European Network for Rural Development

LEADER Local Development Strategies (LDS)

Guidance on design and implementation

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1. Introduction

The following guidance from the ENRD Contact Point concerns the essential and integrated role that Local Development Strategies (LDS) play in the LEADER/CLLD approach. It seeks to provide useful direction to Local Action Groups (LAGs) covering both the participatory processes needed to develop effective LDS and the key content of these strategies.

This guidance document has been informed significantly by the work of the ENRD's LEADER Focus Group on Improving the Quality of Local Development Strategies from the previous programming period. It has been updated to reflect specific provisions of the 2014-2020 Regulation.

Local Development Strategies within LEADER/CLLD

As a Community Led Local Development (CLLD) initiative, LEADER is an integrated development process designed to engage, enable, resource and empower local communities in undertaking their own local development.

There are three common and interlinked elements thought fundamental to Community Led Local Development approaches: the area or territory; the partnership; and the integrated Local Development Strategy. Taken together, these are known as the local territorial development 'trinity':

The preparation of the Local Development Strategy (LDS) is an essential and integral part of the LEADER and CLLD approach and process.

According to the Common Provisions Regulation (CPR)[1]:

> "Community-led local development shall be… carried out through integrated and multi-sectoral local development strategies"

[1] Common Provisions Regulation (EC) 1303/2013 http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2013.347.01.0320.01.ENG

The CPR, Art.2 (19) provides a definition of a Local Development Strategy:

> **"[A] 'community-led local development strategy' means a coherent set of operations… to meet local objectives and needs, and which contributes to meeting the Union strategy for smart, sustainable and inclusive growth, and which is designed and implemented by a local action group."**

Article 34 of the CPR reiterates that "Local Action Groups shall design and implement the community-led local development strategies." This article also sets out the essential minimum content for a LDS under any of the European Structural and Investment (ESI) Funds (see below and p.12). The Rural Development Regulation[2] further commits LEADER Local Action Groups to developing and delivering such strategies.

There is no single 'one size fits all' model, so preparing a good quality LDS is not a case of following or filling in a template. No two LAG areas or partnerships are identical; LAG strategies therefore can and should reflect local needs and capabilities and be adapted to these. [3]

Nevertheless, the LEADER approach and development of effective LDSs within it demands the use of some common elements, specifically:

- a participative and actively managed LDS preparation method;
- involving an appropriately structured LAG partnership;
- with active community participation, validation and buy in; and
- which is documented and evidenced in the strategy and its content.

Furthermore, article 34 of the CPR also sets out the essential minimum content for a LDS under any of the European Structural and Investment (ESI) Funds. This covers:

- The area and population covered by the strategy;
- The community involvement process;
- Development needs and potential of the area;
- The hierarchy of objectives, including measurable targets;
- An action plan;
- Management, monitoring and evaluation arrangements;
- Financial plan, including planned allocation of each ESI Fund.

The following sections provide further guidance on these two crucial areas of LDS development:

1. A participatory LDS
2. Essential content of the LDS

[2] EAFRD Regulation (EC) 1305/2013

[3] Designing a flexible strategy – interview with Jenny Nylund

2. A participatory LDS

Local participation is one of the cornerstones of the whole CLLD approach and the community's involvement in the preparation of the LDS is therefore absolutely fundamental. Involving people in the management of their own development is a core objective of the LEADER approach contributing to the horizontal priorities of 'improving governance' and mobilising the endogenous potential of rural areas'.

Each LDS needs to be designed through a bottom-up process that **must actively involve a representative cross-section of the local community** in order to take into consideration local needs and potential. This process in turn must be described in the LDS itself.

The preparation of the LDS and the development of the local partnership effectively go hand in hand each contributing to the other. An effective and well planned participative process of preparing the LDS can contribute considerably to the development of a representative, well informed and credible LAG capable of managing and delivering the LDS. Even established LAGs should plan this carefully as there can be no assumption that nothing changes in a new programming period.

Drawing directly on local knowledge and awareness and engaging local people, businesses and organisations directly in the LAG's work helps ensure the local relevance of the LDS[4]. A common vision and objectives can be developed through a shared understanding of the area's main problems and their causes, and the assets, needs and opportunities presented. This in turn strengthens the community's recognition, involvement and ownership of the LDS and LAG.

The following sections provide a guide to the key steps in this process, they provide guidance for new LAGs beginning the participative process and a reference tool for more experienced LAGs to review and update their methods in preparing a new LDS. Much of this activity should be eligible under Preparatory Support provisions.

[4] Taking a process approach Fons Jacques from a Luxembourg LAG explains the benefits of taking a participatory approach to the process of producing a LDS

2.1 Getting started

Start early

One of the most important recommendations from the work of the LEADER Focus Group 4 on Improving the Quality of Local Development Strategies was to stress the importance of LAGs taking the initiative and starting the process of LDS development. LAGs which wait for all the EU and national negotiations, regulations and guidance to be in place before starting the LDS development process restrict the time they have for an effective local process and may compromise its quality as a result. The risks of starting preparations early are small and the need for support for this activity has been recognised with the provisions for preparatory support to be available to LAGs from the beginning of 2014.[5]

Prepare

Planning and initiating the LDS development process is often best done by establishing a **working group or team**. As the LDS work progresses this group will be involved in coordinating the necessary research, planning and steering the process of community engagement and establishing and securing the human and other resources required. The working group does not have to be large; it may start small with only two or three key partners. It should progressively evolve and be broadened e.g. as a result of conducting a mapping and analysis of local stakeholders (this can be conducted in the initial phase and refined at a later stage in the LDS process). In the case of new partnerships, the working group may well evolve to form the basis of the LAG.

The LDS working group, initial group of key local informants, consultation events and any specific working groups can all contribute to the effective preparation of the LDS. As people are identified to contribute to the LDS the partnership is likely to evolve through this involvement. [6]

Time and skills

Those involved must be able to dedicate time to the tasks involved The LDS process will involve an intense sequence of meetings and discussions with communities and other stakeholders but often the time which they can commit to this work is finite. This therefore requires good quality animation and facilitation skills along with proven skills and experience in relevant research techniques and territorial development.[7]

A small team may not have the time, knowledge or skills required for the range of tasks, partners may not be able to commit sufficient staff resources. Additional dedicated resources e.g. from a university, a public agency or a consultancy may be necessary to support the team in specific, technical or

[5] Start early and plan properly Tim Hudson from the ENRD Contact Point highlights the advantages of properly planning a LDS.

[6] Change management theory developed by Prof. John Kotter (Harvard University Business School) is relevant for the process of strategy development and implementation, i.a. through the key stages which it identifies, developing the change vision and strategy, communicating for understanding and buy in and empowering others to act. http://www.kotterinternational.com/the-8-step-process-for-leading-change/

[7] Enjoy the learning curve Romina Zago from ELARD reflects on the learning processes involved in LDS operations.

specialised tasks. Skilled external experts may also offer benefits in their objectivity and in acting as honest brokers.

