisation of project approval and funding were also therefore broadly advocated. Room for manoeuvre in financing was also considered essential for success e.g. with advance payments to enable LAGs to begin work quickly and avoid delay to project start-ups.

The study concluded that the autonomy or the decision making power of Leader LAGs should be further developed. Greater decision making power makes sense if the LAG is willing to exert it, if it is capable of doing so effectively and enabled or empowered to do so by the managing authority and the programme administration. An element of choice is however necessary in order to ensure that LAGs do not take on more responsibility than they have the capacity to deal with.

Concerns were expressed in some cases about the burden of the increased complexity of Leader+ by comparison with previous approaches (this has considerably deepened in the current programming period 2007-13). Extending LAG autonomy tends to also result in increased responsibilities and administrative burdens. This suggests the need for greater flexibility to take account of the variations in LAG maturity, capability and autonomy. In England under Leader + two different multi-level governance systems were employed allowing the less able or mature LAGs to take on a lower level of responsibility. This appears to have allowed them to concentrate more on the more important or higher value development oriented activities. This was the subject of a case study in the evaluation.

There was evidence to suggest that a balance between greater autonomy and the additional responsibilities and functions this entails needs to be carefully considered if LAGs are to be effective as development agents. The administrative procedures required for ensuring transparency and accountability must neither impede LAGs from carrying out their development work nor exclude local actors with lesser administrative capacities from participating in the programme. The ability of the LAGs to operate in the support of development activity and act as an interface between the various development actors and project promoters rather than as just a source of funding contributed considerably to their customer and development centred approach. This suggests that the procedures employed therefore need to be both proportionate and adapted to LAG capabilities.

## Strategies and their review

Under Leader+, LAGs were found to be rather too narrowly concentrated on their own area and agenda and were thought to need to link more effectively to the wider development context and to network better with other actors and stakeholders. The evaluation made the recommendation that there should be links established between LAGs and similar and like-minded development partnerships in urban and coastal areas in matters such as climate change, mobility, food chains, landscape functionality, public goods and other aspects of quality of life. Leader should therefore continue to focus on multi-sectoral development of rural areas, enhancement of social capital and increased territorial competitiveness, and at the same time increasingly integrate local responses to global social and environmental concerns. This vision entails a stronger emphasis on rural-urban relationships and partnerships which go beyond the remit of rural policies.

These findings and recommendations are now reflected in the wider approach to Community Led Local Development which is currently being developed under the Common Strategic Framework and Common Provisions Regulation.

As in other evaluations and reviews, this evaluation found that there were serious deficiencies and systemic weaknesses in monitoring and evaluation which in this case seriously compromised European-wide comparison and aggregation of even basic LEADER+ monitoring data to inform the evaluation. A substantial proportion of LAGs were found to have no established systems of structured observation and local development monitoring. The evaluation concluded that extending the implementation of structured monitoring approaches as a means of improving local development strategy performance is a high priority as is building the evaluation capacity, awareness, structures, resources and commitment needs active management and real accountability at all levels of the Leader delivery chain.

LAGs should therefore develop and employ high quality and dynamic local territorial strategies which they must actively monitor, update and improve through on-going reflection and revision. This should lead to a culture of greater accountability and ownership of the process of continuous improvement.

### 6.2.2.2 The Mid Term evaluations

Under the current programme, evaluation of LEADER fell within the remit of the Mid Term evaluations of all 97 EU RDPs with varying degrees of specificity. These Mid Term evaluations are currently subject to an EU level synthesis which has yet to report. If the UK experience is reflected more widely as appears likely this may be expected to show that this evaluation fell too early in the implementation process to produce meaningful results regarding the effectiveness of the approach. An initial review of the MTEs does however reveal that this is an aspect which again has been fraught with difficulties and consequently does not appear to have been well addressed.

### 6.2.2.3 Looking ahead

A consequence of this evaluation pattern is that when it came to developing the proposed approach for the forthcoming period there was something of a deficit in up to date and current information and evidence as highlighted in both the ECA report and the Ex Post evaluation. There has therefore been a high priority placed on the work undertaken by the LEADER Subcommittee of the European Network for Rural Development on behalf of DG Agri.

A key challenge remains in the effective evaluation of the whole approach which continues to compromise the collective learning which can be drawn from the diverse experience and the ability to benefit from the capitalisation of this. This applies at both the programme and the LAG levels. There is some explicit recognition of this in the EC proposals for Community Led Local Development which now place an explicit duty of undertaking evaluation upon all LAGs using CSF funds. This was clearly highlighted during the ENRD LEADER event in late April which considered both the development and implementation of Local Development Strategies and LEADER evaluation.

#### 6.2.3 LEADER Subcommittee and its focus groups

The Leader subcommittee of the European Network for Rural Development fulfils an advisory role in bringing together Leader practitioners to consider the development and implementation of the approach. It is the main Leader specific element within the ENRD. The subcommittee has conducted a series of four focus groups looking at different aspects of the experience of Leader implementation with a view to drawing lessons for the current and future programming periods. The focus groups involve representatives from Local Actions Groups and their staffs, the national and regional managing authorities, national rural networks and other Leader stakeholders. These focus groups are supported by the EC, ENRD and specialist experts, their findings do not represent EC policy but do have a significant influence in informing its development and adjustment. The four focus groups have covered:

- Focus Group 1: Implementation of the bottom-up approach under Leader Axis;
- Focus Group 2: Preserving the innovative/experimental character of Leader;
- Focus Group 3: Implementation of the cooperation measure; and
- Focus Group 4: Better local development strategies.

Focus Groups 1 and 4 are of greatest direct relevance to this study. The ENRD also conducts a series of Thematic Working Groups on wider rural development issues, Thematic Working Group 4 focused on Delivery Mechanisms for Rural Development Policy and its findings are also of some relevance here.



### 6.2.3.1 Focus group 1<sup>12</sup>

The Focus Group found that although major variations apply in the way Leader is being implemented in the Member States in the 2007-2013 programming period, its mainstreaming is broadly perceived as having created general implementation conditions which are not sufficiently in line with the Leader approach. Their work was therefore developed around the following typology of Local Action Groups, their roles, responsibilities and degrees of autonomy, this work has subsequently been further refined as reflected in the text below.

- **Decentralisation of project selection competence.** This is the "basic model" reflecting the minimum local competence requirements where the LAG is responsible for implementing the local development strategy and generating, appraising and selecting projects which it then submits them to the MA, or another implementing body for the formal project approval and subsequent authorisation of claims. This model applies throughout most of northern Europe and is the model applied in Northern Ireland.
  - The **advantages** of this approach are the relatively small administration burden (except DK where LAGs spend a lot of time on administration). Consequently the LAG can focus more on animation and development work. There is less risk to the LAG, especially if a project fails.
  - The **disadvantages** are that the LAGs have less of a sense of ownership of their local development strategy, less control over project implementation if control tasks are not delegated, that there is an additional administrative layer and it can therefore take longer to assess and approve projects and that selection competence (e.g. the scope of intervention) can be limited by financial procedures (e.g. national co-funding restricting the scope) or by eligibility checks which go beyond administrative and legal checks.

It should be noted that where this system works well e.g. as in Finland it is associated with a high level of trust within the vertical governance structure with a commitment to the Leader principles, where an overly administrative approach is applied this seriously compromises the effectiveness.

- **Decentralisation of project selection and payment competence.** Under this model the payment of claims is added to those of the first model. This model is much less common but applies in England and Wales. (In England under Leader+ both of the first two models were possible, in Wales project selection is more complex involving additional tiers of decision making)
  - The **advantages** of this model are that the LAGs have a greater connectivity and profile with the beneficiaries. This approach also reduces the time taken to pay claims to beneficiaries.

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<sup>12</sup> [http://enrd.ec.europa.eu/leader/leader/focus-groups/en/focus-group-1\\_en.cfm](http://enrd.ec.europa.eu/leader/leader/focus-groups/en/focus-group-1_en.cfm)



- The **disadvantages** include that it can be difficult to find a local organisation prepared to act as the accountable body with the capacity to put in place the necessary administration and accountability systems. There is a greater administration burden which places demands on staff resources. There might be liquidity or cash flow problems unless the LAG or accountable body possesses the financial capacity to pay advances to final beneficiaries either through agreements with banks or through its own funds. There is an attendant higher level of risk as the LAG is directly responsible for the disbursement and accountability of EU Funds.
- **Decentralisation of project approval (local global grant).** Here the LAG is responsible for project appraisal, selection, formal approval and issuing the grant letter to the beneficiary. The legal commitment towards the beneficiaries is made by the LAG (issuing the grant letter). The LAG therefore needs to be a legally accountable body or to designate such an accountable body from within its membership. The MA retains its responsibility on the efficiency and correctness of management. (This is the model applied in Scotland and the Irish Republic. In Ireland the LAGs are formally constituted and legally accountable entities, in Scotland LAGs nominate an accountable body within the membership which is responsible to the MA, a local authority in almost all cases)
  - The **advantages** of this form of organisation are thought to be considerable. The principle advantage is in the establishment of a mature and reliable mechanism for decentralized implementation of Leader in an integrated, multi-sectoral and more sustainable manner. The LAGs connectivity and profile with beneficiaries is again high. The LAG and the individual partners have greater ownership of their strategy and have more autonomy over what projects are finally approved and the use of the funds, this also reduces the time taken to assess and approve projects. This greater flexibility makes it easier to maximise co-ordination between projects.
  - There are also a number of **disadvantages** however particularly in dealing with the higher administrative burden and the higher level of risk associated with the LAGs responsibility for the disbursement and accountability of EU funds. Either a legal entity has to be formed or the LAG has once again to find a local organisation prepared to act as the accountable body with the relevant capacity and systems, this can be difficult.

The group drew six main groups of conclusions as follows.

- There is a lack of clear distinction of the roles of MA and LAG: there was seen to be considerable overlap or interference e.g. on selection criteria, the elaboration of calls for projects, project ranking, etc. Roles should therefore be more clearly defined. Communication between LAGs and centralised management was poor, the appointment of designated responsible officers was recommended (as in NI)
- LAGs face capacity constraints and inadequacies: Staff resources were small and experience and skills could be limited, this was constrained by the % budget allocation

particularly in smaller budget LAGs. There was a lack of a strategic approach to training. The financing of these costs therefore needed to be reconsidered, training plans should be developed at and between all levels.

- The unsuitability of RDP rules for the Leader approach: The application of the same rules to Leader as the rest of the RDP is inappropriate and the application of these is often arbitrary. There is a need for enhanced guidelines and training for those involved.
- The inability of LAGs to implement complex projects and integrated LDS: The link to delivery of RDP measures causes delivery problems. LAGs lack capacity to develop and deliver such projects. RDPs should be revised to ensure LAGs are not restricted to the delivery of measures, training and guidance on project development and management is required. Weaknesses in the monitoring and evaluation of such projects must be addressed.
- RDP and MS financial rules frustrate LAG efforts: Greater flexibility for LAGs is required beyond the standard RDP systems, preplanning and guidance resources of finance should be developed.
- The control system discourages and contradicts the implementation of the Leader approach: Accreditation requirements are too onerous but LAGs are insufficiently involved in project controls. Accreditation requires further definition at EC level, LAGs need to develop their involvement in project controls.

In addition to the typology developed by this Focus Group the following distinction between LAGs in the current programme period may be drawn by territorial, thematic and financial criteria. Although these are presented as rather stark alternatives there is in fact a range between these options in each case.

- **Territorial criteria**

- LAGs act in all types of rural areas (wide territorial mainstreaming NI, IE, SC,W)
- LAGs act only in specific rural areas (remote and most disadvantaged areas) (narrow territorial mainstreaming)

- **Thematic criteria**

- LAGs are local governance bodies to implement the whole rural development toolkit (wide thematic mainstreaming)
- LAGs are rural (local) development agencies that implement specific measures (rural tourism, village renewal) or support schemes like niche markets or innovation (narrow thematic mainstreaming NI, W, E) Ireland is mid-point between these options.

- **Financial criteria**

- Leader has a high budgetary priority. The share of axis 4 is above Community average (6%). The LAG budget has generally a critical mass allowing local development strategies to impact on the territories.

- Leader has a low budgetary priority. The share of axis 4 corresponds to the minimum percentage. The LAG budget is generally limited allowing only for the implementation of small scale actions. UK LAGs are generally towards the lower end of the spectrum, in Ireland the relative size of the RDP budget is very much greater than the UK.

There may be merit in applying this frame of reference and the previous typology to the Northern Irish LAGs to consider how best Leader may be adapted in future.

### 6.2.3.2 Focus Group 4<sup>13</sup>

Leader Focus Group 4 was focused on the improvement of the quality of LAG strategies including their development, delivery and evaluation. It drew a wide range of findings which are predominantly action oriented. Many of the process and development related findings are relevant to this study. The following main points are highlighted.

The most important finding of the focus was to highlight the critical importance for Managing Authorities and LAGs to **make a start** on the preparation of the arrangements for Leader and the Local Development Strategies. A real priority was placed on LAGs taking responsibility for their own preparedness and continuity. It is vital that both LAGs and Managing Authorities allow enough time for a full development process to be completed. Waiting for guidance and regulations to be finalised before beginning preparations would only result in less time to develop quality LDS involving real local participation (a priority for the new programme period), Managing Authorities should encourage LAGs to do this.

The focus group recommended that a staged approach to LDS development and submission be implemented with a strong feedback loop between the LAGs and MAs to enable improvement and the development of high quality approaches. A useful first step here is the definition of LAG territories to avoid unnecessary overlap or duplication which may result in wasted effort. Done properly this would allow time for improved knowledge transfer e.g. between generations of Leader and mentoring e.g. of the less experienced LAGs by those with more experience. These processes need to be supported and resourced e.g. by the MA. Taken together starting early, a staged approach and allowing sufficient time should contribute positively to the continuity of LAGs and important development capacity.

An important part of the support and preparedness relates to the adequacy of the **guidance** provided to LAGs. Key considerations here relate to the need to assess and meet the diversity of LAG needs even within a region and to guide the preparation of the LDS supportively. It therefore follows that guidance provision needs to be coordinated with the development process for maximum effectiveness considering what is provided, when it is provided in the process and through which medium to ensure its accessibility. Guidance on its own may be insufficient and further support may be required. The Focus Group was firmly of the opinion that investing in the people and process through **training** for LAGs and

<sup>13</sup> [http://enrd.ec.europa.eu/leader/leader/focus-groups/en/focus-group-4\\_en.cfm](http://enrd.ec.europa.eu/leader/leader/focus-groups/en/focus-group-4_en.cfm)

other staff involved in Leader is a priority to build the capability in the delivery chain and improve standards and performance.

An extensive range of **improvements to the specification, preparation and selection of local development strategies** are recommended covering the entire process, the primary target of this should be to improve those elements considered to be the essentials. The overall aim should be high quality strategies against which performance can be assessed which will then enable a relatively high degree of flexibility within the parameters and result in enhanced LAG **autonomy and accountability**. Firstly therefore it was important that the EC and MAs specify the required content and process more clearly than in the past. This is now being done in the Common Provisions and Rural Development regulations and also in the guidance being prepared for MAs, it is important that this be effectively cascaded and implemented within RDPs.

Within the LDS there is a clear priority regarding the need to considerably **strengthen the intervention logic** with regard to the definition of needs and their link to the objectives, priorities and targets proposed. Within this there is a particular need for the Leader strategies to be more cognisant of and aligned with other local and sectoral strategies and initiatives. Planning in monitoring and evaluation of the LDS clearly links with these priorities and is a key area for improvement. Further specific improvements are required in relation to the approach to and understanding of **innovation** and the inclusion of a **training action plan** for LAG staffs and members.

In many Member States the process of strategy selection needs to be strengthened with a clearer understanding of the objectives and benefits of an effective and rigorous process. The focus group recommended that selection should be on a competitive basis but that rather than LAGs competing against each other they should be working against quality criteria. An essential part of such an approach is, as already noted, an effective iterative approach where LAGs clearly understand the objective criteria used in selection and are able to use feedback to improve their proposals.

The allocation of budgets to LAGs should then be based on the evidence and analysis presented however there is a clear need for improved financial planning by LAGs e.g. re costs, match funding and any elasticity required. In some cases there is evidence that the achievement of financial targets e.g. N+2 has driven LAGs away from their strategic objectives, it is important that financial planning enables objectives to be actively pursued using the Leader methods and then reviewing performance.

Most LAGs were found to utilise structured approaches to monitoring, evaluation and indicators but many different structures and approaches appear to be employed, there is a lack of consistency. Intervention logic, objectives, targets and indicators show weaknesses. Indicators don't fit Leader specifics adequately and need to be improved along with their implementation. The planning and structuring of monitoring and evaluation should therefore be improved as should LAG/MA understanding of indicators and their use. In strengthening and supporting the system making better use of existing systems and data is a priority and is

consistent with the new CMEF approach. Improving LDS, their delivery of their objectives and the evaluation of this is critical to establishing the added value of Leader.

