Guide

for preparation, monitoring and evaluation of local development strategies for the programming period

2014-2020

Estonian Leader Union

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

CLLD	Community-Led Local Development
CMEF	Common Monitoring and Evaluation Framework
CPR	Common Provision Regulation
EC	European Commission
EAFRD	European Agricultural Fund for Rural Development
EFF	European Fisheries Fund
ESF	European Social Fund
ESI Funds	European Structural and Investment Funds (EAFRD, EMFF, ERDF, ESF and Cohesion Fund)
EU	European Union
IPARD	Instrument for Pre-Accession Assistance for Rural Development
LAG	Local Action Group
LDS	Local Development Strategy
LEADER	Liaisons entre Actions de Développement de l'Economie Rurale
MA	Managing Authority
RDP	Rural Development Programme
PA	Paying Agency

1. INTRODUCTION

The objective of this guide document is to give LAGs in Croatia practical tools and suggestions for preparing CLLD/LEADER strategies for the programming period 2014-2020. The guide helps to develop focused and high quality local development strategies (LDS) that have a clear results orientation and which are responsive to changing internal and external conditions and interventions and takes into consideration lessons learnt in Croatia and other EU Member States during the previous EU rural development policy implementation period.

It includes the most relevant information from the EU legislation and national policy documents to follow during the preparation of the local strategies as well as practical guidelines how to adapt these requirements with local conditions. The guide is aimed at a target audience of local actors and practitioners and local action group coordinative staff and chairs. However, it should also be useful for managing authorities (MAs) and other stakeholders involved in implementation of CLLD/LEADER as well.

The guide is prepared by Estonian Leader Union contracted by Croatian Ministry of Agriculture. For the preparation of the Guide document Estonian Leader Union formed an expert panel out of Estonian and international experts. This document has been prepared by rural development experts Kristiina Timmo (manager of LAG Tartu Rural Development Association) and Kadri Tillemann (Vice-Chair of the Board or the LAG Western Harju Partnership, project manager for the 2014-2020 LDS & consultant of the Vesterra Ltd). The team of consultants also includes Kristine Hindriks (Chief Specialist in Estonian Ministry of Agriculture in Rural Development Department) and Pedro Brosei (EU expert, his career includes posts in EC DG AGRI and individual LEADER-related consultancies).

The Guide uses Estonian existing good experience implementing LEADER since 2006 and best practices and lessons learnt of LEADER in Europe. The Guide is in accordance to all relevant EU and Croatian national legislative and policy documents. It mainly bases on following documentation and analysis:

- Regulation (EU) No 1303/2013 of the European Parliament of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006;

- Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005;

- European Commission Guidance on Community-Led Local Development for Local Actors;

- Croatian Rural Development Programme 2014-2020;

- Court of Auditors' report on LEADER;

- Ordinance on the implementation of measure 202 within the IPARD programme issued by Croatian Ministry of Agriculture;

- Ordinance on the implementation sub measure 19.1. "Preparatory assistance" under the measure 19 "LEADER - CLLD" in Rural Development Programme of Croatia for the period 2014-2020";[1]

- Estonian LDS Guide;

- A manual for the implementation of LEADER approach in Croatia "Together for Sustainable Rural Development" (HMRR/ODRAZ);

- European Network's for Rural Development (ENRD) Focus Group 4 final report "Better Local Development Strategies" (June, 2012);

- Analysis of the inception visit and interviews with Croatian Ministry of Agriculture, Croatian Rural Development Network, local action groups (Gorski Kotar, Terra Liburna);

- Analysis of the local action groups' electronic questionnaire;

- Guidelines for cooperation projects by European Commission;

- Background information and explanations provided by the Croatian Ministry of Agriculture.

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[1] http://narodne-novine.nn.hr/clanci/sluzbeni/2015_04_43_880.html

2. EUROPEAN AND NATIONAL BACKGROUND

As Croatia implements CLLD/LEADER through a mono-fund approach it is necessary to reflect the cohesion with upper level rural development policy documents within the LDS. In current case it means that the LDS should involve a description how local objectives are interlinked with national ones and supported by types of operations are in accordance with EU focus areas and RDP objectives.

The achievement of the objectives of rural development, which contribute into the Europe 2020 strategy[2] for smart, sustainable and inclusive growth, shall be pursued through the six Union priorities for rural development. Following the Croatian national RDP the LDS should contribute to one or several EAFRD focus areas. These focus areas are pre-defined in Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.[3] According to the Croatian RDP for the period of 2014-2020 the implementation of the LEADER will contribute to the achievement of all six Union priorities for the period 2014-2020. The LEADER approach most directly contributes to Focus Area 6B – local development in rural areas.