As a rule of thumb for a new LAG this development work might require as much as two full-time equivalents for six months (to cover partnership formation, situation analysis, LDS development and implementation plan). A great deal of voluntary work is also likely to be needed, these resources of people and time may vary depending on the areas experience of similar processes.

Information sources

An immediate task for the LDS working group is the preliminary analysis of relevant data and other information sources to develop the profile of the area and the LDS. At this stage the group will mainly be concerned with secondary sources, judging what is relevant and valuable, making the most of existing information rather than duplicating the effort or undertaking new research. It is important to take account of the other initiatives, plans or strategies affecting the area both in terms of ensuring complementarity and also as potential sources of information.[8]

One useful approach here is to prepare a logically structured template of the information you need. This will help you identify any gaps you need to fill and forms a basis for specifying further information needed to complete your initial analysis. The template would commonly include sections on the territory, its geography and environment, resource efficiency, heritage, climate change, transport, infrastructure, population, social inclusion and poverty, the economy and labour market, governance and administration. This provides a basis around which the working group's analysis and initial thinking about possible LDS priorities can take place. This is also an important step in informing subsequent community consultations.

This planning and structuring is particularly important where you are working with a small team where the effective use of finite and valuable resources is an absolute priority.

[8] See example from Andalusia (ES) on "Integrating LDS into wider territorial planning"

2.2 Approaches to consultation

Starting the process

A proven participative approach is to initiate consultation process by identifying and involving a relatively small group of key local or organisational stakeholders or informants and build from there.

LAGs and their working groups should consider how best to structure how they consult locally.[9]

Important considerations include how people will be involved, on what basis, at what stage, through what type of approach and how this will be resourced.

The purpose of these consultations is twofold. Firstly, they enable the working group to test and develop their initial desk based research and analysis in the light of local knowledge and expertise and then to explore the main problems and opportunities facing the area. Secondly they inform the working group about local opinion leaders and other prominent actors who may be prepared to support or be involved in LDS development, in LAG activities or in membership of the LAG.

In considering this the group need to think through the stages of LDS development and the objectives in involving local partners and communities. This includes the main stages of preparing the LDS, information gathering, SWOT analysis, prioritisation, setting objectives and the basic intervention logic, designing delivery, securing support and agreeing the final submission.

Broadening involvement

Broad based community participation is a priority in strengthening the relevance, appropriateness, ownership and deliverability of the LAG, LDS and the outcomes sought. How can LAGs ensure an accessible process which broadens and deepens local community and sectoral participation?

Merely informing local people that they can contribute to the development of an LDS and a bid for funding for their area **is not enough**. LAGs have to **motivate and enable real participation**, plan whose involvement you seek and how you enable this[10]. It is important to ensure that your process is as inclusive as is feasible, avoid excluding groups e.g. the young or elderly who may face difficulties e.g. in traveling, those with time constraints, businesses, young parents etc.

Conducting a formal **stakeholder analysis** is one simple way of structuring and ensuring effective wider participation in LDS development whilst also contributing to constructing a relevant and capable LAG partnership.

Stakeholder analysis simply involves mapping and analysing **the people, organisations and institutions** which have or can have a significant impact on the areas development. It identifies the **core capabilities and contributions** of actual or potential partners and may be undertaken by sector, public, private and civic, area, theme or activity type. The analysis can be structured around people or organisations' official remit, interests, capacity or resources, or possible projects or interests they wish to promote. This mapping also helps demonstrate the relevance of the partnership to the area and

[9] Using needs analysis information Mireille Groot Koerkamp from a Dutch LAG notes the importance of using 'needs analysis' information in a Local Development Strategy.

[10] Bottom-up approach Kristiina Liimand, case Tartu Region, Estonia

provide evidence of community involvement in the LDS document. There are various tools available to assist with this (matrices, relationship diagrams, organisational capacity diagrams, mind maps, etc.)

Public meetings or events of various forms are a common approach to community involvement but **planning should ensure** that all parts of the area and community have **the opportunity to contribute**. Take care to **address potential barriers** e.g. in managing timing and locations, providing food and refreshments, even providing child care arrangements to ensure people can attend. **Design working methods carefully** to enable even the most reticent to be comfortable in making their contribution. There are many web based resources on participative techniques, simple ones like buzz groups, prioritisation exercises and the way in which facilitators gather feedback all can help involve people.

Once this wider basis of involvement is established it is important to, keep people informed and engaged **communicating effectively and providing feedback** throughout the processes to ensure a high level of local participation by all possible interested parties.[11]

Deepening and strengthening the process and analysis

Thematic, sectoral or area based sub groups or working groups offer a further means of broadening, extending and deepening the participative and consultative process and addressing specific needs or priorities. These may be established in response to a specific need or interest group e.g. as a result of a more general meeting or as a direct initiative by the group leading the LDS process.

Small working groups or sub groups may be established on a thematic, sectoral or area basis contributing both specialist knowledge and wider local involvement, LAGs may also use a combination of these types. The choice and number of themes for such groups depends on the area, the resources available and the initial territorial analysis. Groups may also form a means of involving disadvantaged or hard to reach groups or enabling the use of methods which make it easier for people to participate.

Whatever the approach adopted it is important that these groups connect and communicate strongly with the main LDS working group. Such groups bring together different stakeholder perspectives and allow the exploration and agreement of the main needs and opportunities and their relative priority. In so doing the groups contribute to the preparation of the SWOT and further LDS development overall and in the identification of thematic or area based objectives and priorities.

Careful consideration of the composition of these groups is important to ensure that they work effectively; the aim is to involve a broad cross-section of motivated local people who have ideas. Care should also be taken to consider the relationships or dynamics within communities, e.g. by selecting chairs who are trusted or respected in the community or in avoiding so called “blockers”, those whose involvement or actions may exclude others. Once again it is important to identify and to involve groups that are often excluded.

2.3 Developing priorities and objectives

Preparing an LDS normally involves a LAG and/or other local actors in carrying out an analysis of the situation in their territory; commonly this is based on a SWOT (Strengths, Weaknesses, Opportunities

[11] Spread the word Thomas Wallrich from a German LAG explains the role of communication in promoting inclusive and quality approaches to LDS implementation.

and Threats) Analysis[12]. This analysis will help identify the areas development challenges and opportunities, from this the strategy and its objectives may be defined and the development priorities agreed. This may be done by the whole LAG, an LDS working group or, as noted above sub groups may be used to contribute to the SWOT through their own analysis of the theme, area or sector in question.