Linking LDS design, implementation and monitoring and evaluation in an effective way is a priority in order to capitalise on the depth and breadth of Leader experience in an organised and structured way. Building on this for improved Leader, LAG and LDS organisation, structure and delivery will contribute significantly to getting Leader off to a solid start under the 2014 programmes. It is however incumbent on the EC and Managing Authorities to put measures and guidance in place to ensure greater consistency and clarity in LDS development and implementation and thus to improve LAG autonomy, accountability, exchange and learning. It is of the utmost importance that MAs and LAGs are proactive in this in taking a lead and starting now. This will enable the implementing of the 'full' LEADER method, particularly its bottom up, integrated, innovative and local needs focused basis, but in an improved, better structured, more accountable and well supported way.

### **6.2.3.3 Thematic Working Group 4<sup>14</sup>**

In its specific consideration of Leader the TWG drew on a series of 12 case studies and the work of the Leader Focus Groups, this mainly focused on the effects of the 'mainstreaming' of Leader. The scope of this differs widely between MS, in half of the RDPs examined no mainstreaming restrictions were applied, potentially allowing all three thematic axes to be delivered through Leader; one third focused support on the objectives of axes 1 and/or 3.

There is no universal division of responsibilities between the Managing Authority, the Paying Agency and the LAG, in the majority of MS LAGs are principally responsible for implementation. The degree of the programme authorities' involvement varies considerably as reflected in the three models identified by Focus Group 1 with levels of LAG reflecting levels of experience, administrative know-how and trust between actors in the multi-level governance chain. The TWG identified poor articulation between the tiers of administration, differing interpretations, and the need for adequate administrative capacity at all levels. Poor coordination particularly impacts on Leader's ability to add value through complementarity, where territorial development approaches were applied this was substantially improved, a key issue for the added value of Leader.

Considerable concern was expressed about possible conflict between mainstreaming under RDPs and respecting the key elements of the Leader approach, the transition from Community Initiative rules to those of the EAFRD had been difficult. The new rules and operating practices are more constraining and burdensome than those applying to Leader+ groups e.g. where Leader projects delivered using EAFRD measures have to conform to the requirements for those measures. This raises the risk that the added value of the Leader approach is reduced or lost becoming "just another delivery method" for RDP measures.

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<sup>14</sup> [http://enrd.ec.europa.eu/policy-in-action/improving-implementation/delivery-mechanisms/en/delivery-mechanisms\\_en.cfm](http://enrd.ec.europa.eu/policy-in-action/improving-implementation/delivery-mechanisms/en/delivery-mechanisms_en.cfm)

Further issues related to Leader in the current period can be placed in three categories; these are frequently linked to the effects of mainstreaming to a greater or lesser extent.

1. **Issues around the LAGs themselves and their day-to-day management**, such as: weaknesses and a lack of clarity re the respective division of and links between the roles / tasks of the implementing authorities and LAGs and the relationship between them e.g. re the extent of centralisation and the extension of the role of the PA beyond that specified in the regulations or transposing legislation with a greater rigidity than was required. The more complex rules on controls, eligibility and co-financing limit Leader's added value by placing burdens on LAGs' administrative autonomy and finite capacity (the level of knowledge and skills of LAG managers and staff is a further governing factor here).
2. **Issues concerning the Local Development Strategies**, for instance: their variable quality; the short time available for planning; project eligibility criteria; and management and control issues related to specific types of projects - particularly small-scale projects and complex projects where the link to specific measures constrains integration and specificity.
3. **Various financial problems** related to: co-financing; competing national financing; harmonisation with other financing sources; and the operational costs of the LAGs.

The TWG produced a series of recommendations for Leader implementation, principal amongst these were those relating to:

- Clarifying the division of responsibilities and LAG tasks;
- Improving delivery articulation and information flows;
- Improving capacity at all levels in the vertical governance chain;
- Ensuring the adequacy of staff resources; and
- Improving and differentiating guidelines, eligibility and implementation rules for Leader.

#### 6.2.4 The ENRD EU LEADER event

This workshop session in this event considered the development, implementation and monitoring and evaluation of local development strategies and built on the findings from Focus Group 4. The outcomes of this largely validated the Focus Group findings and raised the following specific points looking ahead.

The multi-level governance principles on which Leader is founded should be respected in the future system, there is a need to strengthen the coherence between the levels. All relevant authorities should be involved into this process developing understanding and guiding each other through the process.

Leader will not work properly without sufficient flexibility, the need to simplify the complex administrative and delivery systems at all levels from EU to LAG was highlighted, this is not just an MA responsibility. A key principle was less paper more communication. Simplification and flexibility is necessary to preserve the enthusiasm of Leader under the administrative



burden allowing LAGs to be effective development actors. Actions must be efficient and effective and simplification therefore needs to become a reality e.g. through the development and adoption of more standardised approaches. This is a considerable priority with the potential for the adoption of multi funding even with harmonisation of rules under the Common Provisions Regulation. Clear guidelines are required.

The availability of sufficient capacity is an issue at all levels in the Leader delivery chain. Capacity gaps should be addressed through the linked involvement of MA and LAG staff in a capacity building process. More tools and resources are needed to deliver the strategy including more time and money for animation. In particular there is a lack of capacities for the evaluation tasks, and the number of staff dealing with this should be increased. The challenges of management, administration, reporting and costs need to be addressed as these represent a drain on capacity. Technical assistance should therefore be used to build the necessary capacity.

LAG strategies should be more widely integrated; the goals of local strategies should be integrated into the national strategies and at LAG level better integration and a wider strategy for the territory is required. Better LAG representation is required on National fora is needed. LAGs can evolve into local development agencies but to do so need to widen strategies by empowering the local stakeholders to identify what they really need. This in turn strengthens LAGs capacity to adopt an integrated approach through wider stakeholder representation. Multi funding opens the opportunity for LAGs to cover more “needs” of the area by using other funds but this may require coordination between existing partnerships, LAGs should be pro-active in the process.

The event concluded that LAGs should adopt a result oriented approach and be enthusiastic in the way local needs are approached. There was a need for a combined and coherent approach at both funding and strategic level and to be ambitious in what it is intended to achieve, Leader should return to and reinforce its principles, be renewed, this work should start immediately.

### **6.3 Institutional and organisational context**

As can be seen from the body of research here and that upon which this review draws there are many different ways in which LEADER has been implemented with an enormous range of success factors. One of the key common success factors for LEADER lies in its very adaptability, the way in which the approach can be adapted to fit local specificities across the whole of rural Europe (and now beyond). In doing so it reflects the diversity within and between these rural communities and their circumstances. To quote Professor Charles W Fluharty, the director of the US Rural Policy Research Institute when commenting on rural



diversity in relation to LEADER<sup>15</sup> ‘When you have seen one rural community – you have seen precisely one rural community ‘.

Whilst this adaptability to some extent depends on the transferability of the lessons about LEADER as much as the method itself it does also somewhat limit the transferability of what are often very context specific practices or responses. There are a wide range of influences here all of which have some bearing on the approach implemented, its appropriateness and effectiveness even within a relatively small territory like Northern Ireland. The following factors are merely a sample of some of the main variables which come in to play here.

- Areas: the areas which LAGs cover can vary dramatically in their size and nature. Such differences can arise e.g. in relation to population and demography, urban/rural split, the environment, economic sectors, geography and topography.
- Politics: political involvement and commitment can vary considerably, e.g. Southern European LAGs often involve mayors or councillors whilst it is more common for northern LAGs to exclude politicians from their membership.
- Drivers: The different rural areas will face a range of different social, economic and environmental drivers and although there may be some shared trends e.g. outmigration between some areas others may be dealing with population pressure.
- Multi-level governance: different structures apply in terms of the number of intermediaries between the MA and the LAG or beneficiary which affect the operation of the LAG. The different administrative structures and their respective operational and geographical areas are a significant factor here.
- The nature and extent of the bottom up culture and subsidiarity or autonomy afforded to LAGs varies greatly, although the EC has prepared a typology this rather oversimplifies the degree of variation. A key influence in this is the nature and degree of development of civic society.
- Delivery orientation is another factor which varies greatly between Member States and regions and tends to be influenced by the Managing and Paying Authorities. Put simply this varies between those who view LEADER as a delivery scheme which must achieve spend and those who see it as a development instrument.
- Organisational and LAG capacities and capabilities. The extent and nature of the skills and capabilities of those involved in LEADER is one of the main contributing factors to the success of the approach, this varies considerably between areas and between levels in the structure of delivery.

In short there is no ‘Silver Bullet’, no one size fits all approach, rather there is a body of experience from which lessons may be drawn to inform the local approach, how the learning is applied is therefore the important thing for LAGs and MAs.

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<sup>15</sup> UK Leader+ Network Conference Nairn, 2006

## 6.4 Overall Conclusions

In general Leader needs to do better at all levels, EC, Managing Authority and LAG, with continuous improvement of the approach, its design and implementation. At present there is a danger that it is becoming mainstreamed into a delivery mechanism rather than a development approach. Leader is meant to be a different way of doing things and it is important that it does not stagnate, that it continues to challenge itself and others for better ways of doing things.

There is the need for renewal of the approach and this is a particularly appropriate time to do so given the immediate history and the forthcoming proposals. As a first step the working relationships within the governance chain need to be strengthened to build a common basis of understanding and trust to build an effective initiative. There are no benefits to be had in delaying these improvements until, the new programme, this work can start now making the most of the remaining period and capitalising and building on the immense experience within the LAGs and MA in a structured way.

The approach is capable of addressing many different types of areas and needs. It represents an important complement to mainstream EU and domestic interventions and approaches reaching otherwise unreachable groups, needs and potentials. It addresses both the diversity of rural areas and the contexts they present and their needs for development and diversification. Under the current programming period the approach has been compromised by the effects of its mainstreaming through restrictive implementation e.g. in restricting LEADER to a specific set of measures or through the application of inappropriate delivery systems more suited to delivery schemes rather than a bottom up local development approach. This involves insufficient regard for the nature and scale of the intervention and the proportionality of this. The general perspective from DG Agri is that the Leader method and approach therefore needs to be reinforced, renewed and refreshed.

In the face of these challenges there is seen to be a need for capacity development at all levels in the delivery chain and the development of the relevant skills and competencies, this requires investment of time and resources. Training and development actions should involve LAGs and MAs and form the basis of developing more interactive and iterative working practices. Strengthening bottom up involvement is a priority, particularly from the private sector. There should be some common standard applied to help ensure that this capacity development is achieved, the development of such capacities and skills should be a priority for technical assistance support. Within and associated with this there is a very high priority need for a much clearer definition and allocation of roles within the delivery chain to avoid confusion, duplication of tasks and responsibilities, a lack of transparency and any erosion of the Leader principles.

Regardless of the delivery model adopted the strengthening and development of LAG governance structures, their autonomy and the associated accountability is a priority. Care is needed however to ensure that any improvement or strengthening here does not result in

additional capacity burdens which constrain valuable development oriented activities. In defining delivery models consideration must therefore be given to the objectives and purpose which Leader is to address, the territorial, thematic and financial criteria applied (including the funds to be delivered) the tools which are required and the capabilities of the LAGs and their members. This must necessarily also take account of the organisational and institutional context of the areas concerned and the basis of their coherence as rural territories, differing approaches may be required to meet different local needs and capabilities.

In renewing the Leader approach there is a clear need to strengthen certain elements of the method. The strategic focus, relevance, objectives and integration of LAGs, their local development strategies - and the way in which these are developed and delivered - need to be strengthened. The local development strategy needs to become more central within the development process both in its preparation and delivery. The strategy should form a focus for the work of the LAG and the basis against which it assesses its performance and which in turn it is assessed against. The LAGs should go out and animate project activity in direct pursuit of their LDS objectives, the increased allocation for LAG management, administration and animation is an explicit recognition of this need. Project selection procedures and criteria need to be adapted to meet this end. Monitoring and evaluation approaches and performance need to be improved at all levels.

LAGs pursuit of innovation appears to have been compromised by the mainstreaming of Leader within the RDPs and an element of risk aversion within managing authorities and paying agencies. This innovation is fundamental to the operation and added value of the Leader approach and will be strengthened in the new programming period. LAGS need to be challenging in their approach and in the solutions they pursue. It is therefore incumbent on managing authorities to consider how this may be achieved and on LAGs to re-energise and actively pursue this element of their work.

It is clear that the delivery model; employed has a very great bearing on the success of Leader delivery. Inappropriate models, e.g. those which introduce additional tiers of decision making or administration can seriously compromise or constrain the role of the LAG significantly dilute the added value of the leader approach. Protracted decision making and heavy administrative burdens have compromised Leaders local responsiveness and its relevance and appropriateness to the local community and its needs. In the worst cases this results in real costs to beneficiaries in terms of time, finance and other finite resources, The role of the LAG in this delivery chain must also be considered as they too have shown themselves capable of adding unnecessary layers of bureaucratic complexity.

Whilst greater clarity of respective delivery roles and improved governance structures will go some way to addressing some of the concerns expressed by the European Court of Auditors over local decision making and management processes directly addressing this remains a priority. The revised LEADER guidance goes some way to addressing this and that being

developed for the new programme will take this further. LAGs and Managing Authorities should nevertheless give active consideration to how this may be improved at their own level.

## 6.5 Specific lessons from LEADER in other European regions

In this section, we draw out some of the principal lessons which appear to be relevant to LEADER in Northern Ireland. This is structured around the research objectives identified in the study terms of reference.

### 6.5.1 What aims a Leader model should be used to deliver?

The definition of the aims for delivery by LEADER are to a very substantial degree defined by articles 42 – 45 of the draft Rural Development Regulation and articles 28 – 31 of the Common Provisions Regulation which both set out the objectives for Community Led Local Development. One of the main benefits of the approach and part of the reason for its inclusion is the ability to mobilise local resources for the development process and should complement the mainstream approaches linking local development actions. The overarching CPR aim is that CLLD should reinforce multi-level governance through ‘multi funded’ local development strategies and should improve strategic choices at Member State level regarding local development. The approach should be community led delivering integrated and multi sectoral area based local development strategies which take into account local needs and potential and in particular address local innovation, networking and cooperation. Under the RDP it is not suggested that the LDS be linked to the delivery of any standard measures, rather it should contribute to one or several of the six priorities and should not be restricted to the eligibility conditions of the standard measures. The programming of the LEADER approach under Priority 6, focus area b is merely for programing convenience.

It is however incumbent on Member States to define what the main challenges they intend to address through CLLD are, the main challenges they seek to address and the types of area in which it will apply, this will be set out in the Partnership Agreement. In this case therefore DARD will need to address these aspects and feed them into the UK Partnership Agreement.

It should be noted however, that experience from delivery of LEADER elsewhere indicates that the current NI approach is rather narrow, there are few other examples that are as restrictive:

- All measures under RD can be implemented through Leader: BE (Wallonia) CY, DE (Saarland, Mecklenburg-Vorpommern, Niedersachsen/Bremen, Schleswig-Holstein), IT (Lazio), LU, RO, UK (Scotland, Wales);
- Selected measures from all axes can be implemented through Leader: AT, CZ, FI, FR (continent), DE (Nordrhein-Westfalen, Thüringen), IT (Basilicata, Umbria), ES (La Rioja, Cantabria, Andalucia, Galicia ), UK (England);

- Only measures from Axis 3 can be implemented through Leader: IE, PT, LV, BE (Flanders), DE (Hamburg), IT (Emilia Romagna, Toscana, Valle D'Aosta, Sicilia, Sardegna), LT, PL.

## 6.5.2 What the new LEADER delivery structure might look like?

### 6.5.2.1 Number of LAGs and territory covered

There are minimum criteria specified by the EC which must be respected, the territories concerned must be well defined sub regional areas and should ideally be defined by the LAGs in developing their partnership and LDS. These areas should have sufficient critical mass to enable the development and delivery of a viable strategy whilst remaining locally engaged. Local connections and a tangible sense of place are often key factors in a successful LAG area; EC guidance indicates that these areas must be functionally coherent (in terms of the economy, environment, society etc.) and sets population and area limits i.e. sub regional, below NUTS 3 and with populations between 10,000 and 150,000.

From a practical perspective there is a minimum size required if the LAG is to be adequately resourced and viable. This is normally estimated at around €2m to enable an adequate and suitably skilled staff team covering management and administrative functions to be employed.

As the eligible spend for a LAG on staffing and management is a % of the total budget, currently 20% of budget, then clearly a LAG with a small budget has less resource for staffing and other management and administrative functions. All LAGs, regardless of budget carry a fixed cost e.g. in terms of their administrative and reporting functions which is not directly proportionate to the size of their budget. This tends to drive the staff of small budget LAGs towards performing low value administration oriented roles rather than the higher value development functions.

### 6.5.2.2 Role of local authorities/timing and potential impact of the Reform of Local Government

Local authorities play a vital role in many LEADER LAGs although they have no formally defined or specific role. Often they act as the accountable body in those cases where LAGs are unincorporated, here they often employ the staff on behalf of the LAG and provide a range of support services. Frequently, as an area based organisation they play a leading role in initiating and supporting development activity and in establishing the LAG, in almost all cases they are LAG partners and provide project match funding. Most commonly in the UK they are represented on the LAG by an officer, on those occasions when local politicians are members of the LAG their involvement tends to be as local representatives.

In both the LAG development and accountable body roles concerns arise that local authorities influence can become overextended. Where Local Authorities play a leading role in LAG establishment this often results in a focus on local authority boundaries. Whilst there

can be advantages in such coterminous boundaries there are also significant disadvantages e.g. in terms of the functional coherence of rural areas which is often markedly different from that of the authority. This can therefore present difficulties in working on locally defined issues or opportunities. It is quite clear in the current RDP<sup>16</sup>, EC LEADER Guidance<sup>17</sup> and in the future proposals<sup>18</sup> that there is no expectation that LAGs should follow local authority boundaries from an EU perspective.