For the LDS preparation it is important to bear in mind that it is decided on the national level that types of operations to be supported during the LDS implementation should be in accordance with the focus areas 2A, 2B, 2C+, 3A, 4A, 4B, 4C, 5C, 5D, 6A and 6B (focus area 1 "fostering knowledge transfer and **innovation** in agriculture, forestry and rural areas" should be taken into accordance as an horizontal issue, see Chapter 5.8) as follows:

FOCUS AREA 2. Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests, with a focus on the following areas:

2A - improving the economic performance of all farms and facilitating farm restructuring and modernization, notably with a view to increasing market participation and orientation as well as agricultural diversification;

2B – facilitating the entry of adequately skilled farmers into the agricultural sector and, in particular, generational renewal;

2C+[4] - improve the sustainability and competitiveness of forest enterprises and promote Sustainable Forest management.

FOCUS AREA 3. Promoting food chain organization, including processing and marketing of agricultural products, animal welfare and risk management in agriculture, with a focus on the following areas:

3A improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and organizations and inter-branch organizations;

FOCUS AREA 4. Restoring, preserving and enhancing ecosystems related to agriculture and forestry, with a focus on the following areas:

4A restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints, and high nature value farming, as well as the state of European landscapes;

4B improving water management, including fertilizer and pesticide management;

4C preventing soil erosion and improving soil management.

FOCUS AREA 5. Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors, with a focus on the following areas:

5C facilitating the supply and use of renewable sources of energy, of by-products, wastes and residues and of other non food raw material, for the purposes of the bioeconomy;

5D reducing green house gas and ammonia emissions from agriculture.

FOCUS AREA 6. promoting social inclusion, poverty reduction and economic development in rural areas, with a focus on the following areas:

6A facilitating diversification, creation and development of small enterprises, as well as job creation;

6B fostering local development in rural areas.

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[2]http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF
[3]http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0487:0548:EN:PDF
[4]Additional national focus area in accordance with Article 5 conclusive remarks

In addition to the focus areas this Regulation also lists a set of measures with the implementation suggestions and regulations to form a basis of the rural development support within the Articles 13-44.

Information within those articles together with support rates in the Annex 2 of the Regulation is very useful for the LAG to describe the LDS implementation process as well to plan perspective finances to use for the RDP sub-measure 19.2.

It is important that the LDS implementation would contribute into the achievement of the Croatian RDP's objectives. The Croatian RDP for the period of 2014-2020 sets following general objectives for the LEADER approach in Croatia (as a result of the national-level SWOT analysis):

- support rural development by means of local initiatives and partnerships;
- improve and promote rural development policy;
- raise awareness on the bottom up approach and the importance of defining a local development strategy;
- increase education and information level of rural population;
- improve rural living and working conditions, including welfare;
- create new, sustainable income earning opportunities;
- maintain and create new jobs;
- diversification of economic activities.

These general objectives are supplemented with following specific and operational objectives:

(1) specific objectives:

- encourage and develop rural population activities so that they act jointly by means of cooperation projects;
- develop integrated local development strategies and prepare their implementation;
- promote local initiatives and partnership through involvement of local communities as well as
- representatives of business and local government;
- transfer of achievements, experiences and expertise, and availability of information and conclusions.

(2) operational objectives are as follows:

- strengthening capacities among rural population and partnerships;
- development, organization and management of LAGs;
- preparation and implementation of LDSs;
- cooperation among areas and groups.

In addition to the need to guarantee the coherence with EU focus areas and RDP objectives LAG has to ensure that LDS preparation and implementation is compatible with EU State Aid rules following the prescribed obligatory elements from Chapter 13 of the RDP. For the operations which fall outside the scope of Article 42 of the Treaty, compatibility with Union State Aid rules must be ensured over the entire duration of the programme.

Aid for the implementation of operations under CLLD which fall outside the scope of Article 42 of the Treaty (non-Annex I product) state aid rules apply. For the individual operations which fall outside the scope of Article 42 of the Treaty, cannot be exempted under the block exemption regulations stated in Chapter 13 of the RDP and do not fulfil the conditions laid down in the Regulation (EU) No 1407/2013, authorization by the Commission following a formal State aid notification in accordance with the EU Guidelines for State aid in agriculture and forestry sectors and in rural areas 2014 to 2020 has to be obtained. In case the aid is granted to LEADER local action groups engaged in an economic activity (offering goods and/or services on the market) state aid rules applies.

