



COMMISSION OF THE EUROPEAN COMMUNITIES

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Draft

**COMMUNICATION FROM THE COMMISSION
TO THE MEMBER STATES**

**LAYING DOWN GUIDELINES FOR THE COMMUNITY INITIATIVE
FOR RURAL DEVELOPMENT
(LEADER+)**

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1. Article 20(1)(c) of Council Regulation (EC) No 1260/1999¹ laying down general provisions on the Structural Funds (hereinafter referred to as the "General Regulation") establishes a Community Initiative for rural development, hereinafter called LEADER+.
2. At its meeting on the Commission of the European Communities, in accordance with Article 21(1) of that Regulation, laid down the guidelines set out in this notice describing the aims, scope and method of implementation for the rural development initiative.
3. In application of Article 21(3) of the General Regulation, Member States shall draw up and present to the Commission proposals for LEADER+ programmes in accordance with the guidelines in this notice with a view to their approval by the Commission and adoption of a decision on EAGGF Guidance Section funding.

I. CONTEXT AND OBJECTIVES

Context

4. Rural areas are confronted with an array of problems likely to seriously affect their viability, such as an ageing population, rural depopulation which persists in some areas and job losses.

It should be noted, however, that some areas have confronted these problems with success. They have managed to create a territorial dynamism which attests to their ability to invent new solutions in response to the challenges they face.

5. LEADER I marked the start of a new approach to rural development policy which is territorially based, integrated and participative.

¹ OJL 161, 26.6.1999, p.1.

LEADER II saw the LEADER I approach put into more widespread use, with emphasis on the innovative aspect of projects.

The strengths of the LEADER approach are:

- the mobilising of local actors to reflect on and take control of the future of their area;
- its decentralised, integrated and bottom-up approach to territorial development;
- the opening-up of rural areas to other territories by the exchange and transfer of experiences and through the creation of networks;
- its ability to take into consideration small-scale actions when administrative, technical and financial intermediaries are present who can support promoters of small projects.

In several Member States, however, the implementation of LEADER II has encountered some difficulties such as: delays in the selection of beneficiaries, and consequently in the launching of programmes, the creation of fragile partnerships when roles are poorly defined, the accumulation of disparate procedures, the dispersal of financial resources across a very large number of local action groups (LAGs), and, as a result, interventions of limited effectiveness.

6. Despite these few problems, the generally very positive image of LEADER and the belief that the approach which began in 1991 should be continued and deepened has remained. This is all the more desirable since rural areas will in the next few years have to make adjustments to their socio-economic structure in order to meet the challenges and constraints arising notably from:
 - changes in the agricultural sector as a result of the reform of the CAP and the increasing demands of consumers concerning product quality;
 - increasing general awareness of environmental concerns;
 - the closer integration of the world economy;
 - the rapid spread and use of new technologies.

Developing their specific resources in an integrated approach that forms part of a territorial strategy which is relevant and tailored to the local context seems increasingly to be the route that will have to be taken if rural areas are to create and/or maintain competitive and sustainable products and services.

Such an approach will be even more effective, however, if it forms part of a European policy and national and regional policies which are able to provide the framework, tools and impetus necessary for ensuring that the rural areas, and the people who live in them, are in a position to grasp development opportunities and translate them into practice using appropriate resources and arrangements:

7. The new regulation (EC) N° 1257/1999² on support for rural development from the EAGGF includes a whole range of measures aimed at helping rural areas to pursue a policy which is not confined to boosting the competitiveness of the agricultural sector but which also supports the development of new activities and sources of employment in order that rural areas can continue to represent a viable and vital social and economic context.

Rural development policy will therefore become the second pillar of the CAP and will remain an important component of economic and social cohesion policy.

However, the major programmes implemented under the rural development regulation and the Structural Funds regulations cannot by themselves address all the problems confronting rural areas, given these areas local scale and the need to take more account of initiatives launched by local people.

Objectives

8. The new Initiative will complement the "mainstream" programmes by promoting integrated schemes conceived and implemented by active partnerships operating at the local level.