Conventionally strengths and weaknesses are regarded as being internal factors i.e. things over which the LAG / LDS has some influence. Opportunities and threats are regarded as external factors that the LAG / LDS may seek to mitigate or take advantage of. The technique can be applied at different geographical or sectoral levels and using a variety of different techniques. Developing a clear understanding here is important in ensuring that the LDS is focused on realistic and locally achievable objectives. Whatever the approach it is vital to ensure that what is produced is a real analysis based on evidence rather than merely lists of issues under the four headings.

On the basis of the research and analysis undertaken the working groups (and LDS working group) should consider how to build on the strengths and mitigate the threats, address the needs and opportunities highlighted and identify the possible actions (bearing in mind what is realistically achievable).

Encouraging the group to consider their 'vision', what the area may become or look like in future is a particularly valuable technique. This then has to be translated into something more realistic and deliverable, real SMART (Specific, Measurable, Achievable, Realistic and Time-bound) objectives[13].

In thinking about what is achievable it is useful to consider what the potential level of available resources is likely to be and what is best addressed through this LAG and what by other programmes. This is the next level of reality checking and also contributes importantly to 'expectation management' and prioritisation. In general, objectives should be ranked reflecting the degree to which they contribute towards meeting the fundamental needs and opportunities identified earlier, their share of the proposed budget should reflect this priority.

Following this work the LDS and working groups will bring together a basic picture of the main problems or needs, the objectives related to these needs, their relative priority and the possible and practical means of achieving them.[14]

LAGs may undertake all the work themselves or be supported in this process e.g. through partners own resources or by experts. The resultant output is an LDS which addresses a well-defined local area, is integrated and which takes account of the range of local stakeholders concerns.

2.4 Completing the process, joining it all up

Once the LAG has worked its way through the various participative processes and stages of research and analysis, everyone has done their bit; how is this all drawn together in a participative manner?

The objective here is to draw the elements together and build consensus through a process of meetings and negotiations to agree the main principles, objectives and priorities of the LDS along with the

[12] See SWOT Analysis section

[13] Ireland "Making LDS goals easily measurable to capture"

[14] Sardinia (IT), "Using participatory methodologies (problem tree) to design quality Local Development Strategies"

proposed budget allocation and the final composition and structure of the LAG partnership. LAGs are therefore seeking to draw together different perspectives, visions and aspirations into a single and agreed LDS.

This can be rather a delicate process and is not merely a case of bringing together the different parts from the different stages and groups; here the maxim of 'the whole being greater than the sum of the parts' should truly apply. There is a wide range of experience of this type of negotiation both within the LEADER community and elsewhere in conducting these types of approaches and LAGs should actively seek out and implement proven effective methods.

The LAG or steering group need to provide strong leadership to encourage real and constructive compromise in identifying the links (synergies or complementarity) between actions and actors and developing shared 'win-win' approaches. Normally this involves starting with those actions and projects where there is agreement and then building on this. LAGs are likely to have to set aside or defer those elements which represent red lines for one or more of the local partners or stakeholders.

Maintaining and building on the momentum of participation energises the implementation process. It is therefore particularly important to find projects which deliver quick results and flagship projects with strong local effects or which contribute strongly to the objectives of the LDS. High priority should be given to those projects or actions which link with and reinforce each other and in doing so mobilise different local actors, i.e. those which deliver the core LEADER ethos[15].

Throughout all this work, the LAG or steering group has to keep one eye on the technical part of the process, preparing the LDS in the final form which will be submitted as the application for LEADER support and developing the operational plan through which it will be implemented.

[15] Mobilising LDS stakeholders Thomas Wallrich from a German LAG provides his advice tips on getting different stakeholders involved in a LDS.

3. The essential content of the LDS

The common minimum content for a Local Development Strategy (LDS) under any of the ESI Funds is set out in the Common Provisions Regulation and comprises the following seven elements:

- A definition of the area and population covered by the strategy.
- An analysis of the development needs and potential of the area including an analysis of strengths, weaknesses, opportunities and threats.
- A description of the strategy and its objectives, a description of the integrated and innovative character of the strategy and a hierarchy of objectives, including measurable targets for outputs or results. The strategy shall be coherent with the relevant programmes of all the ESI Funds involved.
- A description of the community involvement process in the development of the strategy.
- An action plan demonstrating how objectives are translated into actions.
- A description of the management and monitoring arrangements of the strategy demonstrating the capacity of the Local Action Group to implement the strategy and a description of the specific arrangements for evaluation.
- The financial plan of the strategy including the planned allocation of each of the ESI Funds.

This minimum content is based on recognised good practice including the priorities identified and addressed in the LEADER Subcommittee Focus Group 4. The following sections address each of these elements in turn.

3.1 Area and population covered by the strategy

The links between the LAG area, partnership and strategy lie at the core of the LEADER approach and clearly differentiate LEADER from the other elements of the Rural Development Programme (RDP). This section of the LDS should therefore define the proposed LAG territory and local partnership providing a clear rationale which justifies each of these, their relevance to the LDS and the relationship between them.

The LDS must clearly define and describe the proposed area including the population which it addresses. The minimum common requirement is that the areas be at a sub-regional level and that they be specific. The aim in this section is to provide a realistic description of the area and how it functions drawing out the key features of relevance to the LDS. This should explain why this is an appropriate area upon which to base the strategy, e.g. drawing out the key distinguishing features and those social, economic and environmental factors which demonstrate it has sufficient critical mass and coherence to be viable.

The definitions used must be consistent with the overarching territorial and partnership criteria set out in the relevant EU regulations and guidance together with any further specification regarding these set in the national Partnership Agreement and RDP(s) by the Member State or region.

There is no requirement in either the Common Provisions or Rural Development Regulations that a LAG boundary follow any administrative boundary (although there may be such requirements in the relevant national or regional legislation); a functional boundary may be more appropriate for a rural area. Administrative territorial boundaries are nevertheless involved in area definitions. These often form the basis of many data sets essential in accurately describing an area and informing the LDS analysis. There may also be operational benefits in terms of the link to the organisational capabilities required to deliver the LAG and LDS.[16]

[16] France: Enhancing LEADER's regional flavour

3.2 Development needs and potential of the area

The LDS should present a concise analysis of the social, economic and environmental context conducted at the level of the proposed territory, this forms much of the essential evidence base upon which the development of the strategy will be based (and against which it can be assessed). The LDS should contain a high quality SWOT analysis based on the key features of the LAG territory, the socio economic and environmental context, the review of policies applying to the area, the community and stakeholder consultations and any expert knowledge or input which the LAG considered in identifying the key challenges and opportunities developing their strategy.

The local context, socio economic and environmental

This contextual analysis should be appropriate to the LDS area in its scope, physical and financial scale and detail. It should be consistent with LEADER, its local rural focus and the extent of its potential achievement. Information and data presented should therefore be specific, highly relevant and tightly focused on the LDS area, you should present both baseline and trend data where possible. In as far as is possible data presented should be consistent and comparable in time series and units to strengthen analysis and interpretation. Remember the quality and relevance of data is significantly more important than the quantity. This analysis can be undertaken by the LAG itself, e.g. through a suitably qualified member such as an academic or advisory institution or by external experts.