For the LDS preparation abovementioned objectives set the general framework – it is still important that the strategy will follow the bottom-up approach and every **LAG identifies their own objectives based on the SWOT-analysis and local characteristics.**

3. GENERAL RECOMMENDATIONS

The LEADER-approach has been implemented in EU Member States since 1991. It has been in continuous evolvement and during this period a lot has been learned. One output to reflect these lessons was the European Court of Auditors (ECA) report "Implementation of the LEADER approach for rural development" in 2010.[5] Although the main conclusions of the report were taken into account while drafting a new legislative base for 2014-2020 LEADER implementation, it is still useful to take these suggestions into account during the LDS drafting. The ECA stated that during the 2000-2006 programming period LAGs did not have a strong focus on achieving local (area-based) strategy objectives. It is therefore strongly suggested and expected LAGs should define and implement a development strategy on the basis of their area's own particular situation, strengths and weaknesses. To achieve the full potential of a LDS, LAGs should translate their specific needs and opportunities into local objectives and implement their strategies with a focus on achieving those objectives.

As a result of the ECA report the EC clearly acknowledged that the success of the LDS depends on the value of individual accepted projects. LAGs are key actors in ensuring the quality of projects selected on the basis of objective criteria related to the overall aims of the strategy. This responsibility should be clearly communicated to relevant counterparts through the LDS preparation and implementation process. However there are number of challenges that European LAGs face while taking these responsibilities. In 2012, within the ENRD Focus Group "Better local development strategies", it was stated by the representatives of European LAGs that a lack of continuity between the programming periods can cause difficulties. Therefore LAG and staff continuity is vital in maintaining valuable organizational memory, avoiding lengthy capacity building requirements associated with new LAGs and avoiding a loss of energy, enthusiasm and momentum.

The length of the period to write the LDS was also considered a critical factor. Most of the LAGs who only had five months or less to develop the LDS experienced serious difficulties as regards the quality of this work. Moreover, recently established LAGs frequently need more time to design a LDS. The time required for data collection and effective community consultation varies considerably depending on the LAG type, experience, continuity, autonomy or situation. Pre-emptive

LDS groundwork effectively extends the formal period allowed for strategy development. Allowing sufficient time for LDS to be adequately developed, shaped and prioritized is essential and suggests that both a mechanism for financial support will be vital over the transitional period. All LAGs should be **proactive**, **creative and opportunistic** in anticipating what is needed, resourcing LDS development and starting this work.

In Croatia, the timeline for the preparation of the LDS is approximately six months (Measure 19.1 implementation period), our recommendation is to foresee **at least 3 months** for starting up and reaching the first version of strategic choices (SWOT, vision, objectives and the draft of action plan). Another time consuming step is the disclosure procedure in order to enable local stakeholders to propose their final amendments for the strategy. After the disclosure seminar final amendments will be collected by a certain deadline in written form via homepage or e-mails. After that the LAG reviews all received comments and amendments and makes final decisions what to change, add or remove in the final version of the strategy. **For the disclosure it is necessary to leave at least 1 month.** It helps to avoid later possible misunderstandings and makes again the strategy open to all stakeholders. An example of the LDS preparation period elements are described in Diagram 1 below.

Knowledge and skills transfer within the programme, from LAG-to-LAG, generation-to-generation, MA-to-LAG, LAG-to-MA or MA-to-MA, does appear important and effective in strengthening the transfer of good practice and defining effective methods. Encouragement **mentoring** and **networking** is therefore a high priority.

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[5] http://www.eca.europa.eu/Lists/ECADocuments/SR10_05/SR10_05_EN.PDF

LAG and the formation of its area and the acceptance from the General Assembly to draw up the strategy	• Establishing the LAG and defining its area, if relevant • Making an action plan and a time schedule to draw up the strategy and confirming it by the General Assembly
State of play: analysis of the situation, implementation of necessary researches	• Socio-economic analysis of the area • Analysis of previous LEADER period activities and strategy implementation
Seminars, discussions, brain-storming with different target groups and/or sub-areas	• Analysis of the results of the involvement of stakeholders • Work of the Strategy Commission • SWOT analysis • Drawing up the first draft of the strategic choices
Strategy day for all stakeholders: first introduction of the strategic choices	• Introducing the possible strategic frame of the strategy, including vision, objectives and activities • Collecting feedback from stakeholders to improve
Strategy commission and board meetings	• Analysing the feedback of stakeholders, improvements • Strategic decisions about the strategic choices and the selection of measures, drawing up the final strategy document
Disclosure seminar of the strategy, collecting final feedback	• Introducing the strategy document • Collecting final feedback through homepage or e-mails • Considering improvements and making final decisions what to add or remove
Strategy approval by the General Assembly	• General Assembly of the LAG gives the final approval of the strategy • Strategy submission to Ministry of Agriculture

Diagram 1. Example of the process to draw up the strategy

4. LOCAL ACTION GROUP

4.1 The requirements for the LAG set by the European Commission

A local action group (hereinafter: LAG) is a partnership between the representatives of public, economic and civil sector of a rural area established with the purpose of drafting and implementing local development strategies of the region and whose members can be natural or legal persons.