The aim of LEADER+ is to encourage and support rural actors in thinking about the longer term potential of their area. It seeks to encourage the implementation of integrated, high-quality, original strategies for sustainable development designed to encourage experimenting with new ways of:

- enhancing the natural and cultural heritage;
- reinforcing the economic environment, in order to contribute to job creation,
- improving the organisational abilities of their community.

'Co-operation' in the broad sense will be a fundamental component of LEADER+. The Commission will provide support for the establishment of quality partnerships between the various actors. Co-operation must be created within rural areas, between such areas in the same Member State, between rural areas in several Member States and even beyond if necessary.

As a result LEADER+ will continue its role as a laboratory which aims to encourage the emergence and testing of new approaches to integrated and sustainable development that will influence, complete and/or reinforce rural development policy in the European Union. Member States are asked to participate in this experimentation effort when presenting their proposals.

These new rural development models will be exploited and disseminated through a major networking exercise.

² OJ L 160, 26.6.1999, p. 80.

II. MECHANISMS AND MEASURES

Geographical application

9. Unlike LEADER I and II, all rural areas will be eligible under LEADER+. However, in order to concentrate Community resources on the most promising proposals and to give them maximum leverage, Community funding under Actions 1 and 2 will be granted to a limited number of rural territories only, following an open and rigorous selection procedure.
10. With this aim, the procedures and selection criteria will be defined by the competent national authorities. The selection criteria referred to in this notice will constitute the minimum which should be supplemented by specific criteria, fine-tuned where necessary in the light of the specific situation of the rural areas concerned, their environmental conditions and the particular objectives which the implementation of LEADER+ seeks to attain in these areas. These criteria will form an integral part of the programme to be presented to the Commission and will be subject to the latter's approval.

Where LEADER+ covers areas which have not previously benefited under LEADER I and/or II special provisions will need to be adopted to ensure that territories in such areas have fair access to this Community Initiative.

11. The Member States may limit the application of LEADER+ to certain rural areas provided they justify this limitation on the basis of criteria which are consistent with their rural development policy objectives and do not prejudice the other conditions set out in this notice.

Beneficiaries

12. Financial assistance under LEADER+ will be granted to groups of partners known as 'local action groups' (LAGs).

The local action groups will draw-up development strategies and be responsible for their implementation.

Local action groups must consist of a balanced and representative selection of partners drawn from the different socio-economic sectors in the territory concerned. At the decision-making level not more than 50% of a local partnership may be made up of government officials and elected office-holders.

The members of a LAG must show that they are able to devise and implement a development strategy together for the territory.

The relevance and effectiveness of the partnership is to be assessed in terms of the transparency and clarity in the allocation of tasks and responsibilities. The capacity of the partners to carry out the tasks assigned to them, and the effectiveness of the operational and decision-making arrangements must be guaranteed.

The members of the LAG shall be locally based and must:

- either, select an administrative and financial leader with the ability to administer public funds who will be responsible for the satisfactory operation of the partnership,
- or, come together in a legally constituted common structure the statutes of which guarantee the satisfactory operation of the partnership and the ability to administer public funds.

Actions

13. LEADER+ will be structured around three actions:

- Action 1: Support for integrated territorial rural development strategies of a pilot nature based on the bottom-up approach and horizontal partnerships;
- Action 2: Support for inter-territorial and transnational cooperation;
- Action 3: The networking of all rural areas in the European Union, whether or not beneficiaries under LEADER+, and all rural development actors.

Action 1: Integrated territorial rural development strategies of a pilot nature

14. Action 1 will support rural areas which show a willingness and ability to devise and implement an integrated and sustainable pilot development strategy, supported by the presentation of a development plan, based on a representative partnership and structured around a strong theme typical of the identity of the territory concerned.

Each Member State will specify, in the light of the particular situation of its rural areas, the criteria for selecting, by call for proposals, development plans drawn up by LAGs, taking into account the following:

14.1. Areas concerned

The LEADER+ Initiative is intended for rural territories of a small size which form a homogenous unit in physical (geographical), economic and social terms.

The territories selected must in all cases be coherent and have sufficient critical mass in terms of human, financial and economic resources to support a viable development strategy.