The second main issue which arises is where the local authority confuses its role as accountable body with some degree of differentiated status within the LAG, in some cases almost ownership. This can be reinforced where the same boundaries apply and can result in undue influence being asserted. This must be avoided at all costs and the provisions in the regulations for LAG membership and (quorate) decision making are designed to reinforce this.<sup>19</sup>

### **6.5.2.3 Role of partnerships established under other EU programmes**

LEADER is designed to complement mainstream development activities and this should be addressed in the development of the LAG Local Development Strategy, the focus of LEADER support should very clearly be to complement at the local level rather than seek clear demarcation, this is a strong element of the added value of LEADER. In general terms the intention of the CPR provisions for Community Led Local Development are designed to enable a streamlining of local partnerships e.g. through multi fund approaches. This may not always be appropriate however e.g. as areas and functional geographies may differ, the scale and scope or area basis of interventions may also differ. In these cases there is scope for overlap perhaps with cross membership or representation of varying degrees of formality.

Another alternative seen in a number of Member States is for an umbrella organisation such as a formally constituted Local Development Agency which manages a number of funding strands each with their own strategy and area under an overarching local strategy but with separate sub partnerships and decision making bodies. For example this is common in Greece and is not dissimilar to elements of the approach in the Irish Republic. This is not without its challenges however as these bodies have to be self-sustaining and often face significant cash flow difficulties due to the European Funding circuits and funding gaps e.g., during transition periods.

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<sup>16</sup> Rural Development Regulation EU 1698 Article 61 (a) 'area-based local development strategies intended for well-identified sub regional rural territories';

<sup>17</sup> DG Agri Guide for the application of the LEADER Axis Chapter iv (1). It is not recommended to start from fixed administrative boundaries, consider their needs and then look for someone (usually from outside) to solve the problem. The cycle has to start with the actors in the territory, the definition of their needs, the identification of their potential and their strategy for the future. The precise boundaries of the territory depend upon who wants to do what with whom.

<sup>18</sup> Common Provisions regulation

<sup>19</sup> This was commented extensively by the European Court of Auditors in their 2010 Special Report on the Implementation of the Leader approach.



#### 6.5.2.4 Level of delegated authority/responsibility

As discussed above there has been a considerable investigation in a number of studies of the relative degrees of autonomy afforded to LAGs. Once again it has to be said that there is no simple or universal solution. In considering autonomy we have to consider what the governing factors or parameters are and what the risks and benefits of such higher levels of autonomy may be?

The benefits of higher degrees of autonomy are normally seen to rest in the greater ownership of the LDS within the community with greater freedom of operation and associated higher levels of accountability and responsibility for the delivery of the targeted outcomes. This is seen by many as the logical outcome of a mature LEADER process leading to self-sustaining community based local development organisations. It is interesting to note however that those LAGs who reported high degrees of autonomy in the Leader+ ex post evaluation did not always exhibit high achievement in these areas.

On the other hand many northern European LAGs are said to have limited autonomy in terms of delegation of payment and project approval competence but do in fact have a very high and well established degree of autonomy in decision making though effective processes of subsidiarity. Other LAGs with higher levels of autonomy in these terms may in fact be more restricted in their decision making. They can also be considerably compromised in their freedom of operation by the additional administrative and financial responsibilities they have to carry. This was highlighted in the English Leader+ case study where LAGs which were less burdened with procedures were able to focus more on development oriented activity. In the most extreme cases there are examples of autonomous LAGs, formally constituted who are now in serious financial difficulties or are in fact insolvent.

In establishing the level of delegated authority it is important to respect the LEADER principles on decision making, these are set out in the current regulation and are further reinforced in the proposed new Rural Development Regulation. This indicates that it is LAGs which are responsible for selecting projects and fixing the amount of support. Within this the decision making principles are strengthened responding to some of the issues which have emerged i.e. the partnership must not include more than 49% of any one interest group (including the public sector as a whole) and that decision making must be quorate with at least 50% non-public involvement. There are examples where these principles have been eroded or misconstrued which have damaged the effectiveness of Leader and its value to local communities.

The structure applied in Wales illustrates some of these difficulties. Here Axis 3 and 4 of the WRDP are delivered by 18 local partnerships based on local authority areas, some of these partnerships have a wider role and do not just cover rural development interests. There are cases where these partnerships are the LAG, sits as a sub-group of the partnership or is a completely external organisation. This causes two main difficulties: firstly there is a lack of clarity over the relative roles of the two bodies, within the community and within the



partnerships themselves (both in respect of members' perceptions and their operation). Secondly the LAG has to submit its projects to the partnership in the form of the business plan (in effect an implementation plan of projects at the beginning of the period). This introduces a further tier of involvement and oversight (and in some cases decision making) thus slowing the process and reducing the appropriateness and connectedness of this process to the rural community.

Whilst at the local level this causes some difficulty it is at the next level in the delivery chain that the main challenge arises. Welsh LAGs are not awarded a budget for their LDS against which to select projects and award support. The Managing Authority has divided the RDP period into two 'business planning' periods for Welsh LAGs. For each of these periods LAGs have been obliged to prepare a 'business plan' of projects they wish to support, these business plans are in effect their bids for funding. These are then presented to the Managing Authority as a portfolio of projects from which the Managing Authority decides which are to be supported and to what extent. LAGs and project beneficiaries are therefore required to develop projects fully with no view as to the likelihood of their being awarded funding. In effect LAGs are competing with each other for support on a project by project basis. This appears to be in some tension with the principles of Leader in supporting the development of viable and successful projects and places unnecessary demands on LAG and community capacity. Furthermore it causes a high level of uncertainty and introduces a significant delay into the process. It also compromises the accessibility of Leader to the local communities by compressing the periods for application and causes peaks in LAG workload.

This has been addressed to some extent in their business plan 2 period where umbrella or scheme projects have been required (one project per measure). Notwithstanding these difficulties there is one further major problem which relates to the decision making process itself, at this level in being required to gain approval for their 'business plan' the LAGs are not responsible for selecting projects or agreeing the amount of support, in fact this appears to be being done by the Welsh Government. On the plus side however once these business plan projects are approved LAGs have considerable decision making autonomy in their delivery.

In establishing the desirable level of autonomy it is therefore important to consider what the purpose of this is, what do we want to achieve and for whose benefit, ultimately how will this contribute to the objectives of LEADER and the RDP?

The following LAG tasks are specified as a minimum and therefore define the minimum delegated responsibilities.

- Building local capacity;
- Developing non-discriminatory and transparent selection criteria and procedures;
- Selecting projects which are coherent with the LDS;
- Preparing and publishing calls for project proposals and managing that process;
- Receiving and assessing applications;

- Selecting projects and fixing the amount of support;
- Monitoring and evaluation of the LDS.

#### **6.5.2.5 Control, monitoring and audit requirements**

The lesson here from across LEADER in the EU is that this has become disproportionate to the scale and nature of LEADER and is now a major burden which is seriously impeding the effectiveness of the approach. This is a direct effect of the attempt to 'mainstream' LEADER within the RDPs which sought to widen the application of the LEADER method but in fact has tended to see LEADER driven towards becoming a delivery mechanism subject to the same controls as the other RDP delivery mechanisms. A major factor in this has been where Managing Authorities have aligned LEADER with the delivery of RDP measures as this then means that the conditions pertaining to these measures then apply. This was not the intention; the original intention was that LEADER should 'contribute to the objectives of the other Axes'.

In the new RDR this has been addressed in three ways, firstly the focus of LEADER in contributing to the priorities and thus to the objectives of rural development has been restated and will be reinforced in the forthcoming guidance. Secondly the need to provide an adequate specification of respective roles in the vertical governance and management of the programme from the outset has been clearly established. Thirdly provisions have been made to simplify funding and its administration through the use of real cost and simplified cost options. This final provision should contribute considerably to improved proportionality in the approach, particularly with regard to smaller projects.

#### **6.5.2.6 Administration models (including models of funding disbursement)**

There are three basic models of funding disbursement as set out in the typology of LAGs developed under Leader Focus Group one. Under model 1 the MA or PA authorises claims and makes payments with no input from the LAG themselves, under model 2 LAGs receive and check claims and make payments then reclaim this from the MA/PA, under model 3 LAGs receive a 'block grant' and are responsible for all stages in the process. Models two and three have advantages in that LAGs control the process and can respond quickly, they may however face cash flow and management issues and need to resource these activities. The implementation of models 2 and 3 also have implications in terms of the greater degree of formality required for the delegation of these responsibilities to LAGs. Model one is simpler but can result in delays and creates some distance between the LAG and the funding of the project. This first model applies in Finland where they have managed to avoid the possible difficulties and maintain strong connections locally and with the LAG through their integrated ELY offices. There are 15 ELY offices which are regional centres for economic development, transport and the environment which operate on behalf of various ministries including agriculture and forestry. LAGs are normally based in close proximity to these and work in close cooperation interacting very directly. When a LAG approves a project the ELY

centre checks the eligibility and legality before authorising the funding, it plays no other role in decision making. The ELY centre is also responsible for the payment of claims and it is not uncommon for claims to be paid in two weeks here. There are other cases where this interaction extends as far as colocation which brings further benefits through informal interaction. The benefits of the coordination possible under both these approaches are important considerations when one is considering a multi fund approach.

Regardless of which of the three models is applied in considering the evidence from across Europe questions arise over what the best system of administration is? Many LAGs carry an extensive administrative burden and capability themselves which can have a significant effect on the nature and extent of their workload as already discussed. In many cases LAGs have developed their own or interpretations of common administrative systems and this can result in inconsistencies and difficulties. The question therefore arises as to whether it is necessary or desirable for LAGs to carry and resource a full range of administrative functions. Many of the back office and administrative functions are in fact services to LAGs and to the Managing and Paying Authorities, does a LAG need to deliver these directly or can these be contracted out? One solution is for LAGs to collaborate sharing a common administrative resource e.g. at a regional level; in larger countries or between clusters of LAGs. This allows economies of scale and the development of more consistent and higher quality approaches e.g. through employing full time specialist staff whose sole focus is on effective administration, as a service provider and answerable to the LAGs. This in turn allows LAG staffs to focus on development related functions.

#### **6.5.2.7 Costs**

There is much debate over the costs of the delivery of LEADER. If it is considered simply as a delivery scheme then it appears to be very expensive. The allocation of 20% of LDS value to management and administration would be unsustainable for many delivery schemes and does not take into account the costs of administering LEADER as part of the RDP. Interestingly the Axis 4 element of EFF makes an allowance of only 10% for such costs and the current 20% for LEADER is a 33% increase on the amount allowed under Leader+. Proposals for the new period make allowance for a further increase up to 25% of LDS value.

The reason for these allocations and increases is of course that LEADER is more than just a small scale grant delivery scheme; it is a development methodology which seeks to achieve sustainable effects within the communities involved. The levels of funding for management and administration therefore need to be justified in these terms, it is no coincidence that the increase to 25% in the allocation was accompanied by the explicit duties to undertake animation and evaluation. As already noted in small scale LAGs the ability to undertake these higher level tasks is limited by the pro rata allocation of funding, the increase is also designed to ease this. It should however be noted that this is a maximum allocation and, in the same way that smaller LAGs are limited the larger ones should be able to achieve economies of scale and higher performance of these functions. If the levels of management and administration funding across Europe's LAGs are examined it is clear that there are

many countries with highly successful LAGs e.g. Finland where very much lower proportions of funds are used.

The proportion of funding from RDPs to LEADER varies a lot, in fact in the accession countries it was not even 5% but half of that. It is not unusual for the allocation to be higher than 5% but this is very much affected by whether LEADER is being used to deliver Axis 3 measures and how much of Axis 3 it is delivering. Overall LEADER accounts for 6% of EAFRD, €5.4bn but 8.8% of total RDP public expenditure when national co-finance is added (there can be considerable variation here in LEADER co-financing). For the old member states the range is from 5% of total EAFRD in France and 5.5% Austria to 11.5% in Spain and 10% in IE, NL and PO.

**6.5.2.8 Extent to which LEADER strategies can (or cannot) include funding streams/directives beyond the current EAFRD LEADER programme (i.e. other European funds, other national government programmes.), taking account of the new EU regulations (including the finance and regulatory controls)**

The Common Strategic Framework and Common Provisions Regulation set out the scope for multi funded community led local development strategies although some of the detail of this has yet to be finalised. The intention is to enable stronger multi sectoral integration and greater complementarity between the funds whilst being better adapted to the characteristics of the LAG area. It would be wrong to interpret these provisions solely in terms of LEADER however, the provisions are for LAGs under any of the CSF funds to be able to access support for CLLD from the other funds and are designed to enable stronger coordination between the funds (in all cases). Under these provisions there is scope for LAGs to deliver fully fledged multi funded strategies on the basis of 'one area one strategy', to have complementary strategies from different types of LAG in partially overlapping functional areas or to retain the current mono fund approach. The provisions include coordination and harmonisation of the delivery rules, implementation principles, the possible use of simplified cost options and the designation of a 'Lead Fund' in the LAG which will cover all LAG management and administration costs. In this context the reinforcement of the need for clear definition of roles and responsibilities within the delivery chain is stressed. The implementation of these provisions is however up to the individual Member States and the approach for the UK countries will be set out in the UK CLLD section of the Partnership Agreement.

Key considerations in defining the approach to be adopted include:

**Multi funded strategies:**

- Multi-funded strategies are more complex to design and implement. They require a certain level of experience and sufficient capacity on the ground.

- Multi-funded strategies require broader LAG partnerships, as the strategies may address a larger number of issues and sectors.
- As the decision whether to opt for a multi-funded strategy or use a single fund should ideally be based on the individual needs and capacity of the area concerned it should therefore be the LAG that decides.
- Implementing this approach will take time and demand improved capacities in LAGs and the delivery chain.

**Parallel strategies:**

- There may be a need to have parallel strategies on overlapping territories due to the function that these territories fulfil e.g. with regard to LEADER and EFF Axis 4 where a LAG area (or several LAG areas) partly overlap(s) with a FLAG area. This stems from fisheries areas, being determined by the spatial distribution of the sector and the need to preserve the critical mass of fisheries related activity to bring about change for the fishing community.
- In such cases, parallel strategies could be run on the overlapping territory supported by several different funds (e.g. one by the EAFRD and the ESF; another by the EMFF) but also mono-funded strategies (e.g. one funded by the EMFF and another by the EAFRD). They would have to be complementary, co-ordinated and aim at synergies.

**Mono fund:**

Although this approach is in many respects simpler to manage it excludes broader approaches and constrains the potential for synergy between funds.

There are examples from across the EU where LAGs acting as Integrated Local Development Companies are successfully delivering other funding streams as is the case in the Irish Republic where in addition to Axes 3 and 4 LAGs also deliver the local development social inclusion programme. There is a strong example in Wales where the Menter Mon LAG has developed into a wider local development platform and in Greece where the Local Development Agencies act as an umbrella for LAGs and other funding strands e.g. EFF Axis 4. The common factor here is that in all cases these LAGs have evolved into wider organisations i.e. they are no longer simply LEADER LAGs but development organisations which use LEADER as one of their tools.

**6.5.2.9 Training and skills sets required to ensure groups have sufficient capacity to deliver using the LEADER methodology**

The skills which LAGs will require in future will be defined by the LEADER/CLLD approach to be adopted, the changes in the specified LAG tasks (e.g. monitoring and evaluation) and the extent of change or continuity between the current and future memberships and staff teams. The priority action required therefore, as identified in numerous LEADER evaluations and the Focus Group 1 and 4 reports, is to conduct an analysis of LAG capabilities and training needs. This must take into account the proposed division of tasks between the LAGs and the

authorities responsible for the design and implementation of the programme and should address core requirements such as strategic animation, strategy development, project delivery and management, monitoring and evaluation and LAG management and administrative functions. The responsibility for ensuring these needs are identified and addressed should be shared between the LAGs and MA, the Rural Network potentially can be a key contributor here in coordinating this.

#### **6.5.2.10 Continuity from one European funding period to the next**

As noted throughout this review LEADER is more than a delivery mechanism, rather it is a development approach and methodology. The importance of this has been recognised in the proposals for the wider implementation of the approach through Community led Local development. As such it is evident that the local development capacity and delivery capabilities which are established are both critical to the success of the approach and a core part of the outcomes delivered. It is important therefore to sustain and capitalise on these outcomes and to build on the capabilities established if the added value of LEADER is to be secured. In looking at the experience from across the EU it is clear that many of the most evolved LAGs are those which have developed their capabilities through succeeding generations of LEADER. This is clearly recognised in the EC proposals for LEADER and CLLD and the development of transitional arrangements is clearly recognised as a priority for DG Agri.