According to the Regulation (EU) No 1303/2013 of the European Parliament and of the Council (article 32) community-led local development shall be implemented through local development strategies which will in the case of LEADER be approved for support under the RDP by the respective of Ministry of Agriculture. The LDS is designed by LAGs whose aim according to its' statute is rural development and who meet all requirements to set up as a LAG.

Under Regulation (EU) No 1303/2013 of the European Parliament and of the Council article 34(3), the tasks of local action groups shall include the following:

a) building the capacity of local actors to develop and implement operations including fostering their project management capabilities;

b) drawing up a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations, which avoid conflicts of interest, and ensure that at least 50% of the votes in selection decisions are cast by partners which are not public authorities, and allow selection by written procedure;

c) ensuring coherence with the CLLD strategy when selecting operations, by prioritising those operations according to their contribution to meeting that strategy's objectives and targets;

d) preparing and publishing calls for proposals or establishing an ongoing project submission procedure, including defining selection criteria;

e) receiving and assessing applications for support;

f) selecting operations and fixing the amount of support and, where relevant, presenting the proposals to the body responsible for final verification of eligibility;

(g) monitoring the implementation of the community-led local development strategy and the operations supported and carrying out specific evaluation activities linked to that strategy.

LAGs need to follow the rule, which states that, "at the decision making level, neither the public sector, as defined in accordance with national rules, nor any single interest group shall represent more than 49% of the voting rights" (Article 32(2)(b) CPR). The 49% rule has been a fundamental principle of the LEADER approach for some time and is meant to ensure that the partnerships are what they claim to be – real partnerships, where every member has a chance to influence decisions, rather than appendices of existing structures and organizations.

Requirements for LAGs, including rules of statute, membership, management, time of existence and area will be pointed out by the Ministry of Agriculture with its ordinance.

4.2 Croatian requirements for the LAG[6]

Croatian legislation requirements for local action groups
(statute, membership, area, decision making process etc.) are the following:

— A LAG must be registered as an association in accordance with the Law on Associations;

— a LAG must include the rural area of more than 10,000 and less than 150,000 inhabitants;

— a LAG must include a clearly defined and continuous geographical area and inhabitants of one or more settlements within at least five units of local government;

— the settlements, i.e. a local government must be directly linked to each other either by land, sea or water;

— one village should belong exclusively to one LAG;

— the administrative (executive) body of the LAG must include: representatives of the local economy (companies, cooperatives, artisans, farms) and the civil society (such as citizens, NGOs, foundations) with a representation of at least 50%; representatives of the executive or administrative bodies of local self-government with a representation of at least 20%; women with a representation of at least 30% representation;

— members of the management structure of the LAG must have a permanent residence or be registered or have a branch within the area covered;

— any of the sectors (public, economic or civil sector) may not own more than 49% of voting rights, in accordance with Article 32 of Regulation (EU) no. 1303/2013 (Common Provisions Regulation – CPR);

— a LAG, when applying for support, must be able to meet the financial obligations to the state budget of the Republic of Croatia.

The local action group draws up the strategy, which is coherent with the Leader principles, the NRDP, the six priorities for rural development of the EAFRD regulation, as well as other general rules of this regulation.

4.3 The implementation of the LEADER-approach

The importance of the LEADER approach in the context of a local development strategy has been recognized all over Europe, and there are many examples under the LEADER approach that show how local development strategies can be developed with LEADER funding and how they may continue to have a positive impact into the next programming period.

LEADER has always regarded local people as the main asset of rural areas. The distinctive characteristic of LEADER projects was the reliance placed on the people who live in rural areas, and on their ability to discover what was best suited to their environment, culture, working traditions and skills.
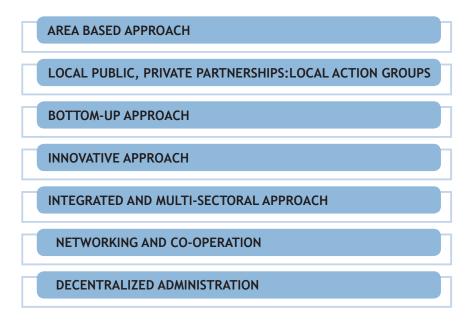
AREA BASED APPROACH