Applying these criteria may result in areas being defined which do not coincide with a national administrative area or with zones established for the purpose of eligibility under Objectives 1 and 2 of the Structural Funds.

To ensure the local nature of the territories selected, the population must not be more than 100 000 in the most densely populated areas (around 100 inhabitants/km²) and in general should not be less than about 20 000. However, in the least populated areas, such as the Nordic areas eligible under Objective 1, properly justified exceptions to these criteria may be accepted.

In all cases artificial divisions of areas which could undermine the coherence requirement referred to above will be rejected.

14.2. Development strategy

The development strategy proposed by the LAGs in their development plans must be:

- (a) Integrated, in the sense that it adopts a global approach based on the interaction between actors, sectors and projects, built around a strong theme typical of the identity and/or resources and/or specific know-how of the territory, and uniting all the actors and projects in the various fields contributing to the development strategy.

Without prejudice to the distinctive features of particular regions, the priority themes which the Commission considers to be of special interest at European level, given the opportunities and constraints facing rural areas, are:

- the use of new know-how and new technologies to make the products and services of rural areas more competitive;
- improving the quality of life in rural areas;
- adding value to local products, in particular by facilitating access to markets for small production units via collective actions;
- making the best use of natural and cultural resources, including enhancing the value of sites of Community interest selected under NATURA 2000.

The strategy proposed in each development plan must be structured around one of the above themes. If more than one theme is involved, the strategy must remain consistent. In all cases it must be demonstrated that it is not just a collection of projects or a mere juxtaposition of sectoral measures.

The Commission, concerned about equal opportunities and convinced that women and young people represent a key to the development of rural areas, would like support to be given as a priority to strategies which seek to enhance the job opportunities and / or activities for these target groups. Consequently, the evaluation criteria to be established by the Member States for selecting pilot strategies must reflect this Community priority.

The list of priority themes and target groups may be extended by the Member States to take account of their own specific situations.

- (b) The development strategy must demonstrate its basis and coherence with the territory particularly in socio-economic terms. It must prove its economic viability and its sustainability in the sense that resources will be used in such a way that the options available to future generations are not undermined.
- (c) It must demonstrate its pilot nature.

Under LEADER I and II a large number of rural areas embarked on bottom-up, innovative approaches to local development. In some cases these approaches

have matured and can now be included in "mainstream" rural development programmes.

Under LEADER+ the Commission intends to support original and ambitious approaches to rural development which will deepen the experimentation started under LEADER I and II.

The pilot nature will be assessed on the basis of the development strategy set out in each development plan. The strategy must put forward means of achieving sustainable development which are new by comparison with previous practice in the area concerned, and with the methods used and planned in the "mainstream" programmes.

The Commission does not wish to lay down an exhaustive list of assessment criteria, but by way of illustration considers that the "pilot" concept could be assessed in terms of:

- the emergence of new products and services which incorporate the distinctiveness of the local area;
- new methods permitting the combination of the area's human, natural and/or financial resources, resulting in better use of indigenous potential;
- the combination of and links between economic sectors which are traditionally separate;
- original forms of organisation and involvement of the local population in the decision-making process and in implementing the project.

It should be noted that the "pilot" aspect may under no circumstances be restricted to the LEADER method, even in areas not previously covered by the Initiative.

- (d) The development strategy must demonstrate the transferability of the proposed methods. The promoters of the project must make what they learn about methodology and the results they achieve available to the network.
- (e) The development strategy must demonstrate that it complements the interventions made under the "mainstream" programmes in the area concerned.

Action 2: Support for co-operation between rural territories

- 15. This action is intended to encourage and support co-operation between rural territories
 - a. in the same Member State (inter-territorial co-operation)
 - b. in several Member States (transnational co-operation)

Such co-operation must demonstrate genuine added value for the territories concerned:

It may have two aims, which are often complementary:

- achieving the critical mass necessary for a joint project to be viable;
- encouraging complementary actions.

16. It will consist in pooling the know-how and/or human and financial resources dispersed across each of the territories concerned. Such actions will be based on the thematic guidelines clearly defined by the LAGs in their development plans.