Your analysis is likely to comprise a mix of information from both primary and secondary sources. Secondary sources such as published statistics identifying baseline and trend data are the most important sources. Some problems in the spatial fit between data sets and LAG areas may arise particularly where there is no direct fit with administrative boundaries, here you may consider undertaking or commissioning some bespoke research.

Relevant reports and studies, particularly those which are focused on the types of issues or areas which the LDS will address should also be sought out and utilised. This is a good point to consider the LDS fit and its complementarity with other relevant local strategies and programmes. One immediate benefit of doing this is that these may offer a useful source of data and analysis or may identify useful data sources.[17]

Recommended socio-economic data sets to analyse include:

- The areas resident population and its profile;
- The number and distribution of jobs in the area;
- Employment by sector and by gender, full time and part time;
- Workforce skills and qualifications;
- Unemployment, ideally including area, age and gender;
- The business base, births, deaths, numbers and sizes;
- Local infrastructure provision and access to services;
- Deprivation and disadvantage based on other social aspects (e.g. income, health and housing).

Environmental baseline data and analysis relevant to the area should also be presented. Specifically, this should include any environmental assets and designations potentially relevant to the strategy.

[17] "Focus on the bigger picture"

The LDS SWOT analysis

SWOT analysis (strengths, weaknesses, opportunities and threats) provides a simple information management and analysis tool which is applied to the proposed LAG territory[18]. It analyses those factors the area faces which the LAG / LDS can directly influence; the strengths and weaknesses and the external factors; the opportunities and threats which are outwith direct LAG influence. It can be applied to the general territorial analysis informing the LDS and can also look in more detail at how a specific issue may be addressed.

An effective SWOT process is important as the quality of information derived from it depends on who is involved and how the process is managed. A common failing in many SWOTs is to merely present a list or matrix of issues under the four categories. This does not contribute to the justification of the strategy. The key element of the SWOT is the analysis. This is a prerequisite for effective needs assessment and the setting of relevant objectives addressing the needs and opportunities of the area.

To be effective a SWOT must therefore show an analysis of the implications of the identified factors for the area and its population. The analysis should provide a basis for prioritising the most important issues and actions and for allocating resources. This clearly indicates the need for strong and well evidenced community participation in the process.

A good quality SWOT should connect the evidence base, the community engagement and the proposed programme. It therefore involves both quantitative and qualitative elements and ideally should involve relevant baseline or contextual indicators by which performance may be measured later.

The SWOT illustrates potential linkages and connections between issues and can identify opportunities to innovate in addressing these. It underpins the intervention logic of the LDS linking the needs and opportunities to the development of the LDS objectives. It provides the background against which the justification, relevance and adequacy of the LDS can be assessed

[18] Guidance on conducting an effective SWOT is available at page 64 of the EC Project Management Cycle guidance.

3.3 Objectives and targets

LDS intervention logic, aims, objectives and rationale

What do terms like intervention logic and SMART objectives mean in plain language? Why are they important when we are preparing our local development strategies?

In fact, these elements and principles lie at the heart of an effective and measurable strategy. Put simply they help us to be sure that what we are trying to achieve makes sense in terms of the areas identified needs, identify the specific objectives that the project activity will pursue and confirm that we will be able to measure our achievement in addressing these needs and objectives. These are critical contributions to LEADER's achievement of real added value.

One of the main drivers for improvement in LEADER LDSs has been the special report of the European Court of Auditors (ECA 2010). A number of the report's findings relate to the need to improve the achievement of added value through the LDS and to monitor and report that achievement. Findings and recommendations included that:

- 'In practice, the strategies were almost irrelevant and served as little more than an application to the managing authority for funding';
- 'None of the LAGs monitored or reported on their performance in achieving their strategy objectives'; and
- 'The Commission should ensure that Member States (...) require the LAGs to set measurable objectives, specific to their local area, that can be achieved by the LEADER programme'.

A clear intervention logic leading to SMART LDS objectives provides a robust basis for addressing these priorities.

The intervention logic

The LDS document should present a clear rationale for the strategy proposed – this should provide a framework setting out:

- What it is proposed to do and why this is appropriate;
- The hierarchy of steps in the process:
  - linking the need to the action;
  - through its immediate effects;
  - to the way this contributes to achieving the objective.

This framework sets out the basic intervention logic clearly demonstrating how the objectives and the outcomes sought flow from the combination of the area analysis, the SWOT analysis and the consultation findings.

Presenting a short synthesis of the conclusions from the analysis and consultations then drawing out the agreed overall objectives of the strategy is a sound approach. This should explain how the LDS represents a coherent response to the central themes and overall objectives identified i.e. that it is internally consistent. To this may be added other cross cutting objectives e.g. setting out the way in which the LAG will promote innovation or foster integration between sectors or groups.

SMART objectives

The objectives identified in the LDS should follow the SMART convention, that is to say they should be:

- **S**pecific – clearly stating what the LDS will address and by what means;
- **M**easurable – containing a basis for measurement and quantified targets;
- **A**chievable – technically feasible given the scope and scale of LDS proposals;
- **R**ealistic – attainable given the resources provided, time allowed, scale of intervention etc.;
- **T**imebound – incorporating the date by which the targets should be achieved.

The following example represents such an overall LDS objective which is presented in SMART terms.

"By 2020, to strengthen innovation and adaptability in businesses within the LAG area, through actions leading to 10 new processes or products being introduced, 200 individuals successfully gaining and implementing new skills and 100 gross jobs being created or safeguarded".

Thus the intervention logic and associated SMART objectives links the needs and actions to a measurable set of performance milestones or indicators through which the LDS achievement may be assessed.

This is a simple example, in some cases the intervention logic may be more complex identifying measures or actions with their own SMART objectives through which the strategy will be implemented and the global objectives achieved.

Prioritising and agreeing objectives

Prioritising is often the most difficult part of the strategy design process. This is all the more so in a participative process where many of the strategies and actions produced through the consultation and research process may look important and inter-related. The challenge for the LAG is often how to leave anything out and focus the scarce resources?

To prioritise the LAG has to be clear about what matters most. Prioritisation is an important aspect of all decision-making and often needs to be done as a group activity if the results are to be generally agreed and accepted. The LEADER bottom-up approach means that the local actors participate in decision-making about the strategy and in the selection of the priorities to be pursued in their local area.