LOCAL PUBLIC, PRIVATE PARTNERSHIPS:LOCAL ACTION GROUPS

BOTTOM-UP APPROACH

INNOVATIVE APPROACH

INTEGRATED AND MULTI-SECTORAL APPROACH

NETWORKING AND CO-OPERATION

DECENTRALIZED ADMINISTRATION

Diagram 2. *Key elements of LEADER approach*

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[6]To be corrected if the official English translation of the Ordinance on the IMPLEMENTATION sub measure 19.1. "Preparatory assistance" under the measure 19 "LEADER - CLLD" PROGRAMME RURAL DEVELOPMENT OF CROATIAN FOR THE PERIOD 2014th-2020" is going to be available
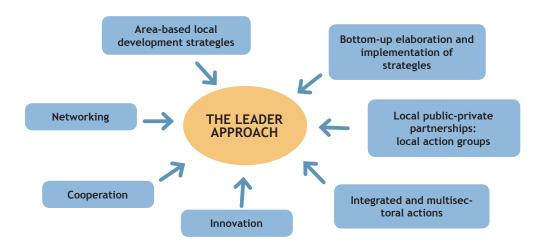
THE SEVEN KEY FEATURES OF LEADER

Figure 1. *Explanation of the Leader approach*

LAGs starting to draft LDS should take into account that the high quality strategy includes following:

- Starting early and good planning;
- Good research and area-needs analysis, e.g. in preparing the SWOT;
- Well-designed, defined and measurable objectives contributing to realistic goals with an evident overall „strategy".
- Effective community engagement including the use of participative approaches in LDS development (leading to strategy ownership and realism):
- The involvement of the local community, consultation and the „bottom-up" approach;
- The capacity of local leaders, in particular their previous experience of LEADER and building on the LAG experience and continuity;

- Co-operation, collaboration, partnership with other agencies and good support;
- Including public and private funding;
- Employing LEADER principles within projects.
- An effective and regular review process for LDS performance and relevance;
- Monitoring and evaluation using well defined indicators linked to the LDS objectives;
- Continual cross-reference and review with the LDS, „relating projects back".

4.4. Risk analysis

The LAG's capability and methods to evaluate risks and to prevent or mitigate their negative impact should be reflected within the LDS. There can be external risks related to political, economical, social environment and internal risks as human resources, administrative burden, limited budget etc. LAGs should consider risks that can influence the implementation of LDS and foresee preventive activities to soften or avoid risks or adjustments.

In order to analyze the potential external risk it is suggested to use the PEST approach to classify different types of risks: Political, Economical, Socio-Cultural and Technological. For internal risks the factors directly related with the LAG itself should be analyzed. If the potential external and internal risks are identified their realization potential should be evaluated (low, moderate or high) and their potential impact (weak, moderate, strong or very strong/terminative) should be assessed.

One possible approach to include risk analysis in the LDS is by using the following table format (table includes examples of the potential risks, the list of risks into the LDS should be in accordance with local conditions):

RISK ANALYSIS				
Description	**Realization potential**	**Impact**	**Preventive activities**	**Mitigative/corrective activities**
POLITICAL FACTORS				
1. Changes in legislation 2. …	Medium	Strong	Ongoing co-operation with MA and PA to be informed about the potential changes	Strategy revision
ECONOMIC FACTORS				
1. General economic recession in certain sector 2. …	Medium	Medium	Early consideration of different development scenarios, flexibility	Strategy adaption, ie correction of the co-financing rate
SOCIAL FACTORS				
1. Increase in development differences within the LAG area 2. …	Medium	Medium	Special attention to be paid to remote and passive areas	Effective information delivery, stakeholder participation
TECHNOLOGICAL FACTORS				
1. Non-Operational web-systems (webpage, project application environment etc) 2. …	High	Medium	Finding a permanent and reliable co-operation partner for technical support services	The continuous development of effective and up-to-date web-solutions
ADMINISTRATIVE RISKS				
1. Increased administrative burden of LAG 2. …	Medium	High	Continuous training of the staff, close co-operation with PA & MA, effective management tools and methods (IT-systems)	Recruitment of new/additional staff members, external consultations

Table 1. Template table for risk analysis

5. LOCAL DEVELOPMENT STRATEGY

According to the Article 33 of the EU Regulation No 1303/2013 local development strategy shall contain at least the following elements:

- the definition/description of the area and population covered by the strategy (including size of the area, number of local self-government units and towns, number of inhabitants);
- an analysis of the development needs and potential of the area, including an analysis of strengths, weaknesses, opportunities and threats (SWOT analysis);
- 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. For results, targets may be expressed in quantitative or qualitative terms. The strategy shall be consistent with the EAFRD programme;

- 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 specific arrangements for evaluation;
- the financial plan of the strategy, including the planned allocation from each of the ESI Funds concerned (As Croatia implements mono-fund strategies then allocation from RDP will be pointed out).