These co-operation actions may not consist simply of exchanges of experiences but must include the implementation of a joint project if possible supported by a common structure.

17. Funding will be granted under this action for the joint project and for upstream expenditure on technical assistance for co-operation.
18. This action of LEADER+ will apply to rural territories selected under Action 1 of the Initiative. It will be implemented under the responsibility of a co-ordinator LAG. The following specific provisions will apply:

- Inter-territorial co-operation

In the context of inter-territorial co-operation within the same Member State, in addition to territories selected under LEADER+, co-operation could also be opened up to areas selected under LEADER I and II or to other rural areas organised according to the LEADER approach and recognised by the Member State. With the exception of operations relating to a very precise theme the implementation of which requires a larger area than that of the LAGs concerned, only operations concerning territories selected under LEADER+ will be eligible for Community co-financing. However, expenditure on animation will be eligible in all the areas concerned.

- Transnational co-operation

Transnational co-operation will apply to LAGs belonging to at least two Member States.

However, where a territory selected under LEADER+ enters into a co-operation project under the terms of this action with an area outside the European Union organised according to the LEADER approach, associated expenditure relating to the LEADER+ area will be eligible.

Action 3: Networking

19. The exchange of achievements, experiences and know-how between all interested parties in the Community was a priority of LEADER II, and will continue to be so under LEADER+.
20. The networking of all rural areas, whether or not beneficiaries under the Initiative, and of all organisations and administrations involved in territorial development will receive support with a view not only to the exchange and transfer of experiences but also to:

stimulating and achieving co-operation between territories, and

providing information and drawing lessons concerning territorial rural development.

21. Active participation in the network will be mandatory for LEADER+ beneficiaries. This will mean making available all necessary information on actions already undertaken or underway and the results achieved, together with participation in the different activities.

Other network participants who are involved in territorial initiatives but who are not LAGs will also be invited to make their experience, know-how and details of their projects available to the network.

22. Each Member State will propose the steps required in order to put in place the structure necessary for organising the network.

The Commission recommends that the network organisation unit be responsible for:

- collecting, analysing and disseminating information at national level on good practice which is transferable;
- animating the network;
- organising exchanges of experiences and know-how, in particular for less-advanced territories which could benefit from the knowledge gained by more experienced LAGs;
- providing technical assistance for local and transnational co-operation.

23. An 'Observatory of rural areas' led by the Commission will be responsible for organising the network at European level.

The aims of the Observatory will be:

- gathering, processing and disseminating information on Community measures to stimulate rural development;
- collecting, consolidating and disseminating at European level good practice in local development in rural areas;
- providing information for rural actors on major trends in the situation of rural areas within the European Union and in third countries;
- serving as a meeting point at European level for beneficiaries under the Initiative and stimulating transnational co-operation;
- providing assistance for national and regional administrations in order to facilitate the exchange of expertise;
- assisting national administrations in their co-ordinating role and in putting beneficiaries under the Initiative in contact with one another in the interests of co-operation;

- preparing reports on the implementation and progress of LEADER+ at European level;
- examining the lessons of LEADER+ and the implications for rural policy.

III. IMPLEMENTATION

Preparation and presentation of programmes under LEADER+

24. On the basis of the indicative financial allocations by Member State, decided by the Commission and communicated to the Member States, the Member States will submit to the Commission their proposals for programmes under the LEADER+ Initiative.

The programmes will be drawn up by the competent authorities designated by the Member State at the geographical level deemed to be the most appropriate, based on considerations such as their administrative structure and the planned implementation and management systems.

The most representative partners at national, regional and local level will first be consulted in accordance with Article 8(1) and (2) of the General Regulation.

25. The content of the programmes shall be similar to that of the single programming document described in Article 19(3) of the General Regulation; their structure is set out in the Annex to this notice.