Using a structured and / or facilitated process will help LAGs to achieve this. Graphic methods are a particularly useful tool to use presenting options in a simple and visual way e.g. using charts, stickers, cards, post-its etc. enabling a group of people to collectively rank competing priorities. Approaches of this type are particularly suitable for a workshop or a public meeting. There are many methods which can be used, skilled facilitators will have access to these techniques, there are also many examples on the web. The following example works well in developing and agreeing priorities in a group situation.

> The Stephen Covey Time Management Matrix prioritising method can also be used to help structure the formulation and prioritisation of objectives. When building the list of tasks and assessing their urgency and importance get the whole of your team involved. People are likely to have differing views on the urgency and importance of some tasks – allow the discussions but ensure that they come to an agreed conclusion as each task must end up somewhere on the grid. Getting everyone involved in the discussion gives them a stake in the process, and means they are much more likely to get involved with delivering the final plan.

Consistency, complementarity and synergy

Achieving consistency, complementarity and synergy of their LEADER LDS's with other local or wider strategies or initiatives has proved challenging for some LAGs. The local area and community focus can sometimes result in a lack of awareness of the wider development agenda. LAGS and their LDS do not exist in isolation however and whilst on occasions LAGs may struggle to balance local and wider considerations, thinking globally whilst acting locally means considering your position in the whole.

LEADER is a relatively small intervention and as such is more effective if carefully targeted to achieve 'best fit' and avoid duplication or overlap with other initiatives. Careful consideration and planning of how the LAG can add value to both local and wider initiatives will considerably strengthen the effectiveness and added value of the LDS and the work of the LAG to the local community.

The new Common Strategic Framework and CLLD approaches introduced in 2014 bring with them a much stronger focus on achieving the benefits of complementarity and synergies between all the EU funds and instruments. Partnership Agreements set out at Member State level the way in which the EU funds will work together to achieve shared and complementary objectives. As LAGs will operate within this framework this itself will encourage improvements here. LAGs should nevertheless carefully plan this aspect of their LDS. Of course this is not a one way process and LAGs may also gain substantial benefits from the actions of others which may complement their LDS.

The LEADER principles of partnership and match funding depend on demonstrating complementarity and synergy in order to secure support and participation. The leverage of resources which LAGs achieve is a major element of the added value which LEADER delivers locally.

It is not enough to merely accommodate this however, the benefits which arise from such consistency, complementarity and synergy are stronger when this is planned in advance. This adds value to your strategy and to what LEADER achieves overall. A simple approach such as mapping the priorities, areas and resources supported or pursued under other initiatives can help in this process during the development of your LDS.

Horizontal objectives

a. Equal opportunities

All EU funding is required to mainstream the Commission's policy on equal opportunities as enshrined in the EU Treaty and reflected in Member State legislation. This is important, not just in upholding citizens' rights, but also in ensuring that all available talents and abilities are harnessed.

The LDS should contain a clear and concise statement laying out the LAGs strategic approach to enabling and ensuring equality of opportunity and how it is proposed that this will be addressed operationally. A pragmatic approach here is to adopt a suitable equal opportunities policy from one of the partners, cross checking this against the LAG strategy and by amending this demonstrate how this will be implemented operationally. The policy may be attached as an annex.

b. Environmental sustainability

All EU-funded Programmes are expected to mainstream the Commission's policy on environmental sustainability. Integrating environmental sustainability in LAG area strategies is important because of EU and domestic legislation and because of the dependence of rural communities and economies on a high quality natural resource and environment.

The strategy should set out the environmental sustainability principles to which your LAG is committed and outline how these will be implemented and monitored.

Innovation

One of the original and fundamental strategic principles in LEADER which is reinforced in the 2014 – 2020 period is the search for innovation. The focus on innovation is founded on the belief that doing "more of the same" is unlikely to enable local areas to reach their full potential and that new solutions to existing problems should be sought.

The objectives here are to encourage and support new, forward looking and entrepreneurial approaches and solutions to local issues and to share and transfer that experience. The LDS should therefore outline the LAGs overall approach to identifying, initiating, supporting and capitalising on innovation. In doing so it is therefore important to consider the fit between innovation, co-operation and networking. Transferring best practice, sharing and learning from others allows access to a huge range of experience and stimulates innovation.

A statement as to how this will be addressed in the strategy should be included (e.g. by giving priority to projects which clearly demonstrate some desirable form of innovation).

Cooperation

Cooperation is also one of the core LEADER features and is given greater prominence in the 2014 – 2020 RDPs being formalised in Article 35(1)(c) of the Common Provisions Regulation complemented by Article 44 of the Rural Development Regulation and as sub-measure 19.3. With a community of well over 2,400 LAGs the wealth of LEADER local development experience, knowledge and human capital is enormous; cooperation offers a vital means of capitalising on this resource. LAGs can make use of or contribute to this to develop the group, to undertake joint projects or initiatives, to innovate, or to share or transfer knowledge and experience. As such cooperation activities are one of the most valuable tools available to LAGs and the application of this should be carefully planned and presented in the LDS.

Your strategy should therefore set out your proposed approach, how you will develop it and what you wish to achieve for your LAG.

This includes LEADERs potential contribution to wider cooperation and specifically in strengthening and sharing innovation. With the expansion of Community Led Local Development the potential scale and scope of such cooperation, inter-territorial and transnational is clearly considerably expanded to include other types of local partnerships e.g. as we have seen with LEADER LAGs and EFF FLAGs.

3.4 The community involvement process

Good practice in implementing a bottom up approach and the Regulations make it clear that it is important not only to involve the community in the development of the LDS but also to demonstrate how and how effectively that has been done. Your description of the process of community involvement in the development of the LDS (and the LAG) will be one of the key elements assessed in the approval process. In participating in LDS development community involvement would normally contribute to two main and linked elements:

- Their perceptions of the areas strengths, assets, needs and opportunities, (either forming part of the SWOT analysis process or feeding in where this is a separate stage); and
- Their perceptions validating the focus and balance of the strategy, the actions proposed and how it will be delivered.

The LDS should therefore provide details of this overall process of bottom up involvement and community and stakeholder consultation. This should be evidenced by explaining what was done, who was involved, how and the extent of their involvement. The strategy should summarise the findings from this stakeholder and wider community involvement.

A key perspective which should emerge here is the validation of the appropriateness and relevance of the focus of the LDS and the direction from which is approached or addressed e.g. the social, economic or environmental perspective.

For more information on what should be done and how see the preceding chapter on developing a participatory LDS.

3.5 Action plan

Objectives and actions proposed

Once the overall intervention logic for the LDS and the headline or global objectives are established, it is then time to consider the more specific and detailed elements of what the LDS will seek to achieve in pursuing these objectives. The LDS should ideally group types of activity together in a logical manner, e.g. by themes to form coherent packages rather than as individual actions.