On national level the Ordinance on the implementation of sub measure 19.1. "Preparatory support" under the measure 19. "LEADER - CLLD" from Rural Development Programme of the Republic of Croatia for the period 2014-2020" describes the mandatory content of the LDS in it's Annex 4 generally following the European Commission regulation. It is important that all the 8 mandatory content elements are included in LDS and their presence clearly distinguishable for the strategies evaluation process. However the exact order and number of content elements is to be decided by the LAG based on local conditions and strategy preparation process. LAG's are allowed and encouraged to re-order or add voluntary content elements (ie risk analysis, stakeholder involvement plan or others) if justified with local needs. Following sub-chapters include guidelines to prepare mandatory content elements for the LDS.

5.1. Description of the area

This content element must include the basic data of the area (surface, number of municipalities and settlements, population). It is recommended that general geographical (area of the border areas, relief and climate characteristics, cultural, historical, natural heritage - NATURA 2000, the level of social and municipal infrastructure) and economic features are described (the main economic activity, the state of the economy, the labor market) as well as demographic and social characteristics (number and density of the population, demographic trends, the educational structure of the population, education and culture).

The key point here is that the definition of the area and the population must be consistent with and justified by the strategy the community intends to implement.

Therefore the data to be described under this content element form an important basis for the rest of the LDS elements.

Previous LEADER experiences from other member states have shown that for an effective LEADER-approach implementation the population of target areas should be not less than 10,000 inhabitants, in order to have the critical mass needed to carry out the strategy. It should also be not higher than 150,000, so that there is a sense of identity and local people can directly be involved in decision making.

However, the European Commission´s aim is that local action groups decide on the precise boundaries of their areas in a bottom-up way, based on what they are trying to achieve.

This can be justified by reference to:

- The physical or geographical coherence of the area (islands, mountain ranges, estuaries, rivers...);
- The area's cultural identity and common social issues (cultural entities, unemployment...);

- Concentrations of economic activities (types of agriculture, fishing, certain declining or growing sectors...);
- Other if relevant.

5.2 Analysis of the development needs of the area, SWOT analysis

This content element must include the description on the development needs and potential of the area, including SWOT (strengths, weaknesses, opportunities and threats).

The SWOT analysis is a very important element of the LDS and a main instrument to find out and describe the development needs and potential of the area. Given its high importance, it needs to be targeted, comprehensive, analytical and integrative. For the SWOT analysis of the LDS it is important that all the LAGs follow a similar basic approach – strengths and weaknesses are internal factors and can be influenced by the LAG, while opportunities and threats are external factors whereas LAGs do not have any possibilities and means to influence.

As a result of the LAG description and the SWOT a comprehensive and well-justified vision about the situation of the different sectors within the area should be included in the LDS, as well as the development ideas. All the parts of LDS should be well and logically integrated – the SWOT is based on the description and the analysis of the current situation, the objectives are based on the SWOT, the actions are based and types of operations selected according to the objectives etc. Moreover, while the development needs and potential should be based on the SWOT, this generally requires a second stage of analysis. Some strategies simply present an unranked list of needs with no justification of how this relates to the SWOT. The European Commission seeks to improve this situation and to ensure that the "analysis of development needs and potential" becomes a valuable tool for building strong intervention logic and ensuring a stronger orientation on results.

To do this, local partnerships should take account of the following:

— The points raised in the SWOT should be clearly based on evidence obtained from the diagnosis of the area;
— They should focus on the specific features of

the area and why it is different, rather than simply enumerating many of the common features of major sectors such as agriculture or fisheries or of target groups such as youth or women;

— Equal importance (if not even more than related to the points above), should be given to the mapping of the opportunities and "assets" and to describing the weaknesses and threats. The strategy should be forward-looking and definitely not purely defensive;

— There is no point in providing an undifferentiated wish list of every need. Even at this stage it is important to start ranking or prioritizing needs and potential;

— The prioritization or ranking must be evidence-based and should take into account the reasoned views of local stakeholders, as explained below;

— The local partnership must distinguish between what it would like to achieve and what it can achieve with the resources and programmes available.

A detailed instructions how to prepare a LAG's SWOT is included in the Chapter 3.2.2 of the Manual for the implementation of the LEADER approach in Croatia "Together for Sustainable Rural Development" (HMRR, Odraz 2010)[7]. In case the abovementioned suggestions from the CLLD Guide are followed the instructions/examples from the manual could prove to be a useful background material for the new programming period as well.