Context and strategy for implementation, selection procedures, financing

26. The programme submitted must clearly show the strengths, weaknesses and potential of the area in which the programme is to apply, the specific objectives for the implementation of LEADER+ and their relation to other rural development policies implemented or to be implemented in the Member State or region concerned, the proposed strategy for achieving these objectives, the coherency and value added of the proposed measures and their impact on the environment. The objectives for each action, the themes to be included under Action 1, a list and description of the measures for implementing each action and the expected impact must all be indicated.

This analysis must be consistent with the results of the *ex-ante* evaluation of the programme, carried out in accordance with Article 41(2) of the General Regulation. The *ex-ante* evaluation will be an integral part of the programme.

27. The selection criteria and procedures must be clearly defined and ensure genuine competition between the local action groups (LAGs).

When submitting its programme the Member State will inform the Commission of the number of LAGs it intends to select. It may opt for a national or regional selection. In either case, the procedures must be transparent and guarantee satisfactory competition between the LAGs.

The Member State may organise more than one call for proposals, especially where LEADER+ is open to new areas, in which case longer time limits could be granted. Such cases must be properly described and justified. In all cases territories applying under Action 1 must be selected no later than two years after the selection criteria have been approved.

Member States will describe in their programme proposals the method chosen for selecting transnational and inter-territorial co-operation projects. The provisions proposed must ensure that the LAGs have regular and progressive access to these forms of co-operation. They must also ensure that appropriate programming and financing conditions are in place to ensure the effective implementation of this action within the time limits to be fixed in partnership with the Commission.

28. An indicative financing plan by priority, by year and by source of financing will be drawn up in accordance with Articles 28 and 29 of the General Regulation. The three actions will be considered as priorities, to which a fourth priority will be added for the purpose of financing programme management, monitoring and evaluation costs. The percentage of financing allocated for actions under this fourth priority will be indicated

Management, control, monitoring and evaluation

29. The provisions of the General Regulation and in particular Title III and Title IV Chapters I, II and III, apply. Their application must be specified in the programme and must satisfy the criteria set out in this notice.
30. The systems to implement and manage the Initiative's various actions must aim for simplification, without prejudicing the principle of sound and rigorous management.
31. In the case of financial management in particular, the programme will clearly describe the management arrangements and the procedures for the mobilisation and circulation of financial flows, including the Community funding, as far as the final beneficiary. The *ex-ante* evaluation must confirm that the implementing arrangements are appropriate.
32. The presentation of the arrangements for controls must describe, in addition to the normal procedures that apply to all expenditure, the specific provisions, methods, rules and procedures that will ensure the control of the programme in question.
33. Monitoring will be undertaken at the level of
 - the local action groups
 - the national/regional programmes

Use will be made of financial and physical indicators to be defined in the programming. These indicators must allow the progress of the programmes to be monitored as regards their financial execution, physical progress and impact.

Transmission of the results to the European Observatory and their consolidation will contribute to the Initiative's monitoring at European level.

In accordance with Article 35 of the General Regulation, a Monitoring Committee will be established for each programme under the Initiative; its composition and role must be defined.

A Steering Committee chaired by the Commission and comprising representatives of the administrations and the national and regional networks will be set up. It will meet at least once a year to discuss progress in the implementation of the Initiative. It will constitute the body for monitoring Action 2 (co-operation) at Community level.

34. The relevant provisions on evaluation in the General Regulation and the guidelines for evaluating rural development, will apply, where appropriate, to LEADER+.

In view of the specific characteristics of LEADER, the evaluation exercise, whilst drawing on physical and financial indicators, will also be supplemented by specific indicators relating in particular to the integrated territorial approach, the pilot nature of the actions, the operation of the partnership, the organisation and role of the participating administrative structures, networking and the environmental impact.

Approval of programmes

35. The Commission will approve the LEADER+ Community Initiative programmes within five months of receipt of the application for assistance and will decide on the Community contribution in accordance with Article 28 of the General Regulation.

Three months after approval of the programme a programme complement as defined in Article 9(m) of the General Regulation must be submitted to the Commission, for information. Its content shall be as set out in Article 18 (3) of the General Regulation.

The Commission favours the use of global grants in accordance with Articles 9(i) and 27 of the General Regulation.