## 7 LEARNING FROM OTHER RURAL DEVELOPMENT INTERVENTIONS

### 7.1 Introduction

In this section we consider lessons from other rural development interventions (both LEADER-type structures and non-LEADER models and including Local Strategic Partnerships, top down approaches, other collective bodies, and private sector delivery agents). These include:

- Peace I - District Partnerships (Measures 6.1, 6.2, 6.3);
- Peace II - Local Strategic Partnerships (Measures 3.1 & 3.2);
- Peace II – Natural Resource Rural Tourism Initiatives\* (Measure 1.2);
- Peace III – Clusters (Measure 1.1);
- Programme for Building Sustainable Prosperity – Area Based Programmes\* – (Priority 4)\*;
- Interreg IIIA - Measure 1.4\*;
- Interreg IVA – Measure 2.1 (Rural Development Sub-Theme); and
- NIRDP 2007-2013 Axis 1 (private-sector approach to delivering elements of the NIRDP).

\*Note: In the 2000-2006 programming period, local rural development was supported through a number of EU co-financed programmes and was delivered through a range of different mechanisms. These included:

- Under the **EU Programme for Peace and Reconciliation**, DARD established five **Natural Resource Rural Tourism Partnerships** to help NI's disadvantaged rural areas take advantage of particular opportunities presented by their natural resources;
- Under the **Programme for Building Sustainable Prosperity**, DARD supported **Area-based Programmes and projects** to address both the needs and the opportunities of specific geographical areas;
- Under the **Interreg IIIA** programme, one measure was focused on Rural Development Initiative;
- Under the NI **LEADER+** Community Initiative, 12 LAGs, covering 94 per cent of the total eligible area and 43 per cent of the NI population, developed and implemented local development strategies that addressed the needs and potential for microbusinesses in their areas.

### 7.2 Summary of Interventions



**Table 11: Summary of Interventions**

Programme/ Measures	Timescales, Aims & Funding	Delivery Mechanism
Peace I - District Partnerships (Measures 6.1, 6.2, 6.3)	<p><b>Timescales: 1995 – 1999</b></p> <p><b>Programme Priorities:</b></p> <ul style="list-style-type: none"> <li>• 1. Employment</li> <li>• 2. Urban, rural and town &amp; village regeneration</li> <li>• 3. Cross border development</li> <li>• 4. Social inclusion</li> <li>• 5. Productive investment &amp; industrial development</li> <li>• 6. Partnerships</li> <li>• 7. Technical assistance</li> <li>• 8. Flagships</li> </ul> <p><b>Local Delivery</b></p> <p>Measures delivered locally in NI: 26 District Partnerships:</p> <ul style="list-style-type: none"> <li>• Measure 6.1 funded by ERDF (€30.3 M)</li> <li>• Measure 6.2 funded by ESF (€50.6 M)                             <ul style="list-style-type: none"> <li>• Measure 6.3 funded by EAGGF (€3.5 M)</li> </ul> </li> </ul> <p><b>Funding</b></p> <p>Overall budget for Peace I was <b>€500 Million</b>                      Sub-Programme 6 approx.: <b>€84.5m</b></p>	<p><b>Sub-Programme 6 / Delivery Mechanism</b></p> <ul style="list-style-type: none"> <li>• This was delivered by 26 District Partnerships (one for each council area / coterminous with Council Boundaries) + the NIPB = 27</li> <li>• The NIPB was established in 1996 as one of the intermediary funding mechanisms responsible for the delivery of the SPDDR in NI. The rationale behind the formation of DPs was to; ‘harness the energies and talents of local groups in pursuit of common goals’ and to ‘benefit all communities in an equitable and balanced way while concentrating on those areas and people who have suffered the most from the conflict’ (The European Commission 1995).</li> <li>• The aim of locally based partnerships is to build relationships and encourage activities which will contribute to the process of peace building in Northern Ireland. The empowerment of local people and the development of local projects to meet local needs are at the heart of the programme.</li> <li>• These specific aims set the NIPB / DPs apart from other delivery mechanisms within the SPDDR. The Partnerships’ ability to achieve these aims through the delivery processes adopted will indicate the added benefit of adopting this form of decentralised delivery mechanism. The NIPB was established to oversee the DPs Sub-programme.</li> </ul> <p><b>Links to Local Government</b></p> <ul style="list-style-type: none"> <li>• Each DP comprised: council representatives (elected members) (33%), voluntary/community sector representatives (33%) and</li> </ul>

Programme/ Measures	Timescales, Aims & Funding	Delivery Mechanism
		other interests such as business, trade unions and local statutory agencies (33%).
Peace II - Local Strategic Partnerships (Measures 3.1 & 3.2)	<p><b>Timescales: 2000-2004</b></p> <p><b>Programme Priorities:</b></p> <ul style="list-style-type: none"> <li>• 1 Economic Renewal</li> <li>• 2 Social Integration, inclusion and reconciliation</li> <li>• 3 Locally based regeneration and development strategies</li> <li>• 4 Outward and forward looking region</li> <li>• 5 Cross border Co-operation</li> </ul> <p><b>Local Delivery:</b></p> <p>The two measures were:</p> <ul style="list-style-type: none"> <li>• Measure 3.1 Local Economic Initiatives for developing the Social Economy;</li> <li>• Measure 3.2 Locally Based Human Resource Training and Development.</li> </ul> <p>The main delivery under each measure ran up to 2006 when the programme was extended through an amendment to Measure 3.1 Local Economic Initiatives for Developing Local Communities.</p> <p><b>Funding</b></p> <ul style="list-style-type: none"> <li>• Overall budget for Peace II was <b>€741 Million</b></li> <li>• Measure 3.1 (funded by ERDF): EU budget of <b>€39M</b> with a total budget of <b>€78M</b>. Measure 3.2 (funded by ESF): EU budget of <b>€30M</b> with a total</li> </ul>	<p><b>Local Delivery Mechanism</b></p> <ul style="list-style-type: none"> <li>• LSPs were created in 2001 as the mechanism for overseeing the allocation, monitoring and evaluation of the funding for 2 Measures of the Peace II Programme. There were 26 LSPs based on the previous DP model and reflecting the NI local government structure. The LSPs represented a further development of the model of partnership at local level. LSPs were designed to be more integrated and sustainable in their nature and to have a greater autonomy in their decision making. They were intended to be more than just a delivery mechanism for Peace II, and also have a strategy development role. The establishment and development of LSPs across NI aimed to provide local communities with the opportunity to participate fully in decision making both locally and regionally.</li> </ul> <p><b>Regional Partnership Board:</b></p> <ul style="list-style-type: none"> <li>• The RPB was set up to act as the co-ordinating structure to promote effective links between LSPs in different areas and between local authorities and IFBs. The role of the new RPB differs from the NIPB under Peace I. The stronger role of the Councils in Peace II made it inappropriate that a RPB should sit in an approval role.</li> </ul> <p><b>Links to Local Government</b></p> <ul style="list-style-type: none"> <li>• The LSPs were structured with between 16 and 28 members: the composition was 25% from each of: councillors, local statutory bodies, voluntary and community bodies and other social partners. These constitute a 50/50 partnership representing local</li> </ul>

Programme/ Measures	Timescales, Aims & Funding	Delivery Mechanism
	budget of <b>€47M.</b>	government and the statutory sector with social partners. <ul style="list-style-type: none"> <li>The RPB was comprised of national and local political representatives, social partners, Intermediary Funding Bodies (IFBs) and equality / environmental representatives.</li> <li>3 operational approaches were apparent.</li> </ul> The majority of LSPs operate as an integral part of the council. This has the advantage of synchrony with the council's own decision making, but the drawback of loss of distinctiveness, and that key decisions may still be taken by the council. <p>An estimated six LSPs (e.g. Lisburn, Ards &amp; Belfast) established independent staffs and secretariats.</p> Some LSPs operate a mix of these approaches (e.g. Cookstown), remaining integral to the council's operations but with separate premises and identity.
Peace II – Natural Resource Rural Tourism Initiatives (Measure 1.2)	<p><b>Timescales: 2000-2004</b></p> <p><b>Programme Priorities – as above for Peace II overall:</b></p> <p><b>Local Delivery / NRRTI</b></p> <ul style="list-style-type: none"> <li>Priority 1 Sustainable Tourism Development                             <ul style="list-style-type: none"> <li>Measure 1.2 (which is linked to 4.2b) is the Natural Resource Rural Tourism Initiative.</li> </ul> </li> </ul> <p><b>Funding</b></p> <ul style="list-style-type: none"> <li>Overall budget for Peace II was €741 Million</li> <li>Measure 1.2 (b) Budget overall was €17.4 Million</li> </ul>	<p><b>NRRTI</b></p> Measure 1.2 is implemented by DARD and is delivered through five tourism partnerships: <ul style="list-style-type: none"> <li>The NRRTI aims to assist the tourism industry to benefit from opportunities arising from peace, by promoting sustainable tourism which makes the best use of our natural and cultural resources.</li> <li>The 5 tourism partnerships are on 5 Areas of Outstanding Natural Beauty. The Partnerships are: Mourne Heritage Trust; South Armagh Tourism Initiative; Fermanagh Local Strategy Partnership; Sperrins Tourism and Causeway Coast and Glens Heritage Trust</li> </ul>
Peace III – Clusters	<p><b>Timescales: 2007-2013</b></p> <p><b>Programme Priorities</b></p>	The overall area covered by the Programme is NI and the Border Regions. In NI, there are 7 Clusters plus Belfast:

Programme/ Measures	Timescales, Aims & Funding	Delivery Mechanism
(Measure 1.1)	<ul style="list-style-type: none"> <li>• 1 Reconciling Communities</li> <li>• 1.1 Building Positive Relations at a Local Level</li> <li>• 1.2 Acknowledging and Dealing with the Past</li> <li>• 2 Contributing to a Shared Society</li> <li>• 2.1 Creating Shared Public Spaces</li> <li>• 2.2 Key Institutional Capacities Developed for a Shared Society</li> </ul> <p><b>Local Delivery</b></p> <ul style="list-style-type: none"> <li>• Measure 1.1 of the Programme is focused on developing positive relationships at a local level. The implementation of this activity was built upon the experiences of local partnerships in previous programmes and aimed to facilitate a strong partnership approach at a local level. Local authorities are again required to work with social partners to develop strategic responses to locally identified needs in a manner that represents the independence of social partners. The demonstration of active partnership is a requirement for funding.</li> </ul> <p>Funding</p> <ul style="list-style-type: none"> <li>• The total funding available for the Programme is</li> </ul>	<ul style="list-style-type: none"> <li>• Belfast (sole member)</li> <li>• North West – Omagh, Strabane, Derry (lead)</li> <li>• North Down (lead), Ards, Down</li> <li>• Lisburn (lead), Castlereagh</li> <li>• Southern – Armagh, Craigavon, Banbridge, Newry &amp; Mourne (lead)</li> <li>• Newtownabbey (lead), Antrim, Carrickfergus</li> <li>• Cookstown (lead), Magherafelt, Dungannon, Fermanagh</li> <li>• North East – Ballymena, Ballymoney, Larne, Limavady, Coleraine (lead), Moyle)</li> </ul> <p>In Republic of Ireland, there are 6 Councils responsible for delivery of Measure 1.1.</p> <p><b>Links to Local Government</b></p> <p>Local Authority led local action plans (Peace cluster plans) have been developed by 8 self-clustered local council groups in NI. All plans from NI and 6 from the Republic of Ireland have been approved. The relevant Lead Council/Lead Partner acts as a conduit of information/ source of verification between SEUPB and the Project Partners. The Lead Council is responsible for the Secretariat function to each Cluster.</p> <p>NI - Peace Partnership groups are composed of between 16 and 24 members from the statutory, community and voluntary sectors as well as elected Councillors. They are principally the main forum for debate and although final decisions cannot be ratified by these bodies due to the issue of ultra vires (Councils concede authority to Statutory Joint Committees in which only Elected Members have the power to make</p>

Programme/ Measures	Timescales, Aims & Funding	Delivery Mechanism
	<p><b>€333M.</b></p> <ul style="list-style-type: none"> <li>Cluster (NI) allocations ranged from <b>£2.25M</b> (Lisburn and Castlereagh) to <b>£6.3M</b> (Belfast)<sup>20</sup></li> <li>Council (RoI) allocations ranged from <b>€1.96M</b> (Sligo) to <b>€4.74M</b> (Donegal)<sup>21</sup></li> </ul>	<p>decisions regarding spend). The general consensus is that the Statutory Joint Committee does not overrule decisions previously made by the Peace Partnership.</p> <p>Local authorities are encouraged to form consortia that reflect areas under RPA and that take advantage of the competence and capacity that has been built up in the LSPs to date.</p> <p>Republic of Ireland – Councils / Peace Partnerships all conform to an established structure, with representation from the voluntary, statutory, community and business/trade union sectors. They are all either chaired by the County Manager or a Director of Development. The Peace Partnerships form a sub-committee of the relevant County Development Board.</p> <p>There is a degree of variation in the composition amongst the groups, with Peace Clusters such as Southern, North West and Belfast having a more significant presence from the statutory sector and regional peace and reconciliation delivery organisations. However, Clusters such as CAN and the South West initially sought a “bottom up” approach and had open recruitment in which private individuals could join the Peace Partnerships. Feedback from these Clusters indicates that this approach has brought with it excellent local knowledge and enthusiasm, but at the expense of limiting the ability of the Partnership to deliver projects directly.</p> <p>The only variations from this model are the North East Partnership and County Leitrim which have a number of sub-groups (or Project Steering Group in the case of North East) for each Priority. Each sub group is comprised of a Councillor and representation from across each of the</p>

<sup>20</sup> Belfast £6,299,415, North West £4,733,000, North Down, Ards, Down £2,688,849, Lisburn & Castlereagh £2,250,000, Southern £4,263,571, Newtownabbey, Antrim, Carrickfergus £1,954,868, Cookstown, Magherafelt, Dungannon, Fermanagh £3,441,600, North East £3,608,589

<sup>21</sup> Cavan €2,880,000, Donegal €4,737,600, Leitrim €2,032,400, Louth €2,815,200, Monaghan €3,600,000, Sligo €1,960,60

Programme/ Measures	Timescales, Aims & Funding	Delivery Mechanism
		sectors. The idea is to embed expertise within each of the sub-groups and to ensure that Partnership meetings are kept strategic in nature.
Programme for Building Sustainable Prosperity – Area Based Programmes* – (Priority 4)	<p><b>Timescales: 2000-2006</b></p> <p><b>Programme Priorities</b></p> <ul style="list-style-type: none"> <li>• Economic Growth and Competitiveness</li> <li>• Employment</li> <li>• Urban and Social Revitalisation</li> <li>• Agriculture, Rural Development, Forestry &amp; Fisheries</li> <li>• The Environment</li> </ul> <p><b>Local Delivery / Rural Development</b></p> <p>Under Priority 4, there are 13 Measures; 8 Measures are delivered as part of the NIRD valued at over 65meuro</p> <p><b>Funding</b></p> <p>NI BSP accounts for approximately two-thirds of the total Structural Funds resources committed to the Community Support Framework. This amounts to €890 Million.</p>	The Measures for which DARD (with RDC & RCN in some cases) had responsibility for delivering were: <ul style="list-style-type: none"> <li>• 4.4 Setting up of Farm relief and Farm Management Services - (DARD in association with RDC, 4.263meuro)</li> <li>• 4.6 Basic Services for the Rural Economy and Population - (DARD in association with RDC, 8.142meuro)</li> <li>• 4.7 Renovation and Development of Villages and Protection and Conservation of the Rural Heritage - (DARD in association with RDC and RCN, 23.385meuro)</li> <li>• 4.8 Diversification of Agriculture Activities and Activities Close to Agriculture to Provide Multiple Activities or Alternative Incomes - (DARD, 9.307meuro)</li> <li>• 4.9 Development and Improvement of Infrastructure connected with the Development of Agriculture - (DARD in association with RDC, 3.875meuro)</li> <li>• 4.10 Encouragement for Tourist and Craft Activities - (DARD in association with RDC, 10.073meuro)</li> <li>• 4.11 Protection of the Environment in connection with Agriculture, Forestry and Landscape Conservation as well as the Improvement of Animal Welfare - (DARD in association with RDC, 4.65meuro)</li> <li>• 4.12 Financial Engineering - (DARD, 1.55meuro)</li> </ul>
Interreg IIIA - Measure 1.4	<p><b>Timescales: 2000-2006</b></p> <p><b>Programme Priorities</b></p> <p>INTERREG IIIA is disaggregated into 4 Priorities (Priority 4 is “technical assistance”) and 11 Measures. The Measures</p>	INTERREG III promoted a greater partnership or ‘bottom-up’ approach to development. INTERREG guidelines state that a wide partnership is required and should include relevant socio-economic bodies such as national, regional and local authorities together with economic and social