In conducting their analysis and consultations, the LAG should have developed proposals for the packages of activities necessary to address the identified needs and achieve the overall objectives. These packages of actions need to be described in the LDS showing how they contribute its overall intervention logic and thus its objectives. It therefore follows that they must have their own clearly demonstrated logic. This in turn provides a basis for considering how the proposals fit with other initiatives in the area. This justifies the allocation of resources within the LDS and, in the case of a multi-fund LDS, by Fund.

A useful approach to presenting this is to prepare a fiche or factsheet for each of these activity groups using a common format and reflecting the way in which the LDS is structured. The following elements are the main things which should be addressed in the implementation plan:

a. Specific objectives

Each proposed package of activities should have objectives specified in SMART terms which fully capture what the package proposes to do and how this contributes to the overall objective. Such a 'package level' objective, (e.g. linked to the overall objective example) could be:

"By 2020, to improve the economic performance of the LAG area through actions leading to 140 participants successfully completing a training activity, 100 gross jobs created or safeguarded and 2,000 additional tourist bed nights."

b. Rationale

A rationale which justifies each package of actions and its contribution to the overall strategy should be provided. As with the LDS rationale this should demonstrate the logic behind the proposals by drawing on the evidence from the analyses and the consultation findings, as appropriate. In the case of multi-fund strategies this should take specific account of the respective fund objectives and priorities.

c. Scope of action

The range of activities that will be considered for support under the package should be identified here. It will be essential to check the relevant national and regional programme documents, RDP and the CLLD section of the Partnership Agreement to ensure the consistency and eligibility of what is proposed in both mono-fund and multi-fund situations.

d. Strategic fit: complementarity and demarcation

The internal and external scope for complementarity or synergy between activities under this package and other elements of the LDS or other initiatives should be briefly outlined. This includes the complementarity with other elements of the RDP. Where demarcation between funds is required this should be clearly specified.

e. Target beneficiaries

Target groups intended to benefit from the activities supported should be identified. This should include reference to any target or priority groups identified through the strategy development process.

f. Resources and weighting

The indicative allocation of funding for the package should be provided, broken down in monetary terms (by fund where appropriate) and as a proportion of the total resources for the LDS. The basis of this allocation should be justified by reference to the analysis and intervention logic.

g. Results and outcomes

The anticipated types and scale of output, result and outcome (or impact) from the package of activities should be identified. This is normally done by identifying appropriate performance indicators from those specified in the RDP (including Common Monitoring and Evaluation System indicators), and LDS specific indicators. LDS specific indicators can reflect the specific theme or focus of the strategy and/or local priorities, although it is essential that these are well defined, practical and limited in number. Quantifiable targets are then set in relation to these, these targets should be realistic and proportionate to the scale of the resources devoted to the activities.

It may be helpful to think in terms of a hierarchy of effects for the package;

- Outputs, the supported activity;
- Results, the immediate or intermediate effects; and
- The outcome, the overall change which is sought.

These effects should relate directly to the LDS intervention logic and SMART objectives. The following example is in relation to a training initiative:

- The outcome sought could be the number of individuals who are more employable or have their employment safeguarded through greater adaptability;
- The result would be the number of individuals successfully completing the training course and gaining a qualification or implementing new skills in the workplace; and
- The output would be the number of training days taken up by individuals.

h. Proposed project actions

It will not be possible at this stage of its development to specify all project activity likely to emerge under the LDS. LAGs should make best estimates of activity likely to emerge in the early stages on the basis of the work undertaken in preparing the LDS; this can then be used for profiling the use of funds over the life of the programme in the financial plan.

3.6 Management, monitoring and evaluation arrangements

The Common Provisions Regulation (CPR) requires that the LDS should include a business plan setting out the arrangements, mechanisms and procedures through which it will be implemented by the LAG. These implementation provisions should include the management and monitoring arrangements of the strategy, the implementation capacity of the LAG and the specific arrangements for evaluation. The section should provide a brief rationale for the proposed implementation methods and procedures describing how this will contribute to achieving the overall aims and objectives of the LDS.

Whilst LAGs are required to set out these provisions this will necessarily be conditioned by the requirement that the "Member States shall define the respective roles of the local action group and the authorities responsible for the implementation of the relevant programmes, for all implementation tasks relating to the strategy" (Common Provisions Regulation, Art. 30).

The following sub-sections provide general guidance as to how these requirements may best be addressed in practice; this should be adjusted to take account of specific national/regional requirements.

LDS implementation structure and process

There are two main elements of the LAG structure and roles which it is necessary that LAGs specify in the implementation elements of their LDS;

- the legal structure of the LAG as an entity; and
- the operational structure, roles and procedures which the LAG will employ.

The CPR stipulates two alternative legal structures which are possible in the establishment of LAGs under any of the funds. The Managing Authority shall ensure that the Local Action Groups either:

- Select one partner in the group as a lead partner in administrative and financial matters; or
- Come together in a legally constituted common structure.

Whichever approach is adopted this body will normally be responsible for:

- Compliance with the RDP and other relevant regulations;
- The financial accountability of the programme; and
- The employment and management of staff on behalf of the LAG.

Where an administrative and financial lead partner is proposed by the LAG it should be explained why this organisation is suitably qualified to undertake the role (e.g. in terms of its systems, staffing, experience and capabilities).

Where the legally constituted approach is chosen, it will be necessary to specify the legal form (i.e. civic society association, public body, private non-profit making body, other), provide a copy of the approved statutes and demonstrate that it fulfils the requirement of the regulations in terms of its management, financial and administrative capability.[19]

LAG structure, roles and procedures

[19] Example from Greece: Clear rules and methodologies to ensure involvement of different sectors in local strategies

This section should describe the way in which the LAG partnership is structured and link this to how it intends to operate. Key considerations LAGs should address here are;

- The membership of the LAG and its structure including any subgroups;
- The expectations placed on LAG members; and
- Any specific contributions individual partners can make to the LAG and its work.

The specific responsibilities and tasks of the LAG and its members are set out in the Common Provisions Regulation (Art 34) and the implementation plan should describe how these will be addressed. The operational principles should be described setting out the respective roles of the LAG, any subgroups and the LAG staff in addressing these responsibilities. Specification of the proposed approach to decision-making is the most essential element of this.

Decision-making

This section of the implementation plan should detail the LAGs proposed decision-making approach, this covers all forms of decision making. This should cover the roles and responsibilities of those involved, i.e.

- Who is responsible or mandated for which types of decision;
- The use of any sub groups e.g. a selection committee for selecting operations implementing the LDS, (see project development and selection section);
- Any levels of delegation of decision making e.g. to staff;
- The decision making principles and methods which will be employed e.g. simple majority, consensus, remote procedures etc; and
- How such decisions will be recorded.

Where any form of decision-making group is proposed its operation must be clearly set out with clear terms of reference and operating procedures which respect the principles established in the Common Provisions Regulation.

The use of a flow chart is a useful means of illustrating the processes and LAG member's respective roles within this.[20]

Further specific provisions for project level decision making are set out below.