5.3 LDS OBJECTIVES, INTEGRATED AND INNOVATIVE CHARACTERISTICS

This content element has to describe the objectives of the LDS and the integrated and innovative character of the LDS including clear and measurable indicators for output indicators and results. It is highly recommended to include information about objectives, priorities and LDS measures (types of operations) with eligibility criteria and user definitions into this content element. Information about the LAG's vision on project selection (selection criteria, the composition of the body for the selection of projects (including LAG-cooperation projects), including a description of the procedure for assigning a higher intensity of support for the selected projects should be described here as well as the compliance with higher level strategic documents.

5.3.1 LDS objectives and priorities

The LEADER/CLLD principles turn conventional top-down development approaches on their head by starting with **the vision of where local actors would like to be in 2020** and what they think should be changed in order to get there. Building a clear agreement on **"what you want to change"** is the first and most important step in designing the strategy. There is a wide range of participative techniques that can help you to achieve this (see chapter 5.4). The vision should be described as a desired situation that is already achieved.

Once there is broad agreement on what the community wants to change, who can help to achieve this, and on the broad area of intervention, it is then possible to go further into the details of **how this can be achieved by preparing the local strategy.** This requires **objective evidence** and facts about the strengths, weaknesses, opportunities and threats facing the area (see chapter 5.2), as well as the full involvement of the community, so that everyone understands **how these factors impact on their main needs and how they can be addressed.** As soon as you have the vision (agreement of community) of what do you want to achieve in your area and you have made the SWOT analysis, you can start to set up the **objectives of the strategy.**

The European Court of Auditors report (2012) on LEADER reflected that many strategies "served as little more than an application to the MA for funding" and that their objectives were not "specific, measurable and achievable within a set time frame".

Therefore during this programming period the special attention will be paid for focusing and clearer objectives. The European Commission recommends expressing objectives in "SMART" terms.

SMART Objectives

1. **Specific** – clearly stating what the strategy will address and by what means;
2. **Measurable** – containing a basis for measurement and a measurable target, whether this is expressed in quantitative or qualitative terms;
3. **Achievable** – technically attainable within the scope of the strategy proposed;
4. **Realistic** – given the resources provided, the time allowed, the size of the target groups, etc;
5. **Time bound** – incorporating a timeline and a date by which the target should be achieved.

The objectives in the LDS do not have to tackle everything at once or give everything the same weight. Communities need to make choices and focus on the objectives that have the greatest chances to achieve the vision where they would like to be by 2020. The objectives must be realistic and take into account the capability of communities and beneficiaries in the LAG area.

> **The EU regulation refers to a "hierarchy of objectives" making it clear that not everything can be achieved at once and that the community needs to decide collectively on its most important objectives and select the actions that will best contribute to achieving these.**

The priority of objectives must be pointed out in the strategy. It will be the agreement of the LAG on which objective is the most important, which one is second, third, etc. Prioritizing objectives is important also because of limiting resources and makes it possible to exclude activities if there are not enough financial means. Moreover, there is the possibility to allocate more financial means to priority activities and to put them at the beginning of the time schedule for strategy implementation. The LAG can also point out possible allocations from other funds and sources outside the LEADER budget from the RDP.

5.3.2 Description of types of operations (measures)

LAG should describe what kind of activities and types of operations (measures) are going to be undertaken in order to achieve the objectives. After that relevant types of operations can be selected and interconnected with the activities. The coherence of objectives, the activities, types of operations and indicators should be presented.

One of the mechanisms to achieve the LDS objectives is the provision of the project support by the LAG. Therefore it is necessary to describe measures (types of operations), to define users (targets groups) and set up eligibility criteria.

In Croatia the activities of the strategy are related directly to Rural Development Programme measures, which are in accordance with EAFRD priorities. Therefore the linkages between vision, objectives, activities, types of operations and indicators will be assured (see diagrams 3 and 4) through the overall system.