Programme/ Measures	Timescales, Aims & Funding	Delivery Mechanism
	<p>are delivered by a range of stakeholders including Government Departments and Agencies, Cross Border Partnerships and Community Partnerships.</p> <p><b>Local Delivery:</b></p> <p>Priority 1 is “Integrated Local Development Strategies” and contains 4 measures:</p> <ul style="list-style-type: none"> <li>• Business and Economic Development</li> <li>• Knowledge Economy</li> <li>• Human Resource Development and Skilling</li> <li>• Rural Development Initiative</li> </ul> <p>Measure 1.4 aims to encourage rural businesses and communities to engage in developing the economic and social sustainability of the region and to promote the development and expansion of rural business</p> <p><b>Funding</b></p> <p>Interreg IIIA had a total allocation of €183m                      Priority 1 had a total allocation of €69m.                      Measure 1.4 had funding of €13.5 million</p>	<p>partners and other relevant bodies such as NGO’s, academics, etc. Partnerships should be involved from start to finish (e.g. strategy to implementation).</p> <p>Priority 1 Measure 4 has been administered by Cross-Border INTERREG IIIA Partnerships.</p> <p>This measure is aimed at Area Cross-Border Regeneration Groups, in 4/5 small geographically defined areas of rural disadvantage.</p> <p>The following types of local cross-border actions may be supported by the projects:</p> <ul style="list-style-type: none"> <li>• Basic services for rural economy and population</li> <li>• Encouragement for tourist and craft activities</li> <li>• Renovation and development of villages and protection and conservation of the rural heritage</li> <li>• Protection of the environment in connection with agriculture, forestry and landscape conservation</li> <li>• Development and improvement of the infrastructure connected with the development of agriculture</li> <li>• Financial engineering</li> </ul>
<p>Interreg IVA – Measure 2.1 (Rural Development Sub-Theme)</p>	<p><b>Timescales: 2007-2013</b></p> <p><b>Programme Priorities</b></p> <p>Cross-border (INTERREG IVA) programmes aim to bring adjacent cross-border regions closer together through the development of joint projects. Under these programmes, projects can be financed in a wide variety of themes e.g. culture, tourism, economic development and transport.</p> <p>The SEUPB manages the INTERREG IVA</p>	<p>Theme 2.1 aims to improve access to services so as to improve the quality of life for those living in the eligible region. This theme facilitates cross-border co-operation and the exchange of expertise, information and best practice between public bodies and other relevant stakeholders. This has been broken down into three sub-themes: Rural Development; Public Sector Collaboration; and Health.</p> <p>DARD and the Department of Community, Rural &amp; Gaeltacht Affairs (Ireland) are the accountable departments for the Rural Development funding. Projects must be of a strategic nature and capable of providing</p>



Programme/ Measures	Timescales, Aims & Funding	Delivery Mechanism
	<p>Programme for Northern Ireland, Ireland and Western Scotland.</p> <p>The programme is delivered through two priorities.</p> <ul style="list-style-type: none"> <li>• Priority 1: Co-operation for a more prosperous cross-border region.</li> <li>• Measure 1.1 Enterprise</li> <li>• Measure 1.2 Tourism</li> <li>• Priority 2: Co-operation for a sustainable cross-border region</li> <li>• Measure 2.1 Collaboration</li> <li>• Measure 2.2 Infrastructure</li> </ul> <p><b>Funding</b></p> <p>INTERREG IVA is worth €256 million in total</p> <p>There is an allocation of €10m available for Rural Development projects under Theme 2.1</p>	<p>sustainable benefits for disadvantaged rural areas on a cross-border basis. A grant rate of up to 100% is available.</p> <p>The eligible area for the programme is NI, the border counties of Ireland and parts of Western Scotland. Projects must involve partners from NI and Ireland or NI, Ireland &amp; Scotland. Within the Rural Development sub-theme (akin to a Measure), projects must focus upon rural regions of the eligible area.</p> <p>The Special EU Programmes Body (SEUPB) is the Managing Authority for the programme. SEUPB is responsible for calls for applications, assessment, issue of grant awards and payments.</p> <p>The Lead Partner for any application into this programme must be a Public Sector body or equivalent (e.g. Regional / Local Authority, State-funded Agency or similar).</p> <p>A call for applications under the Rural Development sub-theme closed in October 2009</p>
<p>NIRDP 2007-2013 Axis 1 (private-sector approach to delivering elements of the NIRDP)</p>	<p><b>Timescales: 2007-2013</b></p> <p><b>Private Sector Delivery / Top Down Approach</b></p> <ul style="list-style-type: none"> <li>• Measure 1.1 Vocational Training and Information Actions</li> <li>• Measure 1.3: Modernisation of Agricultural Holdings</li> <li>• Measure 1.4: Supply Chain Development Programme</li> </ul> <p><b>Funding</b></p> <p>NIRDP overall is worth around £500m</p>	<p>Measure 1.1 (includes Benchmarking, Focus Farms and Farm Family Options), Measure 1.3, and Measure 1.4 are delivered through a Partnership involving Countryside Services Ltd CSL (the commercial subsidiary of the Ulster Farmer’s Union) as lead partner, with two key sub-contractors AI Services (AI) and the Rural Development Council (RDC). Together these three organisations have formed the Countryside Agri Rural Partnership (CARP) ‘the Partnership’.</p> <p>The Partnership was appointed through a competitive tendering process. The contract is managed by DARD.</p>

Programme/ Measures	Timescales, Aims & Funding	Delivery Mechanism
	Axis 1 is worth around £50m in total <ul style="list-style-type: none"> <li>• Measure 1.1 (£6,380,000)</li> <li>• Measure 1.3 (£16,200,000)</li> <li>• Measure 1.4 (£2,760,000)</li> </ul>	

## 7.3 Value for Money

### 7.3.1 Peace I (1994-1999) – District Partnerships

The following overall estimate of impacts (based on expenditure to date) was presented in the KPMG Strategic Review of the Impact of District Partnership Expenditure in NI (KPMG, 2000):

“The projects supported by the partnerships have provided **employment, childcare places, training and physical regeneration**. We estimate that expenditure to date by the district partnerships, approximately **£35 million**, has had the following **major impacts**;

- 1,100 posts (full-time equivalents) funded directly and a further 1,200 jobs (full-time equivalents) generated as a result of their activities;
- 40 new buildings, 150 buildings upgraded and 100 sites improved;
- 1,000 new daycare places and 1,800 pre-school places;
- 60,000 hours of counselling and advice;
- 500 trainees into employment and 2000 into further training or education; and,
- 300 qualifications obtained with approximately 30% at NVQ Level 1 or above.”

These figures are estimates based on the grossed-up impacts; whilst they are not and could not be wholly accurate, as some of the activities funded have not yet taken place, they do nonetheless provide a reasonable guide to the scale of impact that the Partnerships have had.

### 7.3.2 Peace II (2000-2004) - Local Strategic Partnerships

The work of LSPs and Peace II funding in particular has led to the achievement of a range of identified outcomes and benefits. Such outcome measures are often linked to issues associated with peace and reconciliation including impact on sectarianism, anti-social behaviour among other areas. While measuring and isolating the impact of LSPs on such factors is particularly difficult; the following outcome measures, provided by NISRA provide an indication of the considerable impact made:

- Over 100 new businesses established;
- Over 400 jobs created and a further 280 established under extended Measure 3.1;
- In excess of 1,300 Local business, community organisations and social economy organisations showing improved business performance and growth;
- Over 6,000 participants entering/progressing within employment or education or further training;

In addition to these outcome measures there is significant anecdotal evidence provided across the information gathering of this assignment to suggest that a positive contribution has been made in the area of Peace and Reconciliation.

Specific measurable evidence of the impact made through funding of projects by LSPs is set-out by the output information provided by NISRA. A small selection of these output measures that link directly to peace and reconciliation are outlined below:

- Some 1,800 community infrastructure organisations participated in the development of initiatives, which supported peace and reconciliation and cross community contact;
- Over 14,000 Individuals and their representative groups, who have been particularly affected by the conflict, participated in life skill, personal capacity building and vocational training programmes;
- In excess of 1,500 Groups or individuals participated in [various] reconciliation projects
- Close to 270 social economy schemes [were] established in deprived areas.

Through survey data, Navigate Consulting (2009), observe that overall 100% of funded projects and 87% of LSP members indicated that the LSP Peace II delivery had a “Very Positive” or “Positive” influence on Peace and Reconciliation (the remaining 13% of LSP members suggested a “Slight Impact”). Conversely none out of a total of some 60 responses suggested that LSP Peace II delivery had “no impact” or a “negative impact” on Peace and Reconciliation. In addition to this analysis it worth noting that over 90% of LSP members and project members indicated that their LSP had made a “Very Positive”, “Positive” or “Slight Impact” on:

- Reducing sectarianism;
- Reducing social exclusion and isolation;
- Improving community relations;
- Enhancing training and employment opportunities
- Supporting social regeneration such as enhancing local communities;
- Building capacity in communities
- Supporting economic regeneration.

(Evaluation of LSPs, Navigate)

### **7.3.3 Peace II (2000-2004) – Natural Resource Rural Tourism Initiatives (2002-2006)**

Limited information on progress to date with respect of Outputs, Impacts and Targets is presented in the Ex-post evaluation of Peace I and MTE of Peace II (PwC); there is also some information in the MTE of NIRDP 2000-2006 (see Table 115 in Appendix 8 Section 8.2.3.1 for details of some outputs and outcomes from this report).

However, both reports relate to the programmes at their mid-points and therefore not the final out-turn figures in respect of costs or impacts.

### **7.3.4 Peace III (2007-2013) - Clusters / Local Peace Action Plans**

No impact information currently available

### 7.3.5 Building Sustainable Prosperity (2000-2006) – Priority 4

Some information is available in the MTE of the Building Sustainable Prosperity Programme although this generally considers performance at an overall priority level rather than separating out the 8 Measures for which DARD had responsibility. There is also some limited information in the MTE of NIRDP 2000-2006 (see Table 115 in Appendix 8 Section 8.2.3.1 for details of some outputs and outcomes from this report).

However, both reports relate to the programmes at their mid-points and therefore not the final out-turn figures in respect of costs or impacts.

### 7.3.6 Interreg IIIA (2000-2006) - Measure 1.4 Rural Development

The allocation for Rural Development Initiatives, Measure 1.4 is €13.5m and it aims to 'promote the economic and social development of rural dwellers through integrated local area based development strategies and projects that will provide benefits on a cross border basis'. The level of commitment as at end of March 2008 is €15.4m with an associated spend of €8.8m.

A final evaluation of the INTERREG IIIA programme (Impact Evaluation for the INTERREG IIIA Programme Final Report, FGS McClure Watters) stated that there are 14 area based strategies, delivered through 122 projects. Under Measure 1.4 all 11 targets that were set for this measure have been achieved. Regarding the physical progress of this measure:

- 14 Cross Border Area Framework Strategies have been supported;
- 484 rural businesses/enterprises have been assisted;
- 1,596 participants have been involved in cross border activity;
- 79 rural businesses/enterprises have been created; and
- 87.5 FTE jobs have been created from rural businesses/enterprises.

This measure has been noted for having a relatively low level of spend compared to the other measures set out in Priority 1. However despite the relatively low level of spend on this measure, all the physical targets have been significant. The Implementing Agent for this measure (DARD) stated that this progress is a reflection of the type of projects assisted and their level of interaction with community organisations (which is considered to be strong), rather than any issues with the realism of initial targets that were set for the measure and/or the consistency in the definitions used in measuring the impacts of Measure 1.4's activities.

(Note: There is also some limited information in the MTE of NIRDP 2000-2006 relating to Interreg IIIA (see Table 115 in Appendix 8 Section 8.2.3.1 for details of some outputs and outcomes from this report). However, this relates to the programme at its mid-point and therefore not the final out-turn figures in respect of costs or impacts.)

### **7.3.7 Interreg IVA (2007-2013) / Rural Development Sub-Theme (Measure 2.1)**

No impact information currently available

### **7.3.8 NIRD (2007-2013) - Axis 1**

The MTE of NIRD 2007-2013 notes that the Partnership model has proved very successful to date in Axis 1, noting that it appears to be a cost effective manner of utilising an umbrella of organisations, with the necessary skills and an excellent understanding of their customer base. It is recommended that the partnership model be utilised in the future subject to assessment of its continued overall effectiveness.

## 8 CONCLUSIONS AND RECOMMENDATIONS

### 8.1 Introduction

This section sets out the background to LEADER and the conclusions and recommendations from the research.

### 8.2 Background to Rural Development Programmes in NI

The first Rural Development Programme (RDP) began in NI in 1991. It was established to help rural communities meet the needs of a changing economic environment. Successive programmes have aimed to improve the economic, environmental and social opportunities available to people in rural areas. In NI, DARD fills the role of developing and co-coordinating rural development policy, managing the implementation of rural development strategies, programmes and projects, and acts as an interface between the RDP and other public sector bodies.

Since the first RDP, there has been considerable change in rural development policy and practice, as well as the rural landscape. However the basic foundations of the RDP have remained constant and are largely consistent with the LEADER principles.

The LEADER-type approach to delivery essentially involves a bottom-up method of delivery. The four generations of LEADER in NI are briefly described below.

- LEADER I was delivered between 1991 and 1993. Introduced by the EU as a means of stimulating innovative local approaches to rural development, LEADER I in NI was targeted at non-profit making rural community groups in the most deprived rural areas. The Rural Development Council (RDC) was the sole distributor of the £4.5 million allocation. Community projects were funded under a range of measures including: technical assistance, rural tourism, vocational training, small enterprise and agricultural diversification.
- LEADER II – implemented between 1994 and 1999 – sought to follow the wider European model of rural development of adopting a more “local” or “bottom up” and area-based approach to the development and implementation of the programme. Its design was informed by learning from the implementation of LEADER I and gaps identified in its deliver; (it was felt to be too restrictive and did not generate widespread ownership across rural NI), however its broad aims remained the same. It was implemented by 15 Local Action Groups (LAGs) and 9 Other Collective Bodies (OCBs). These 24 groups had responsibility for 4 Measures (Acquisition of Skills, Rural Innovation Programmes, Transnational Co-operation and Networking) and a budget of £14m. The programme was jointly funded by DARD (35%) and 3 of the EU Structural Funds (European Regional Development Fund (ERDF), European Social Fund (ESF) and the Guidance section of European Agricultural Guidance and Guarantee Fund (EAGGF)).



- The LEADER approach was fully adopted via the LEADER+ Community Initiative (CI) in the 2000 to 2006 programming period. This maintained the ethos of the previous LEADER programmes. Under the Northern Ireland LEADER+ Community Initiative, 12 LAGs covering 94% of the total eligible area and 43% of the Northern Ireland population, developed and implemented local development strategies that addressed the needs and potential for microbusinesses in their areas. The focus of the NI LEADER+ programme in contrast to other LEADER+ programmes across the EU was solely on micro-business development in the private sector (e.g. farms or rural businesses employing 10 people or less). The programme in NI was structured around 3 key Actions (Territorial Rural Development Strategies, Co-operation and Networking) and was worth over £21m. Rural development measures in this period were funded through the Guidance section of the EAGGF and other structural funds (ESF, ERDF and FIFG).

LEADER in the 2007-2013 funding period was designed drawing on the local community-based capacity and knowledge acquired through community-led rural development in the three previous LEADER programmes. LEADER was included for the first time as a cross-cutting axis which was designed to contribute to the three other axes in the RDP at a local level. Axis 4 – Implementation of the LEADER approach is intended to build local capacity for employment and diversification. While contributing to the other Axes in the Programme, it also has an important role to play in improving governance and mobilising the endogenous development potential for rural areas. It was intended that the LEADER approach would be characterised – as before - by the 7 key features (described in Section 2.3). The LEADER Axis should also promote an area-based strategic approach to improving the quality of life in rural areas and the diversification of the rural economy; and should encourage the identification of sectors or issues which could benefit from a co-operation approach. This LEADER approach is being used by 7 LAGs with responsibility for allocating funding of £100m across the Axis 3 Measures (except support for rural broadband). The 6 Measures support a diverse range of beneficiaries and activities in rural communities (Diversification into non-agricultural activities; Business creation and development; Encouragement of tourism activities; Basic services for the economy and rural population; Village renewal and development; and Conservation and upgrading of the rural heritage). As detailed in Appendix 3.2 (Tables 95 and 96), there has been a very low level of spend under Measure 4.2 Inter-territorial and Transnational Co-operation; this is not surprising given the focus on ensuring that funding is spent (and the majority of this was allocated to Measures 3.1 to 3.6).

Across the four generations of LEADER, the following points are of note:

- A common theme across all four generations of LEADER has been the significant contribution (including time, knowledge and experience) of the LAG members (including many who are volunteers) in assessing area needs, assessing funding applications and making recommendations for funding as well as supporting delivery of the programme in their areas.

- The range of measures supported has broadened over the four generations of LEADER developing to include a broad spectrum of support for rural communities in its most recent iteration.
- Over the four generations of LEADER, the scale of funding allocated to LAGs has increased substantially – particularly between the previous and current programmes where there was an almost five-fold increase to £100m. Compared to budgets in other parts of the UK, the NI LEADER budget is relatively high (England: £133m across 64 LAGs; Scotland: £52m (plus £19m for convergence area (Highlands & Islands)) across 20 LAGs; Wales: £45m across 18 LAGs), but is more comparable to the scale of funding in Ireland (€400m across 36 LAGs). Managing the substantial increase in budget has placed new demands on the LAGs, who simultaneously had to address challenges presented by establishing a new 7-LAG model for the 2007-2013 programme, together with meeting requirements of the control and auditing regime<sup>22</sup>. There is a view (shared by some of the LAGs) that the scale of funding allocated to LEADER was perhaps too high.
- From the perspective of the LAGs, the requirements of the control and auditing regime are felt to have been particularly restrictive in the current round of LEADER; they would argue that the focus on process and audit has hampered (and will continue to do) their ability to fulfil the innovative and developmental aspects of the LEADER principles. This conflict between innovation and audit is recognised by DARD. However, DARD must meet the requirements placed on it by the European Commission, which as already noted are tighter in times of austerity.