Complementarity and working with others

This section should include a description of how the LAG and its staff will work with other organisations and initiatives in the area to ensure that effective complementarity is achieved in practice (e.g. other CLLD LAGs, other elements of the RDP, other programmes, etc.). This should respect the relevant principles outlined in the Partnership Agreement. Clear procedures and lines of responsibility should be described here.

[20] Finland: Supporting LAG independence and objective decision-making

Procedures for project development and selection

The implementation plan should outline the proposed project animation, development, appraisal and selection procedures, where appropriate this may also include project approval where LAGs have such delegated competency.

Ideally the supporting materials, e.g. application forms, scoring pro-forma, etc. should be referenced and available. The use of flow charts illustrating the application and selection processes represents a simple and clear means of illustration, a single chart can also be used. Tables can also be provided to help clearly allocate responsibilities.

a. Project development

The project development and application process and the procedure employed at each of its stages should be explained; this should describe all stages from the initial publicity and call for proposals through to the submission of the project application. Any support to be provided by the LAG or its staff should be described. Further detail on project development procedures is provided in the LDS implementation guide in the LEADER Toolkit.

b. Project selection

Project selection procedures should set out the process and decision-making criteria to be employed. This should clearly identify the sequence of events and who is involved at each stage of the process.

A common approach to project assessment is the use of a selection committee or sub group. Where a selection committee is employed this should be specified, its operation must be clearly set out with clear terms of reference and operating procedures which respect the principles established in the Common Provisions Regulation (Art's 32.2.b and 34.3.b).

The decision-making principles for project selection should identify whether this be by consensus or vote, any weighting or scoring to be applied, any variation by type of decision, the required quorum and the balance of its make up, etc. A list of those present should be included in the minutes of each meeting.

A good practice is to apply the principle of double quorum/majority (the minimum number of votes is the majority of the members + a majority of votes is attributed to the non-public authority members).

c. Recording the process

The European Court of Auditors' special report made extensive comments on LAGs weaknesses in evidencing and recording their project selection and highlighted the need for robust procedures to be in place and implemented. Many LAGs failed to adequately minute decision-making and did not document the selection process.

It is therefore essential that LAGs set out not only the way in which decisions are to be made but also how this will be robustly evidenced and recorded.

d. Communicating the outcome

LAGs should describe how they will communicate the outcome of the project selection procedures to applicants and the time allowed for doing so.

e. Conflict of interest procedures

It is important for all LAGs to ensure that adequate separation of responsibilities is maintained between the different elements of the process to ensure transparency in decision-making and to avoid any potential conflict of interest. The European Court of Auditors' report again made comment on LAGs weaknesses in this regard and highlighted the need for robust procedures to be in place and implemented. In general terms the following principles should be observed as a minimum:

- Those involved in project development should not be involved in project selection;
- Staff should only undertake technical appraisals or offer technical advice on a project;
- Anyone involved in project assessment or selection with an interest in a project should declare that interest and withdraw from the decision-making process in accordance with the LAGs procedure for avoiding conflicts of interest; and
- A register of LAG member's interests should be prepared; this should record the nature of any link between a member of the selection committee and a project or any applicant.

LAGs should clearly describe their procedure for avoiding conflicts of interest; this must be consistent with the provisions of Council Regulation No 966/2012 Article 57. Managing Authorities may provide their own provisions in this regard incorporating at least these requirements.

Communications and publicity

Communicating and publicising the LAG and the LDS aims and achievements effectively can contribute very positively to the successful achievement of their objectives. The implementation arrangements should clearly set out the LAG's proposals for communications and publicity. The formal aim of such a plan is to acknowledge and publicise the EU intervention, this should be consistent with the RDP communication plan delivered by the National Rural Network and the relevant EU legal provisions (Annex III of Implementing Regulation EU 808/2014). The scope of this may be extended to increase the engagement and involvement of actual and potential beneficiaries and their awareness of the opportunities for involvement.

A typical plan would include:

- Target groups;
- The types of publicity activities and materials;
- Access to LAG documents and information on the LAG;
- The financial plan;
- Lead responsibility;
- Information for applicants;
- Information for the general public; and
- The overall schedule of LDS activities.

The LEADER logo should be used in all information, materials and publicity related to actions funded by the LDS.

Administration and staffing

Depending on scale, each LAG will require a full time manager or coordinator and administrative support; larger LAGs may employ as many as four or five people, including dedicated community and business or project development workers. As staff costs may represent a LAGs single biggest financial commitment, careful planning and ensuring that the right people are doing the right tasks is essential, more so in smaller LAGs with finite resources. This is a key part of "demonstrating necessary capacity of the local action group to implement the strategy."

All LAGs' staffing requirements tend to vary over time in their quantity and nature (e.g. a new LAG may initially require more resources to animate, build involvement and capacity and in the later stages financial and administrative capacity may be more important). It is therefore important to identify the staff resources required at different times including the key roles and tasks and the skills and experience required. LAGs therefore need to specify the following in their implementation plan:

- The staffing and employment structure proposed;
- The key roles, supported by relevant job descriptions;
- A breakdown of headline employment costs and the other costs associated with the delivery of the programme; as with other costs this should be profiled over the planned period of the LAGs operation;

Any complementarity, co-operation or sharing of resources with other organisations, initiatives or LAGs in supporting the work of the LAG or in the employment, use or development of staff.

Physical and operational resources

All LAGs will require an operational base, equipment and support services; specifying what these requirements are and how these are to be provided or resourced is again essential in, "demonstrating necessary capacity of the local action group to implement the strategy."

Here LAGs should prepare realistic cost proposals for the physical establishment, equipping and running costs of their offices and staff.

Training and development

One of the more striking findings to emerge from LEADER Sub-Committee Focus Group 4 was the lack of training and development plans for LAG members and staffs. The quality of LAG staff has repeatedly been shown through evaluations to be a key contributor to the success of LEADER. The range of skills and competencies required of staffs are complex and vary over the period of the programme. The retention and continuity of LAG staff is vital in maintaining LAG's development capacity during and between programme periods and therefore merits investment in staff development. Similarly, the involvement of LAG members and the roles they are expected to deliver is complex and evolving, whereas the majority of LAG member training is limited to the inception phase.

The development and improvement of LAG staff and members' skills and capabilities to develop, deliver, monitor and evaluate the LDS were therefore amongst the most important recommendations from Focus Group 4. This may include internal and external provision, cooperation, networking and mentoring approaches.

The implementation plan should set out the LAG's approach to identifying staff and member training and development needs throughout the period of the LDS and describe how it is proposed these be addressed.