Measures eligible for a Community contribution

36. All measures eligible for funding under the EAGGF Guidance Section, the ERDF and the ESF are eligible for Community co-financing.
37. LEADER+ is primarily intended to support pilot strategies to develop the indigenous potential of rural areas. Because of this, with the exception of small-scale actions to be identified in partnership, investment in infrastructure is not eligible under this Initiative, nor is productive investment whose unit volume is higher than a ceiling to be set in partnership.
38. Expenditure on acquisition of skills as defined in LEADER II (i.e. expenditure on publicity and/or studies prior to the launch of area development plans by the LAGs) will be a measure eligible under Action 1 provided that it concerns new territories where the LEADER methodology was never previously applied.
39. Expenditure on participating in network(s), on animation, information, managing, monitoring and evaluating the programme are all eligible for Community co-financing. Such expenditure shall be proposed when the programme is submitted.

However, the Community contribution to the cost of evaluation in the Member States will be limited to those evaluations which, by their scope and quality (as assessed using the relevant Commission guidelines), are effective in helping to evaluate LEADER+ at Community level.

40. In leading the European Observatory the Commission will be assisted by outside contractors selected on the basis of an open invitation to tender, to be published in the *Official Journal of the European Communities*. An indicative amount of a maximum of 2% of the total EAGGF Guidance Section contribution to LEADER+ will be reserved for this purpose. These activities, undertaken at the initiative of the Commission, shall be financed at a rate of 100 % of the total cost.

IV. COMMUNITY CONTRIBUTION TO THE FINANCING OF LEADER+

41. The LEADER+ Initiative will be jointly financed by the Member States and the Community.

The total contribution of the EAGGF Guidance Section for the period 2000-06 will be EUR 2020 million at 1999 prices. In accordance with Article 7 (7) of the General Regulation, the EAGGF Guidance Section contribution to each programme shall be indexed at 2 % a year up to 2003 and shall be decided at 2003 prices for the years 2004 to 2006. By 31 December 2003, the Commission shall determine the rate of indexation applicable for 2004 to 2006.

The provisions on the rates of Community contribution as laid down in Article 29 of the General Regulation will apply. In particular, the EAGGF Guidance Section contribution will be a maximum of 75% of the total eligible cost in the regions covered by Objective 1 and a maximum of 50% in other areas.

V. TIMING

42. The Commission invites Member States to present their proposals for programmes under the LEADER+ Initiative within six months of the publication of this notice in the *Official Journal of the European Communities*.

Member States should send their funding applications and any other correspondence related to this notice to:

The Director-General
Directorate-General for Agriculture
European Commission
Rue de la Loi, 200
B-1049 Brussels

ANNEX

STRUCTURE OF A PROPOSAL FOR A PROGRAMME UNDER THE LEADER+ COMMUNITY INITIATIVE

1. Definition of the area in which the Initiative will apply, criteria used.
2. Analysis of the situation in the area(s) in question.
3. Ex-ante evaluation in accordance with Article 41 (2) of the General Regulation.
4. The objectives sought by implementation of the Initiative, the strategy to achieve them, relation with other rural development programmes.
5. For each Action: objectives, priority theme(s) for Action 1, summary description of the measures to be implemented, including the information necessary to check the conformity of the 3 Actions of the Initiative with state aid rules, impact.
6. Financial plan for each priority by year and by source of funding. Indication, if appropriate, of the Community financing foreseen in Objective 1 and 2 areas. The annual participation of the Funds must remain compatible with the financial perspectives.
7. Criteria for the selection of LAGs, procedures and timing.
8. Arrangements for informing potential beneficiaries and, as part of the implementation, arrangements for informing the general public.
9. Provisions and the competent authorities designated by the Member State for the implementation, management, including financial management, and monitoring of:
 - territorial development strategies
 - co-operation
 - the operation of the networks and their links to the European Observatory.
10. Administrative provisions, detailed rules and procedures for the control of interventions.
11. Provisions for evaluation.
12. A report on the measures undertaken to consult the partners on the programme and the provisions introduced for their consultation and participation in the Monitoring Committee.
13. Compatibility of the intervention with other Community policies.

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