### 8.3 LEADER 2007-2013 – Rate of Spend

The issue of under spend / slow rate of spend by the LAGs has been highlighted in the Mid Term Evaluation of the NIRDP 2007-2013 and again in the Mid Term Evaluation Update.

Actual spend to 31 March 2012 and forecasts to 2014/15 (see Appendix 8 Section 8.3.2.5 Table 118) suggest that the LAGs planned to meet the projected levels of spend (but this was taking forecast spend into account). This table shows actual spend of £27.7m to 31 March 2012 (£19.8m project spend and £7.9m admin spend) against an allocation of £100m across the 6 Measures in Axis 3.

A more up to date view is reported in Appendix 8 Section 8.3.2.1. DARD's Rural Development Division reports that the programme is on track to achieve full commitment by the end of 2013. Key data is presented in the table below (against an overall allocation of £100m to the LAGs).

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<sup>22</sup> Audit checks such as administrative checks and On The Spot Checks (OTSC) are required by Regulation. The LAGs are not alone in facing these; DARD also faces audit checks - it is subject to audits by the European Commission and the European Court of Auditors. The ECA is clear that in times of austerity and based on previous audit reports that audit controls need to be tightened by all Managing Authorities and Paying Agencies.

**Table 12: Axis 3 Progress (Spend and Commitment) to March 2013**

Allocation to 6 Measures under Axis 3	Spent / Committed	Approved by JCCs to receive offers of funding	Applications being progressed through the assessment and appraisal process
£100m	over <b>£67.4 million</b> in grant assistance	applications worth <b>£10m</b>	309 applications (seeking grant of <b>over £23m</b> )

However, despite the level of commitment achieved (and significant reliance is being placed on this), actual spend has continued to be slow. So to March 2013, there has been a total of **£39m** Axis 3 expenditure since the start of the programme (made up of **£29.2m** project spend and **£9.8m** Councils' admin spend. An additional £1.5 million has been spent on rural broadband).

There is therefore a continued risk that the total spend target will not be achieved, and it is considered further in a number of specific recommendations.

## 8.4 LEADER – Impacts

### 8.4.1 LEADER – Social and Economic Impacts

Across the three programming periods, LEADER has delivered a range of economic and social impacts these can be broadly categorised as economic regeneration, community cohesion / empowerment and rural development. These include:

- Training / advice / employment programmes and improved labour market access
- Diversifying sources of farm income
- Tourism – support for tourist attractions and creation of tourist beds
- Job Creation and Maintenance
- Business Creation and Maintenance
- Buildings restored and used by trading businesses
- Leverage of investment into rural regeneration
- Building Capacity and Confidence in rural communities
- Improving Quality of Life / Addressing Social Issues
- Skewing resources to individuals, groups and areas as being in greatest need
- Create local synergy
- Improve skills / capacity of project promoters ( in accessing EU funds)
- Networking and information sharing

### 8.4.2 LEADER – Effectiveness as a Policy Instrument

The LEADER approach has been shown to be effective to varying degrees across a number of areas, detailed below.

### **Empowering local communities to address local problems in line with national strategy objectives**

The LEADER methodology enabled local communities to develop and implement integrated rural development strategies in response to local needs and taking account of national objectives. The “bottom-up” approach provided the means by which local communities have been empowered to address local problems. The preparation of local strategies and business plans by each LAG provided a means to link local needs with national strategy objectives. This was evidenced through the projects coming forward based on local needs. In practice however there were some issues around implementation which may have detracted from effectiveness: for example not all LAG representatives were in place when the strategies were developed. Furthermore, the strategies needed to be kept up to date, continuing to reflect local needs and priorities and this was not always the case.

### **Delivering national policy objectives identified in local development strategies**

Each LAG was required to develop a strategy setting out their plans for delivery of Measures in their areas using LEADER. These strategies were informed by national policy objectives as set out in the overall RDP programme document. It therefore provided the mechanism through which local communities could contribute to national strategic objectives. However, in practice calls for applications were opened across all Measures simultaneously and did not target or focus on either sectoral or geographic opportunities specific to the LAG and its strategy.

### **Giving more added value to rural development delivery compared with other approaches such as top down implementation;**

The main benefits from the bottom-up approach have been:

- Use of local and regional knowledge, local community networks, and grass roots organisations to facilitate Programme delivery.
- Wider participation and engagement in rural development
- Increase in local confidence resulting from local participation and consultations.
- Promoting a sense of independence ‘on the ground’ from the availability of an accessible local funding source.
- Evidence of Voluntary Inputs being leveraged
- Enhanced relationships between private, voluntary, community and statutory sectors

Whilst we have evidence of these benefits occurring, the main focus for LAGs has been on assessing applications. Any future approach should seek to maintain a balance between the processing of applications function and the ongoing need to keep local stakeholders involved in identifying needs and supporting delivery.

### 8.4.3 LEADER – Suitability to Different Rural Interventions and Lessons Learnt

Across the three programming periods in which we have reviewed LEADER in detail, key lessons have been identified from the LEADER approach (taking into account the areas in which recommendations for the application of LEADER in the next RDP are to be made – where there is relevant information). These are fully documented in Section 4.2.4 and have been used to inform the recommendations in Section 8.9.

## 8.5 Other Rural Development Interventions in NI

In Section 7 we consider other rural development interventions (both LEADER-type structures and non-LEADER models and including Local Strategic Partnerships, top down approaches, other collective bodies, private sector delivery agents). These include:

- Peace I - District Partnerships (Measures 6.1, 6.2, 6.3);
- Peace II - Local Strategic Partnerships (Measures 3.1 & 3.2);
- Peace II – Natural Resource Rural Tourism Initiatives (Measure 1.2);
- Peace III – Clusters (Measure 1.1);
- Programme for Building Sustainable Prosperity – Area Based Programmes – (Priority 4);
- Interreg IIIA - Measure 1.4;
- Interreg IVA – Measure 2.1 (Rural Development Sub-Theme); and
- NIRDP 2007-2013 Axis 1 (private-sector approach to delivering elements of the NIRDP).

Across the other rural development interventions we have reviewed, summary information and information is set out on VFM (where available). This has been used to inform the recommendations in Section 8.9.

## 8.6 Best Practice from Other Regions

In Section 6 and Appendix 9, we consider lessons from other European regions, in particular England, Wales, Scotland and the Republic of Ireland. Across the regions reviewed, key lessons have been identified (taking into account the areas in which recommendations for the application of LEADER in the next RDP are to be made – see Terms of Reference 5 – where there is relevant information). These are fully documented in Section 6 and have been used to inform the recommendations in Section 8.9.

## 8.7 Overall Assessment of VFM in comparison to other Rural Development Interventions

Value for Money (VFM) is assessed by reviewing the efficiency, effectiveness and economy of the LEADER approach. So in order to assess value for money we have considered:

- **Efficiency:** In order to assess efficiency, we would wish to consider the ratio of impacts to programme costs. This assessment is not without its difficulties as in many cases, outcomes are not yet fully realised (much of the available data is based on Mid Term rather than ex post evaluations or the programmes are still “live”), also some outcomes and impacts cannot easily be monetised. In considering efficiency, we also take into account that the LAGs were set up to mirror the changes expected to local government through RPA. As these changes have not occurred, the new structures (7 LAGs each working across typically 3-4 Council areas) have not been able to link as directly as expected with council strategies (26 Councils). In addition, the administration function is duplicated across 7 areas. The LEADER approach is a more expensive delivery model than those involving direct delivery by DARD or a single body.
- **Effectiveness:** In order to assess effectiveness, we consider the extent to which interventions have met their aims and objectives. The LEADER approach has delivered a wide range of impacts as shown above, however the significant underspend in the current programme places the approach at risk of underperforming in this area. The approach has delivered a bottom up approach building on local knowledge and initiatives. However, the focus has changed to processing project applications in an effort to increase spend. In comparing the effectiveness of LEADER with other rural interventions, there is very limited comparable information which can be used. However as shown in Appendix 8 Section 8.2.3.1, a comparison of the cost per job created under LEADER+ and BSP<sup>23</sup> shows that LEADER strongly outperforms BSP. However this is only on one indicator (others are not quantitatively measured) and the information is based on a Mid Term Evaluation rather than a final evaluation, hence demonstrating the difficulties in using such information.
- **Economy:** As noted in Section 6.5.2.7, there is much debate over the costs of the delivery of LEADER. If it is considered simply as a delivery scheme then it appears to be very expensive in comparison to other approaches. The allocation of 20% of LDS value to management and administration would be unsustainable for many delivery schemes and does not take into account the costs of administering LEADER as part of the RDP. The reason for these allocations and increases is of course that LEADER is more than just a small scale grant delivery scheme; it is a development methodology which seeks to achieve sustainable effects within the communities involved. The levels of funding for management and administration therefore need to be justified in these terms.

In assessing Value for Money overall, there is evidence that the LEADER approach can be both efficient and effective, but there are risks attached to how it is being managed and delivered at present, and these need to be addressed in the new programme (see recommendations).

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<sup>23</sup> The 8 measures under BSP were delivered by DARD – in some cases along with RDC and RCN.



## 8.8 Recommendations

In this section we make recommendations on the possible models for using a LEADER approach in the new rural development programme. These recommendations are informed by our review of:

- previous applications of LEADER in NI in 1994-1999, 2000-2006 and 2007-13;
- other rural development interventions in NI; and
- good practice from other European regions.

### 8.8.1 What aims a Leader model should be used to deliver

Experience from delivery of LEADER in NI to date shows that it has been used to support a range of measures including support for farm diversification, support for micro-enterprises, rural tourism and more recent projects with a social / community focus including basic services for the rural economy, village renewal and conservation / rural heritage. Feedback from consultees in the current programming period highlights that:

- there is little appetite from the LAGs to “give up” any of the Measures they currently deliver;
- an alternative approach would be to keep the LAGs delivering the same types of Measures but with a focus on small scale, local projects; with DARD also delivering under the same Measures but on large scale strategic projects;
- some measures were felt to have a good fit with local government and could therefore be best delivered “in-house” by Councils (some consultees suggested Village renewal and/or support for SMEs / micro-enterprises (complementing other LED work being undertaken by Councils));
- the “one size fits all” approach offering the same process for different types of grants to different target groups (from farmers to voluntary / community groups) was not favoured by all. There is also a view that different skills / approaches required to work with private sector and community/voluntary sector applicants.

Experience from delivery of LEADER elsewhere shows that there are a number of examples that have similar levels of restriction, but there are also other regions where all measures under RD or selected measures under all Axes under RD can be implemented through LEADER.

Looking ahead to the 2014-2020 programming period, there are a number of parameters within which any LEADER model must operate:

- The definition of the aims for delivery by LEADER are to a very substantial degree defined by articles 42 – 45 of the draft Rural Development Regulation and articles 28 – 31 of the Common Provisions Regulation which both set out the objectives for Community Led Local Development. The approach should be community led delivering integrated and multi sectoral area based local development strategies which take into



account local needs and potential and in particular address local innovation, networking and cooperation. Member States are required to define the main challenges they intend to address through CLLD and the types of area in which it will apply; this will be set out in the Partnership Agreement. Therefore DARD will need to address these aspects and feed them into the UK Partnership Agreement.

- Under the RDP it is not suggested that the LDS be linked to the delivery of any standard measures, rather it should contribute to one or several of the six priorities and should not be restricted to the eligibility conditions of the standard measures. The RDP 2014-2020 will be based around 6 priority areas (see Table 4 in Section 3.3.3) and therefore LEADER will be required to contribute to some or all of these; these include:
  - **Priority 1:** Fostering **knowledge transfer and innovation** in agriculture, forestry, and rural areas;
  - **Priority 2:** Enhancing **competitiveness** of all types of agriculture and enhancing **farm viability**;
  - **Priority 3:** Promoting **food chain organisation** and **risk management** in agriculture;
  - **Priority 4:** **restoring, preserving and enhancing ecosystems** dependent on agriculture and forestry;
  - **Priority 5:** Promoting **resource efficiency** and supporting the shift towards a **low carbon** and **climate resilient** economy in agriculture, food and forestry sectors;
  - **Priority 6:** Promoting **social inclusion poverty reduction and economic development** in rural areas;
  - [Note: the programming of the LEADER approach under Priority 6, focus area b is merely for programing convenience.]

It is also important that LEADER contributes to relevant NI rural policy and DARD's Strategic Objectives and Targets:

- DARD's Draft Strategic Plan 2012 – 2020 (August 2012) includes the following under Goal 2 (To improve the lives of rural dwellers):
  - 'We will promote equality of opportunity and good relations for rural dwellers'.
  - 'We will tackle rural poverty and social isolation by working with the Executive, other Departments and Agencies, and rural stakeholders. The Department will provide a range of services including technical advice and support focused on the farm family household. We will also take steps to help the wider rural community and under-represented groups to benefit from funding programmes and initiatives such as the Tackling Poverty and Social Isolation Programme.'
- The Rural White Paper Action Plan for Northern Ireland (June 2012) contains a vision and action plan for rural areas, which were developed as a result of numerous consultations with a Stakeholder Advisory Group, other Government departments and

ministerial colleagues. The vision, as laid out in the Rural White Paper Action plan, is as follows:

- “A fair and inclusive rural society where rural dwellers enjoy the same quality of life as all others in the region. We envisage vibrant, strong rural communities, resilient and receptive to global trends through strong inter-linkages with urban areas and market towns.”
- This is underpinned by five themes with associated policy priorities and actions (Urban/Rural Linkages; Access to Services; Sustainable Rural Communities Sustainable Rural Economies; and Sustainable Countryside).
- Under the themes, Sustainable Rural Communities, there is a policy priority relating to RDP and ensuring that maximum benefit is achieved for rural communities.

LEADER needs to mobilise local resources whilst complementing the mainstream approaches in each of these areas. However there are advantages and disadvantages to the LEADER and these need to be taken into account when making decisions on the extent to which LEADER is used to deliver the RDP.

**Table 13: Advantages and Disadvantages of using the LEADER approach in Northern Ireland**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Utilises local knowledge from a range of stakeholders to plan and deliver the funds available.</li> <li>• Ensures other stakeholders outside the traditional rural development arena can be engaged.</li> <li>• Provides the opportunity to link plans for rural development with other local plans and create synergies.</li> </ul>	<ul style="list-style-type: none"> <li>• Track record of underspend.</li> <li>• Local Development Strategies – in practice these have not been used in the way that was intended. At the outset, these were intended to be “living” documents informing decision-making and how funding would be used. Perception that LAGs did not have the opportunity to take ownership of the strategies. So calls for applications have tended to be generic rather than focused on the strategies. This diminishes the potential strategic impact of the Axis. Furthermore, there is no sense that the strategies were being revisited / updated.</li> <li>• Working relationships between DARD and JCCs/ LAGS have not always been as constructive as they could be and in the past there has been a lack of mutual trust. [Note over the past 12 months these relationships have improved significantly for example through the bi-monthly Strategic Forum Meetings between representatives of DARD, Lags, JCCs and lead Councils which have progressed to become much more business-like and constructive, and tension is minimised. A series of meetings were held during 2012 between senior representatives from DARD and the LAGs, JCCs and councils. These involved frank discussions about the way ahead (from both sides) and this has contributed to a greater degree of understanding about the benefits in working together.]</li> </ul>

The table above demonstrates that whilst there are advantages to using LEADER there are also significant disadvantages, based on the model as it has operated to date. It is clear therefore that the reasons for underspend need to be identified and managed before any new funds can be invested through the model. In addition, the relationships between DARD as the contracting authority and JCCs/ LAGs as the delivery agents need to be further strengthened before monies can be entrusted to this route.

If these issues were resolved and there was evidence that the learnings from the past would not recur, then there is no reason why the LEADER approach could not be used to deliver across all priority areas. However, in practice the issues raised above will take time to resolve and until then the focus should be on minimising the risk of monies not being spent and having to be handed back to the European Commission. Until evidence exists that these issues are therefore resolved, the LEADER approach should be focused on minimum EU requirements. Any decision to allocate more than the minimum levels required by the EU should be based on the track record of the LAGs regarding spend/ quality of spend and on their skills and capacity with regard to future delivery (developed in recommendation 2).

#### Recommendation 1:

We recommend that the LEADER approach should be used to deliver on funding up to the minimum requirements set by the EC. (We would wish to see the funding increased beyond this level but this should only happen if the risks highlighted above have been minimised or resolved and this should be the aspiration for future programmes).

We further recommend that the LEADER approach is used to complement mainstream rural strategies (set out in the Rural White Paper Action Plan and the DARD Draft Strategic Plan) through delivering on areas under Priority 6 as listed in the draft RDR.

We recommend that if networking / cooperation is considered in any future programme, that this is planned in at any early stage (given the likely lead in time to set up and implement) and also that the LAGs build / strengthen links with the ENRD.

### 8.8.2 What the new LEADER delivery structure might look like

#### 8.8.2.1 Number of LAGs and territory covered

Evidence from delivery of LEADER in NI to date illustrates that the number of LAGs has varied from one LEADER initiative to another (LEADER II / 15 Local Action Groups (LAGs) and 9 Other Collective Bodies (OCBs); LEADER+ / 12 LAGs; LEADER 2007-2013 / 7 LAGs). In the current programming period, the number of LAGs was established to mirror the proposed RPA 7-Council structure (which did not go ahead). The LAG territories have tended to be coterminous with Council areas (1 or more Council areas per LAG) and between LEADER II and LEADER+, there was some continuity.