Monitoring and evaluation

The LDS implementation arrangements must contain a monitoring and evaluation plan; this should set out how the LAG will meet the following:

- The specific indicators to be employed, the sources of these data and the frequency of their collection (e.g. this may need to be considered in the design of project application or claims materials);
- How the monitoring data will be collected, collated and reported and who is responsible (for the LAG and national/regional MA or PA as appropriate);
- How the LAG will ensure it is equipped to contribute to any RDP-level evaluation;
- How the LAG will monitor and review its performance and the frequency of this review;
- The forms of LDS evaluation (including any self-evaluation[21]) the LAG proposes together with the timing and methods proposed;
- How the review and evaluation findings will be communicated and disseminated; and
- The allocation and source of resources for these activities.

Further guidance on evaluation planning is available from the Evaluation Helpdesk,[22].

How to set the indicators?

a. Definition

Put simply an indicator is a tool to measure the achievement of: an objective; a resource mobilised; an output accomplished; an effect obtained; or a context variable. In general terms there are three levels of indicators which are likely to be employed by a LAG in relation to their LDS. These are:

- The common LEADER indicators set out in the Common Monitoring and Evaluation System;
- Any additional RDP specific indicators set by the Managing Authority; and
- Any additional LDS specific indicators set by the LAGs themselves.

The first two categories of indicator are given, that is to say the LAG will be obliged to include these in their monitoring and evaluation plan. These are designed to provide EU and national level information on the results. LDS specific indicators are put in place by the LAGs, these should complement the other forms of indicator and provide LAGs with information on the performance of their own strategy. These are important in reflecting the specificities of the rural area and the local approach

[21] Finland example: Inter-LAG evaluation process

[22] https://enrd.ec.europa.eu/en/evaluation

b. Identifying relevant indicators

Choosing the most appropriate LDS indicators can be difficult for LAGs. In doing so it is important to remember the basic principles to keep these as simple, relevant and realistic as possible.

An indicator must, among other things, produce simple information which is communicable and easily understood by both the provider and the user of the information. It must help the managers of public intervention to communicate, negotiate and decide. For that purpose, it should preferably be linked to a criterion on the success of the intervention. Generally, indicators have numerical values; in cases where indicators cannot be measured with quantitative (statistical) data, qualitative assessments may also be used.[23]

The main principle to be applied in selecting or developing indicators is that they should reflect as precisely as possible whatever it is meant to measure. The indicator and its measurement unit must therefore be sensitive, that is to say, the quantity measured must vary significantly when a change occurs in the variable to be measured. Indicators should be:

- Relevant, linked to the objectives and success criteria.
- Measurable, the data are available and collectable.
- Precise, unambiguous and robust.
- Sensitive, units capable of measuring the change.
- Repeatable, comparable over time.

[23] Joutsenten Reitti LAG indicator table (results of the 2000-06, target for the 2007-13)

3.7 Financial plan, including allocation of each ESI Funds

The financial plan will normally address three main elements:

- The proposed overall budget for the LDS.
- A description of the sources from which LAG activities are to be funded i.e.:
  - the EAFRD and any other ESI Funds together with their national public co-financing;
  - funding which the LAG or project promoters themselves have to raise and which are neither ESI Funds nor national public co-financing.
- The financial tables for the LDS profiling the expected expenditure from all sources over the full period of the programme and specifically including the LAG running and animation costs.

a. Proposed budget

In preparing the LDS it is important that the LAG be pragmatic and bears in mind the likely overall scale of the available budget including EU, national public co-finance and available match funding.

In order to maintain stakeholders' commitment it is important to avoid being overambitious and artificially raising expectations. LDS proposals should therefore be realistic and proportionate to the available LEADER budget (whether derived from the MA or on the basis of informed assumptions) and the local ability to match fund.

Where the LAG selection and budgetary allocation is a competitive process based on the quality of the LDS a realistic and robust budget projection is essential.

b. Funding sources

EU funding

Since 2014 two main options are open for EU funding of LDS:

- A Member State or region can decide to support Local Development Strategies supported by one fund only, a 'mono-fund approach; or
- A Member State or region can decide to use the opportunities provided for under CLLD and offer local groups the opportunity to combine several Funds into a single strategy in an integrated way, a 'multi-fund' LDS.

When the option of multiple Funds is made possible for LAGs the choice whether to opt for a mono-fund or multi-fund LDS will be made by the LAGs themselves. In doing so LAGs should take account of both the broader scope of possibilities opened by the integration of funding but also the higher level of complexity involved in the implementation of this type of multi-fund LDS.

National co-finance

Normal practice is that EU Funds made available to LAGs will be co-financed by a national public contribution at a rate specified in the relevant Regulation. LAGs have no influence in this.

Match funding (beneficiary's own contribution)

Approaches to raising match funding and the levels that may be anticipated will vary considerably by Member State and RDP. In addition to EAFRD and national public co-financing further funds will

normally be required to support project and LAG implementation costs. These may come from local public sources and / or from private sources.

LAGs should identify potential sources of match funding and incorporate estimates in the LDS funding tables. The anticipated average intervention rate should be specified. These funding estimates should be justified in the accompanying text and, where possible, be supported by formal commitments on the part of funding partners. Much of the match funding may come forward on a project-by-project basis, this should be explained. The experience of the financial crisis effects in the previous programing period suggest that some form of sensitivity analysis of the effects of any shortfall may be worthwhile.

It is important to note that any public co-finance or match funding at whatever level contributes to the total permissible public contribution. This must not exceed the maximum level of public aid intensity as set out in the RDP.

Financial tables

Managing authorities are likely to provide pro-forma financial tables to be completed in conjunction with the LDS; these will be consistent with their programme(s) level financial tables. The following guidance sets out some common considerations which are likely to arise.

A profile of expected expenditure, allocated by year (at least) over the programme period should be prepared. This should be done on the basis of a best estimate of LAG and project development activity, and LAG staffing, administration and running costs.

Best practice would suggest that you should prepare a draft operational budget for the programming period as the basis for estimating LAG staffing, animation, administration and running costs. N.b. this specific profile is likely to see higher costs in the early years and must be managed so that this is no greater than 25% of the expenditure incurred under the LDS by the end of the programming period. LAGs may need to take account of National or regional requirements in relation to the use of a lead fund (for multi fund LDS) or the use of Simplified Cost Options.

Internal or external factors that might affect the funding profile over the years should be identified and addressed. An internal factor in the early years might be higher costs associated with capacity building and developing project activity, peaks in project submissions may occur e.g. due to periodic calls for applications or publicity actions. There may then be specific considerations in later years associated with preparing for programme closure or succession. External factors might, for example, include opportunities for complementary activities around other programmes or events, all these factors suggest that a flat profile dividing funds equally between periods is unrealistic.

The LDS implementation arrangements should then clearly set out the main financial management responsibilities, financial circuits and lines of accountability[24].

[24] Marjorie Deroi, French Managing Authority; the need for LDS managers to properly understand their financial responsibilities