Looking ahead to the 2014-2020 programming period, it is important to take into account the learning that changing the structure / composition requires planning/ a transition period in order to allow new structures to be bedded in. There is also a risk of losing capacity and experience built up in previous programmes.

Evidence from delivery of LEADER in other European regions highlights that:

- EC guidance indicates that LAG areas must be functionally coherent (in terms of the economy, environment, society etc.) and sets population and area limits i.e. sub regional, below NUTS 3 and with populations between 10,000 and 150,000. The territories must be well defined sub regional areas and should ideally be defined by the LAGs in developing their partnership and LDS. These areas should have sufficient critical mass to enable the development and delivery of a viable strategy whilst remaining locally engaged. Local connections and a tangible sense of place are often key factors in a successful LAG area.
- From a practical perspective, there is a minimum size required if the LAG is to be adequately resourced and viable. This is normally estimated at around €2m to enable an adequate and suitably skilled staff team covering management and administrative functions to be employed.

Other factors to be considered include:

- The balance between cost, maintaining a genuine bottom-up approach and the number of LAGs (see discussion under Section 8.8.2.7 and the need identified to set up a centralised administration support structure, in order to deliver this structure in an efficient way);
- Councils favour LAG boundaries which are coterminous with Council boundaries rather than a sub-regional approach which might split Council areas across more than 1 LAG (e.g.: part of one Council area in 1 LAG and another part of the Council area in another LAG). Councils would be reluctant to adopt such a structure;
- The reform of local government which will see the number of Councils reduce from 26 to 11 (process due to be completed by April 2015);
- Coterminosity: Benefits and disadvantages. With multiple council areas, there are advantages of synergies with other sub-regional activity and the opportunity to build on existing relationships. However there are disadvantages in terms of an additional layer of administration and decision-making slowing down the process and diluting the bottom up element. The number of LAGs is already disproportionate to the rural population by comparison with Scotland, England and Wales, therefore any move to increase the number of LAGs would need to be offset by savings in the current delivery model.
- Transition Period: Learnings from previous LEADER evaluations show that a transition period is needed to bed in any new structures.
- Risk of Losing Experienced Managers and Staff: Any uncertainty about new structures and the resources needed to support them, will result in some of the experienced LAG managers and support staff moving on to new roles, leaving the new structures with the need to appoint new staff who will not have the experience of what has worked or not worked in the previous programme. To minimise the uncertainty there needs to be a communication process put in place.

**Recommendation 2:**

We recommend that the new LEADER delivery structure moves to reflect the new RPA structures, namely the 11 new Councils. This will need a transitional period to support effective implementation; therefore the structures should be put in place at the start of the new programme, in advance of RPA. A change management programme should be put in place by the Councils during the transitional period to support the development of capacity and skills. Also as current managers and staff face uncertainty about the future, a communication process should be put in place by the Lead Council (and through the JCC and LAGs) to keep them up to date with developments.

**8.8.2.2 Role of local authorities/timing and potential impact of the Reform of Local Government****Evidence from delivery of LEADER in NI to date:**

- Local government has had a role to play in all of the LEADER programmes – including Councillors having a role on the LAG (LEADER II, LEADER+ and in the current 2007-2013 programming period) or more recently Councils having responsibility for the delivery of the programme (contracting with DARD) as the JCC.
- Where Councils are involved in providing funding / services to a partnership, it is common practice that there is representation on the board of the partnership at Councillor level; This often includes representation from all political parties (not just one representative per Council) and hence influences the size of the board (taking into account corresponding representation from social partners) and hence associated costs of administration/ servicing the board;
- There can be a tendency for Councils to act in the interests of their Council (or even ward level) area above the interests of a sub-region / LAG area;
- The 3 tier structure adopted in 2007-2013 is not widely favoured. It has caused some frustration and some delays are attributed to this – due to the need for all decisions to go through the JCC.
- Uncertainty over the RPA has caused obvious difficulties in the establishment of the LEADER structure for the NIRD 2007-2013. The number of LAGs was established to mirror the proposed RPA Council structure (which did not go ahead).
- Local government and DARD appear to have a different understanding of their roles. DARD is seeking local government to harness the opportunity provided by the funding to be the champion of rural development vision and impacts to be delivered for their areas. Whilst this view may have been shared by local government at the outset, in practice, they have come to regard their role as being responsible for administering the funding needed to deliver the local strategies and plans owing to the scale of funding to be delivered and the perceived complexity of audit and compliance requirements. In addition, owing to the new structures and many new staff in place at the beginning of the current programme, LAG admin staff frequently sought advice from DARD on issues regarding project eligibility etc., focused on ensuring that DARD's requirements have been met. DARD responded to such requests in a helpful way initially, recognising the need to build capacity within the LAGs. However this has developed into a much more

onerous undertaking with many requests to DARD for clarification and LAGs operating in a way in which they were not intended to. So DARD has got involved in operational decision making when instead its role should have been to issue and manage a contract based on the strategy and allocated funding; meanwhile LAGs feel that they have little room to manoeuvre and to deliver an approach that is truly “bottom up”. Clear demarcation of roles and responsibilities have been clouded and action is needed to develop clarity on these and how these impact on day to day project decision making.

**Evidence from delivery of LEADER elsewhere:**

- Local authorities play a vital role in many LEADER LAGs although they have no formally defined or specific role:
  - Often they act as the accountable body where LAGs are unincorporated, employing the staff on behalf of the LAG and providing a range of support services.
  - Frequently, as an area based organisation they play a leading role in initiating and supporting development activity and in establishing the LAG, in almost all cases they are LAG partners and provide project match funding.
  - Most commonly in the UK they are represented on the LAG by officers.
- In both the LAG development and accountable body roles concerns arise that the influence of local authorities can become overextended.
  - Where LAs play a leading role in LAG establishment this often results in a focus on local authority boundaries. Whilst there can be advantages in such coterminous boundaries there are also disadvantages e.g. in terms of the functional coherence of rural areas which is often markedly different from that of the authority. This can therefore present difficulties in working on locally defined issues or opportunities.
  - Where the local authority confuses its role as accountable body with some degree of differentiated status within the LAG, this can lead in some cases to a sense of ownership. This can be reinforced where the same boundaries apply and can result in undue influence being asserted.

**Taking into account EC guidance:**

- There is no expectation that LAGs should follow local authority boundaries from an EU perspective.
- The regulations for LAG membership and (quorate) decision-making are designed to avoid local government from having undue influence. In the next programming period, the maximum level of involvement in decision-making from any sector (public sector or otherwise) is set at 49%. This needs to be factored into new structures.

**Other factors to be considered include:**

- The reform of local government which will see the number of Councils reduce from 26 to 11 (process due to be completed by April 2015);



- The reform of local government provides an opportunity for local authorities to develop overarching strategy (within Community Planning remit); it is important to consider how rural development fits within this;
- Coterminality: Benefits and disadvantages. With multiple council areas, there are advantages of synergies with other sub-regional activity and the opportunity to build on existing relationships. However there are disadvantages in terms of an additional layer of administration and decision-making slowing down the process and diluting the bottom up element.
- There is no appetite for a continuation of the 2-tier (JCC / LAG) model from consultation with stakeholders. A simpler approach with fewer tiers would be preferred; this would be consistent with a bottom up approach and local decision-making. However, this needs to be balanced against DARD's requirement to contract with an accountable body.
- The Action Plan developed at the workshop (21 August) included the need for a transition period to assist with LAG development.
- NILGA recent proposals submitted to DFP regarding the role of local government in NI EU Operational Programmes 2014-2020. NILGA seeks greater delegation to councils so that future delivery mechanisms optimise the investment of EU Structural Funds (and their supporting regional and local budgets).

### Recommendation 3:

In order to ensure that there is clarity on roles, responsibilities and boundaries in a future programme, we recommend that:

- DARD continues to set out and reinforce on an ongoing basis the role expected of all partners (such as statutory bodies including local government, economic and social partners, bodies representing civil society, non governmental organisations, etc.) involved in future LAGs. This should include all aspects of the role to be fulfilled including (but not limited to): responsibility for strategy development and keeping this up to date, monitoring progress against the strategy and taking necessary action to ensure objectives are fulfilled; calls for applications, decision-making (including ensuring that projects deemed eligible meet objectives of the respective strategy); imperative to maximise spend and acting in the interests of the LAG area overall.
- DARD clearly defines its role as Contract Manager for the programme and puts systems in place to support this. This role should include monitoring progress of the LAG against the terms and conditions of the contract and taking necessary action where these are not being fulfilled. (Note skills referenced in Recommendation 10).

### 8.8.2.3 Role of partnerships established under other EU programmes

Evidence from delivery of LEADER in NI to date illustrates that in general the LAGs have existed as separate entities, operating in parallel with other partnerships established under other EU programmes (e.g. Peace, etc.). Under LEADER+, some of the LAGs had staff who were involved in delivery of projects funded from other sources (including BSP, Peace, Interreg); also other funders including Lottery and Community Safety Programmes.



Evidence from delivery of LEADER elsewhere shows that:

- LEADER is designed to complement mainstream development activities at local level and this should be addressed in the development of the LAG Local Development Strategy; this is a strong element of the added value of LEADER.
- Another alternative seen in a number of Member States is for an umbrella organisation such as a formally constituted Local Development Agency which manages a number of funding strands each with their own strategy and area under an overarching local strategy but with separate sub partnerships and decision making bodies. This is not without its challenges however as these bodies have to be self-sustaining and often face significant cash flow difficulties due to the European Funding circuits and funding gaps e.g., during transition periods.

Taking into account EC guidance, the intention of the CPR provisions for Community Led Local Development are designed to enable a streamlining of local partnerships e.g. through multi fund approaches. This may not always be appropriate however e.g. as areas and functional geographies may differ, the scale and scope or area basis of interventions may also differ. In these cases there is scope for overlap perhaps with cross membership or representation of varying degrees of formality.

#### **Recommendation 4:**

We recommend that as part of the preparatory work required around transition for future LAG development the relationship between any LEADER groups and other partnerships established under other EU programmes is clearly set out. This will need to commence in the short term as draft EU programmes are under development. This must comply with EC guidance and ensure that where separate partnerships are established, these are complementary.

#### **8.8.2.4 Level of delegated authority/responsibility**

Evidence from delivery of LEADER in NI to date highlights the inherent tension in a bottom-up approach between providing maximum autonomy and simultaneously ensuring probity and accountability.

- Decentralised mechanisms such as the LAGs are intended as a means of devolving decision making and accountability to a local level, which in turn requires a dilution in the control and influence that Government has on the activities and outcomes of such bodies.
- On some occasions Government Departments have been held responsible for the activities of decentralised mechanisms under the aegis of their Department. This suggests that it is not possible to devolve accountability even to bodies such as LAGs, with non-executive boards. Consequently Government Departments impose even more rigorous accountability requirements on them because of the fact that they are decentralised.
- Where a level of trust has built up, the LAGs can do more at a local level, ensuring the benefits of the bottom-up approach and at the same time freeing up DARD staff

resources. Improving trust, accountability and reducing risk may be achieved by an improvement in the communication channels between the Department and the LAGs.

- However, ultimately DARD is accountable for the programme from ensuring spend is in line with targets and that all EC requirements are met. As such, DARD needs to take the learnings from the LEADER model to date and ensure that the structures and systems put in place for the future are built on these. At present, the key issue is the level of underspend by LAGs against the budget targets. Plans are in place to reduce the underspend and bring the programme back on target, however the journey thus far has been fraught and DARD have stepped in to support the LAGs by suggesting the need to identify strategic projects in order to escalate the spend issue. This type of action was needed to sort out the problem, but demonstrates that the LAGs did not take appropriate action in a timely way to sort the problem without DARD's intervention. This is partly due to the miscommunication about roles and responsibilities and also due to the lack of trust between the parties.

In considering autonomy, it is important to consider what the governing factors are and what the risks and benefits of higher levels of autonomy may be.

- The benefits of higher degrees of autonomy are normally: greater ownership of the LDS within the community, with greater freedom of operation and associated higher levels of accountability and responsibility for the delivery of the targeted outcomes. This is widely viewed as the logical outcome of a mature LEADER process leading to self-sustaining community based local development organisations. It is interesting to note however that those LAGs who reported high degrees of autonomy in the Leader+ ex post evaluation did not always exhibit high achievement in these areas.
- On the other hand, many northern European LAGs are said to have limited autonomy in terms of delegation of payment and project approval competence but do in fact have a very high and well established degree of autonomy in decision-making through effective processes of subsidiarity.
- Other LAGs with higher levels of autonomy in these terms may in fact be more restricted in their decision-making. They can also be considerably compromised in their freedom of operation by the additional administrative and financial responsibilities they have to carry. This was highlighted in the English Leader+ case study where LAGs which were less burdened with procedures were able to focus more on development oriented activity.
- In the most extreme cases there are examples of autonomous LAGs, formally constituted who are now in serious financial difficulties or are in fact insolvent.

In establishing the level of delegated authority, it is important to take into account EC guidance: the LEADER principles on decision-making are set out in the current regulation and further reinforced in the proposed new RDR. The following LAG tasks are specified as a minimum and therefore define the minimum delegated responsibilities:

- Building local capacity;
- Developing non-discriminatory and transparent selection criteria and procedures;

- Selecting projects which are coherent with the LDS;
- Preparing and publishing calls for project proposals and managing that process;
- Receiving and assessing applications;
- Selecting projects and fixing the amount of support; (Within this, the decision making principles are strengthened responding to some of the issues which have emerged i.e. the partnership must not include more than 49% of any one interest group (including the public sector as a whole) and that decision making must be quorate with at least 50% non-public involvement.)
- Monitoring and evaluation of the LDS.

It is important to note that there are examples where these principles have been eroded or misconstrued and this has damaged the effectiveness of Leader and its value to local communities.

Other factors to be considered include:

- Feedback from consultation highlighted the need to strike a balance between “hand-holding”/“guidance from DARD to the LAGs and LAG accountability; and
- In addition, by providing excessive guidance / procedures, there is also the risk of distracting LAGs from their core function

The focus for the future should be on ensuring that DARD is seen as the contracting authority and the LAGs as the delivery bodies. There should be contracts in place between DARD and the LAGs setting out what needs to be delivered by when and how payment will be released on this basis (further details developed in the later recommendations)> DARD will be responsible for setting out a common set of operational procedures which meet DARD and EC requirements.

#### **Recommendation 5:**

We recommend that the 2-tier JCC/LAG model is not taken forward into the next programme.

We recommend that DARD develop contracts with LAGs on the new RDP. These should clearly communicate that DARD is the contracting authority and the LAGs are the delivery bodies. DARD will also be responsible for developing a common set of operational procedures that meet DARD and EC requirements. These procedures should enforce the roles as required to support Recommendation 3.

#### **8.8.2.5 Control, monitoring and audit requirements**

Whilst acknowledging that a level of audit is required, feedback from the JCCs and LAGs indicates a degree of frustration with the level of audit; there are also some concerns about proportionality. This has been a recurring issue throughout all of the LEADER programmes in NI and one which was emphasised in consultation with the LAGs.

Across LEADER in the EU, the level of control, monitoring and audit has become disproportionate to the scale and nature of LEADER it is now a major burden which is seriously impeding the effectiveness of the approach. This is a direct effect of the attempt to

‘mainstream’ LEADER within the RDPs which sought to widen the application of the LEADER method but in fact has tended to see LEADER driven towards becoming a delivery mechanism subject to the same controls as the other RDP delivery mechanisms. A major factor in this has been where Managing Authorities have aligned LEADER with the delivery of RDP measures; this means that the conditions pertaining to these measures then apply. This was not the intention; the original intention was that LEADER should ‘contribute to the objectives of the other Axes’.

EC guidance (in terms of the proposed RDR) has sought to address this in three ways:

- the focus of LEADER in contributing to the priorities and thus to the objectives of rural development has been restated and will be reinforced in the forthcoming guidance;
- the need to provide an adequate specification of respective roles in the vertical governance and management of the programme from the outset has been clearly established;
- provisions have been made to simplify funding and its administration through the use of real cost and simplified cost options. This should contribute considerably to improved proportionality in the approach, particularly with regard to smaller projects.

The Commission remains committed to introducing control checks in respect of CAP expenditure. In respect of LEADER, however, they are committed to proportionality and the introduction of simplified funding approaches and payment options reflecting the impact of inappropriate CAP-type regulations.

As Managing Authority and Paying Agency, DARD remains ultimately accountable for EU funds. Controls are in place to ensure adherence to regulations and to avoid disallowance. These will not be diluted, and in fact, they could be increased under the proposed Legality and Regularity Audit and because the Commission is concerned at high error rates. The Commission made a reservation and may undertake additional audit missions to address high error rates.

#### **Recommendation 6:**

We recommend that: DARD continues to set out its control, audit and monitoring requirements<sup>24</sup>, as required by the EC. These need to be sufficient to comply with latest developments in EC regulations, specifically the Legality and Regularity Audit which will come into operation for the new programme (2014-2020).

<sup>24</sup> in line with the Common Provisions Regulation proposal, Article 30.1 and Article 29.5, see also Chapter 6 of the Common Guidance on CLLD  
[http://ec.europa.eu/regional\\_policy/what/future/pdf/preparation/clld\\_guidance\\_2013\\_01\\_31.pdf](http://ec.europa.eu/regional_policy/what/future/pdf/preparation/clld_guidance_2013_01_31.pdf)

**Recommendation 7:**

We recommend that in any future Programme, DARD continues to meet with the LAGs to detail their control, audit and monitoring requirements. These meetings should ensure that there is common understanding of the various levels of audit that are necessary and the level / frequency of these.

DARD should also continue to reinforce that these are requirements from the EC and therefore they are mandatory and non-negotiable.

**8.8.2.6 Administration models (including models of funding disbursement)**

From delivery of LEADER in NI to date, it is evident that:

- The level of funding allocated to LAGs has increased from one LEADER initiative to another (LEADER II / £14m; LEADER+ / £21m; LEADER 2007-2013 / 7 £100m). Under the current programming period, the 7 LAGS have responsibility for £100m (which is a significant increase).
- Funding has generally been allocated in one tranche at the outset of the programme – following submission and scoring of a plan or strategy form the LAGs.
- Releasing the full budget to each LAG at the outset has limited DARD's ability to be flexible in reallocating money between Measures or Axes in the event that there is significant underspend.

Evidence from delivery of LEADER elsewhere shows that there are 3 basic models of funding disbursement as set out in the typology of LAGs developed under Leader Focus Group One:

- Under Model 1 the MA or PA authorises claims and makes payments with no input from the LAG themselves;
- Under Model 2 LAGs receive and check claims and make payments then reclaim this from the MA/PA;
- Under Model 3 LAGs receive a 'block grant' and are responsible for all stages in the process.

Models 2 and 3 have advantages in that LAGs control the process and can respond quickly, they may however face cash flow and management issues and need to resource these activities. Model 1 is simpler but can result in delays and creates some distance between the LAG and the funding of the project.

Regardless of which of Models 1, 2 or 3 is applied, there is a fundamental question about what the best system of administration is. Many of the back office and administrative functions are in fact services to LAGs and to the Managing and Paying Authorities and there is a question as to whether a LAG needs to deliver these directly or whether these could be contracted out. Arguments against these functions remaining within the LAGs include:

- Many LAGs carry an extensive administrative burden and capability which can have a significant effect on the nature and extent of their workload as already discussed.
- In many cases, LAGs have developed their own or interpretations of common administrative systems and this can result in inconsistencies and difficulties.

A possible solution would be for LAGs to collaborate sharing a common administrative resource e.g. at a regional level in larger countries or between clusters of LAGs. This should lead to:

- economies of scale;
- the development of more consistent and higher quality approaches e.g. through employing full time specialist staff whose sole focus is on effective administration, as a service provider and answerable to the LAGs;
- LAG staffs to focus on development related functions.

As identified, a disadvantage to using the present LEADER approach is the extent to which there is significant underspend. DARD needs to consider ways in which payment can be linked to a schedule of deliverables that ensures that spend levels are in line with DARD requirements. At present there is a disconnect between payments being made on administration related costs (which are capped by EC regulations at max 20% of project spend) and programme spend levels.

One method of dealing with this would be for DARD to allocate monies on the basis of those LAGs demonstrating capability to deliver. However, this would cause difficulties for LAGs based on the uncertainty it would create and could mean it would be difficult to attract/ retain staff. This model is therefore not recommended. Another approach would be that DARD could set out in the contract with each LAG the amount allocated to their area. The contract would contain a condition that DARD can claw back any underspend, should they feel it is appropriate to do so.

The details of the payment model to be used needs to be set out in the contract agreed between DARD and LAGs. Contracts should include payment schedules which should be linked to spend targets and other KPIs as required by DARD. The KPIs should cover both quantitative and qualitative measures, which ensure the delivery of the LEADER approach in a VFM manner. For example the KPIs could include the development and regular updating of the strategy; the extent to which local groups are consulted/ engaged in the LEADER process; the efficiency and effectiveness of decision making processes.

**Recommendation 8:**

We recommend that DARD consider moving to a funding allocation model, which sets out the total amount available to the LAG and the spend profile they are expected to deliver on. The contract should include conditions which allow DARD to clawback any underspend and LAGs should be supported to minimise the likelihood of clawback being required (see Recommendation 10 re capacity building / managing public finances).

We also recommend that consideration is given to reducing administration costs as per Recommendation 9 (see Section 8.9.2.7).

**8.8.2.7 Costs****Overall funding allocated to LEADER:**

The proportion of funding from RDPs to LEADER varies a lot; in fact in the accession countries it was not even 5% but half of that. It is not unusual for the allocation to be higher than 5% but this is very much affected by whether LEADER is being used to deliver Axis 3 measures and how much of Axis 3 it is delivering. Overall LEADER accounts for 6% of EAFRD, €5.4bn but 8.8% of total RDP public expenditure when national co-finance is added (there can be considerable variation here in LEADER co-financing). For the old member states the range is from 5% of total EAFRD in France and 5.5% Austria to 11.5% in Spain and 10% in IE, NL and PO.

In NIRDP 2007-2013, LEADER has been allocated approx. 20% of the available funding under NIRDP (£100m out of £500m). Projections based on Cluster Implementation Plans (reviewed July 2012) show that overall spend to 31 March 2012 was around £27.8m (including £7.9m on administration); projections indicate that target levels of spend will be reached by 2015 (£99.8m including £16.3m on administration). This will require a substantial and sustained level of spend over the next 2-3 years.

Looking ahead to the 2014-2020 funding period, there is a requirement to allocate a minimum of 5% of the RDP budget to the LEADER approach (in line with EU policy on rural development). There is however, scope to allocate a greater proportion of the budget to the LEADER approach. As the maximum cost of delivery is linked to the overall level of funding (25% cap), the overall level of funding being delivered through the LEADER methodology is one issue to take into consideration.

**Cost of delivery:**

There is much debate over the costs of the delivery of LEADER. If considered simply as a delivery scheme then it appears to be very expensive. The allocation of 20% of LDS value to management and administration would be unsustainable for many delivery schemes and does not take into account the costs of administering LEADER as part of the RDP. Interestingly the Axis 4 element of EFF makes an allowance of only 10% for such costs and



the current 20% for LEADER is a 33% increase on the amount allowed under Leader+. Proposals for the new period make allowance for a further increase up to 25% of LDS value.

The reason for these allocations and increases is of course that LEADER is more than just a small scale grant delivery scheme; it is a development methodology which seeks to achieve sustainable effects within the communities involved. The levels of funding for management and administration therefore need to be justified in these terms; it is no coincidence that the increase to 25% in the allocation (as per the proposed RDR) was accompanied by the explicit duties to undertake animation and evaluation. The benefits of this decentralised approach for local communities and achievement of leverage through engaging voluntary participation by local interests go some way to offsetting the cost of delivery.

In small scale LAGs the ability to undertake these higher level tasks is limited by the pro rata allocation of funding; the increase is also designed to ease this<sup>25</sup>. It should however be noted that this is a maximum allocation and, in the same way that smaller LAGs are limited, the larger ones should be able to achieve economies of scale and higher performance of these functions. If the levels of management and administration funding across Europe's LAGs are examined it is clear that there are many countries with highly successful LAGs e.g. Finland where very much lower proportions of funds are used.

#### **Other factors to take into consideration include:**

- Each additional pound of administration expenditure reduces the funding that is available to final beneficiaries, although it could also be argued that better support for projects and promotion of the programme might boost impacts;
- Currently each LAG takes on all of the processes concerning applications, assessments, awards and claims; each LAG sets up its own systems and processes to do this (in line with DARD guidance and systems). This leaves scope for inconsistency. Therefore, there may be an argument to consider centralising some of the common 'back-office' type functions. See also discussion in Section 8.8.2.6 Administration Models and potential to centralise back-office type functions.
- The number of LAGs has a bearing on the effectiveness of the funding allocated to cost of delivery. With greater numbers of LAGs, more of the admin funding will be allocated to "fixed costs" associated with each LAG, leaving less available for higher level / developmental type activities. See discussion in Section 8.8.2.1 Number of LAGs; also discussion above on small scale LAGs. Clearly there is balance to be struck between the number of LAGs and associated costs of admin and the added value accrued as a result of the decentralised approach.

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<sup>25</sup> Admin costs are allocated on the basis of a % of overall budget. So, the smaller the budget, the less resource is available for staffing and other management and administrative functions. All LAGs, regardless of budget carry a fixed cost e.g. in terms of their administrative and reporting functions which are not directly proportionate to the size of their budget. This tends to drive the staff of small budget LAGs towards performing low value administration oriented roles rather than the higher value development functions.

- Currently the level of administration spend is higher than the 20% cap – although this is projected to fall to 16% by 2015. Projections based on Cluster Implementation Plans (reviewed July 2012) show that overall spend to 31 March 2012 was around £27.8m (including £7.9m on administration i.e. 28.6%); projections indicate that target levels of spend will be reached by 2015 (£99.8m including £16.3m on administration i.e. 16.3%).
- At August 2012, over 60% of all applications are either rejected or withdrawn (30.1% (1,628), 30.4% (1,646) withdrawn).

#### Recommendation 9:

We recommend that DARD should take the lead in identifying and considering future structures as part of the Programme development and consultation process.

We recommend that as part of the consideration of future structures, the LAGs (with DARD) consider options for the efficient delivery of the administration function, reviewing future administration structures and costs in order to find the most efficient way to deliver these functions whilst being true to LEADER principles and ensuring compliance with EC regulations. One possible solution would be to create a central office to handle some common processes – for example: recording receipt of applications and preparing LoOs. The pros and cons of such an approach, along with other options should be explored.

We also recommend that a ring fenced percentage of the administration allocation be designated specifically to animation functions so that LAGs are required to carry out animation work in order to:

- ensure that they take ownership and have an understanding of their own strategy;
- ensure that they have an understanding of how to translate strategic objectives into operational actions;
- develop the number and quality of projects coming forward for assessment; and
- reduce the amount of resource invested in rejected / withdrawn applications by having processes in place to filter these out an earlier stage.

We also recommend that the animation work involves both LAG board members and staff. (see also Recommendation 10 regarding training, skills and capacity in relation to animation)

#### 8.8.2.8 Training and skills sets required to ensure groups have sufficient capacity to deliver using the LEADER methodology

Evidence from delivery of LEADER in NI to date includes:

- the need to ensure that individuals involved in the operational administration of the Programme are experienced in both rural development and overall Programme Management;
- the benefits of experience being carried over from one LEADER period to the next;
- the benefits of training / support from RNNI
- the lack of specific “knowledge and experience” criteria in recruiting LAG members;
- areas in which training / development would be beneficial relates to strategy development and updates, monitoring and evaluation.

From the application of LEADER in other European regions, the following is evident:

- The skills which LAGs will require in future will be defined by:
  - the LEADER/CLLD approach to be adopted;
  - the changes in the specified LAG tasks (e.g. monitoring and evaluation); and
  - the extent of change or continuity between the current and future memberships and staff teams.
- The priority action required therefore, as identified in numerous LEADER evaluations and the Focus Group 1 and 4 reports, is to conduct an analysis of LAG capabilities and training needs.
- This must take into account the proposed division of tasks between the LAGs and the authorities responsible for the design and implementation of the programme and should address core requirements such as strategic animation, strategy development (with a priority for LAGs to be able to develop their own strategies and link these to local needs rather than having lack of ownership of strategies developed by external consultants), project delivery and management, monitoring and evaluation and LAG management and administrative functions.

#### Recommendation 10:

We recommend that: as part of the preparatory work required around transition for future LAG development consideration should be given to skills and capacity of the LAG (board members and staff) and that the following actions should be undertaken (with the MA taking a strategic lead in developing and resourcing such provision):

- Conduct an analysis of LAG capabilities and training needs. This must take into account the proposed division of tasks between the LAGs and the authorities responsible for the design and implementation of the programme and should address core requirements such as strategic animation, strategy development, project delivery and management, monitoring and evaluation; LAG management and administrative functions; managing public finances.
- Develop an action plan to address identified training needs for LAG members and staff. Responsibility for ensuring these needs are identified and addressed should be shared between the LAGs and MA; RNNI potentially can be a key contributor in coordinating this.

We also recommend that there should be corresponding action taken to ensure that DARD staff have appropriate skills / capacity with regard to contract management.

#### **8.8.2.9 Extent to which LEADER strategies can (or cannot) include funding streams/directives beyond the current EAFRD LEADER programme (i.e. other European funds, other national government programmes.), taking account of the new EU regulations (including the finance and regulatory controls)**

As discussed in Section 3.3 and Section 6.5, the EC favours coordination of all available funds through the Common Strategic Framework. Within the draft Common Provisions Regulation, there are proposals for a non-mandatory model which Member States may adopt for Community Led Local Development. Some of the detail of this has yet to be finalised.

The intention is to enable stronger multi-sectoral integration and greater complementarity between the funds whilst being better adapted to the characteristics of the LAG area.

These provisions apply more widely than LEADER however; the provisions are for LAGs under any of the CSF funds to be able to access support for CLLD from the other funds and are designed to enable stronger coordination between the funds (in all cases). There is scope for LAGs to deliver multi-funded strategies on the basis of 'one area one strategy', to have complementary strategies from different types of LAG in partially overlapping functional areas or to retain the current mono fund approach (Multi funded strategies or Parallel strategies or Mono fund). This would see LAGs evolving into organisations with broader remit i.e. they are no longer simply LEADER LAGs but development organisations which use LEADER as one of their tools.

The provisions include coordination and harmonisation of the delivery rules, implementation principles, the possible use of simplified cost options and the designation of a 'Lead Fund' in the LAG which will cover all LAG management and administration costs. In this context the reinforcement of the need for clear definition of roles and responsibilities within the delivery chain is stressed.

The implementation of these provisions is however up to the individual Member States and the approach for the UK countries will be set out in the UK CLLD section of the Partnership Agreement. NI proposals will form part of the UK Partnership Agreement to be submitted to EC following political agreement and public consultation. DFP is tasked with co-ordinating the drafting of NI input; input from England, Scotland and Wales is also being co-ordinated in parallel.

Reflecting on experience to date under LEADER in 2007-2013, LAGs have had a significant increase in budget (an almost 5-fold increase on the previous LEADER programme: £21m to £100m). This has not been without its challenges and there have been considerable issues on spend (LAGs have been slow to spend and there are concerns about potential underspend). There are also issues of capacity with the LAGs (see Section 8.8.2.9).

Looking ahead to the 2014-2020, LAGs also have a number of impending / potential areas of change to deal with including:

- the measures for which they have responsibility (allied to the Priorities in the new RDP);
- the number / structure of LAGs;
- LAG role allied to the increase in funding to 25% (and the need to carry out animation / development work).

Given the challenges encountered with scaling up funding under one EU funding programme (i.e. LEADER under NIRD 2007-2013 compared with previous LEADER), coupled with likely changes to LEADER in the next funding period, there are concerns about how the LAGs would cope with multiple funding streams (i.e. with attendant increases in funding and complexity i.e. different programmes, etc.). This would involve an additional workload for

both staff and volunteers, and also require specific knowledge, skills and experience associated with different funding streams.

There are also changes in the pipeline for local government (proposed 11-Council model due to be introduced in 2015), and associated introduction of Community Planning during this programming period (2014-2020) which is hoped would help to provide an overarching framework in which LEADER and other EU funding could operate. Therefore, it is felt to be more appropriate to allow the new Council structure to bed in before introducing a multi-fund approach, which in itself would require an appropriate transition / lead-in time.

However, we recognise the benefits of moving towards a more integrated approach (e.g. Parallel Strategies or Multi-Fund) including enhanced complementarity and a more complete strategic approach. Therefore, in looking to the future, there is a need to ensure that the capacity building that is required in the LAGs (see Recommendation 10) helps to move the LAGs to a position where a more integrated approach could be adopted in future programming periods.

**Recommendation 11:**

We recommend that: for the 2014-2020 funding period, the current mono-fund approach is retained, but that there are enhanced mechanisms to ensure complementarity with other EU funding streams.

**8.8.2.10 Continuity from one European funding period to the next**

In previous LEADER evaluations, weaknesses have been identified in terms of

- the short timescale available for formation of delivery structures, subsequent approval and the practical implementation of the Programme in terms of actual achievement of commitment and spend combined to affect a 'rush' to allocate and draw down funding.
- the time lag and funding gap between the end of one programme and the commencement of the next – these were considered detrimental to some LAGS. Such gaps in funding had created a degree of disillusionment amongst project beneficiaries.

Hence there is a desire for early consideration of transitional arrangements. In the current funding period, there is recognition of the need to allow adequate lead in time to prepare for any funding programme; this is even more important if there are LAG boundary changes.

Looking at the experience from across the EU, it is clear that many of the most evolved LAGs are those which have developed their capabilities through succeeding generations of LEADER. This is clearly recognised in the EC proposals for LEADER and CLLD and the development of transitional arrangements is clearly recognised as a priority for DG Agri.

**Recommendation 12:**

We recommend that priority is afforded (by all interested stakeholders) to preparatory work and building infrastructure for the next phase of LEADER to ensure a smooth transition to 2014+ investments and to capitalise on the momentum that currently exists. This should aim to have as much work as possible around structures and policy in place in advance of the new RDP. This work should take place in parallel

**Recommendation 12:**

with the work that is ongoing by DARD to develop the new RDP.