The LAG will select the type of operation from the RDP list (see table 2) according to the activities of the strategy.
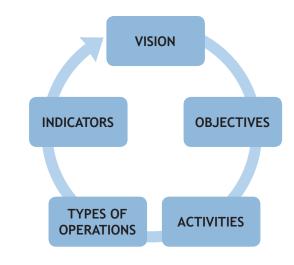
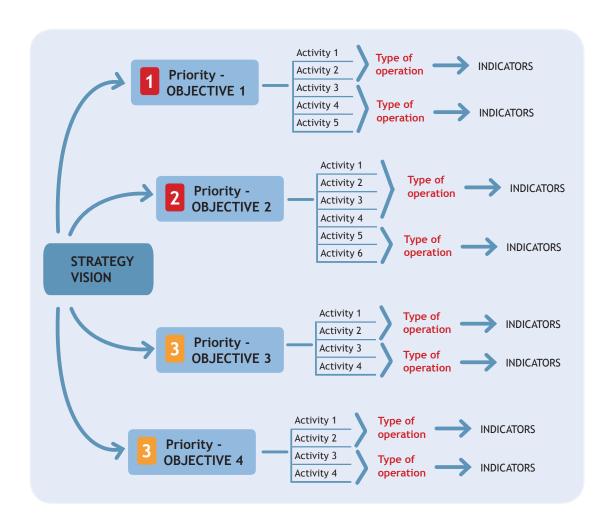*Diagram 3. The example of the possible structure of a strategy*

Diagram 4. Logic of interactions within the structure of the strategy

There can be different levels in the structure of a LDS. The LAG can design its own logic of the structure. The structure described in diagrams 4 and 5 is merely a suggestion to propose one way to include coherence with RDP measures and local needs and characteristics. In order to achieve holistic picture of the whole strategy or to make strategy easier to follow there is often a need for different structure or for adding some elements or levels, e.g. to add a level "strategic area", "sub-area" etc.

RURAL DEVELOPMENT PROGRAMME MEASURES FOR LEADER				
Code of measure	Code of sub-measure	Type of operation	Focus area	Priority
3	3.1.	Support for the participation of farmers in quality schemes for agricultural products and foodstuffs	3A	3
3	3.2.	Support for information and promotion activities	3A	3
4	4.1.	Restructuring, modernization and increasing the competitiveness of agricultural holdings	2A	2
4	4.1.	Reducing the negative impact on the environment	5D	5
4	4.1.	Use of renewable sources of energy	5C	5
4	4.2.	Increasing the added value of agricultural products	3A	3
4	4.2.	Use of renewable sources of energy	5C	5
4	4.4.	Non-productive investments related to environmental preservation	P4	4
6	6.1.	Start-up aid for setting up of young farmers	2B	6
6	6.2.	Support for investments in establishing non-agricultural activities in rural areas	6A	6
6	6.3.	Start-up aid for the development of small farms	2A	2
6	6.4.	Developing existing non-agricultural activities in rural areas	6A	6
7	7.2.	Investment in construction and/or reconstruction of unclassified roads	6B	6
7	7.2.	Construction and/or reconstruction of the water supply, sewage system and waste water systems	6B	6
7	7.4.	Investments in establishing, improving or expanding local basic services for the rural population	6B	6
8	8.5.	Conversation of degraded forest stands and forest cultures	P4	4
8	8.5.	Establishment or improvement of walking trails, look-out and other small scale investments	P4	4
8	8.6.	Modernization of technologies, machines, tools, equipment for wood production and silvicultural works	2C	2
8	8.6.	Modernization of technologies, machines, tools, equipment for pre-industrial wood processing	2C	2
8	8.6.	Marketing of timber and non-timber forest products	6A	6
9	9.	Setting-up of producers groups and organizations	3A	3
16	16.1.	Operational groups	2A	2
16	16.2.	Pilot projects and the development of new products, practices, processes and technologies	2A	2
16	16.4.	Short supply chains and local markets	3A	3

Table 2. Rural Development Programme measures for LEADER

After explaining the rationale of the activities, the LAG selects the types of operations from the RDP according to the foreseen activities. Under each type of operation following features will be described in the strategy:

- objectives and activities under which the type of operation came;
- the anticipated results for the area;
- the target beneficiaries and their requirements;
- the eligible expenditure and ineligible expenditure;

- maximum support rate per beneficiary;
- maximum and minimum support rate if relevant;
- the aid intensity;
- the funding % from total strategy budget;
- other funding anticipated if relevant;

- monitoring and evaluation indicators and the timetable for implementation;
- LAG selection criteria under this type of operation;
- Explanation of EAFRD priorities contribution to this certain type of operation;
- Other if relevant.

5.3.3 Project selection

The LDS should include information about the project selection criteria, the principles how the selection commission will be composed, procedure of awarding higher intensity of support and procedures to avoid conflicts of interest. Current chapter of the Guide provides recommendations how to organize project selection (including the avoidance of conflict of interest) and how to describe it in the LDS.

The **selection criteria** must be set up in a way, which ensures the achievement of strategy objectives. Another very important aspect here is to ensure the contribution of the selection criteria to the monitoring of the implementation of the strategy. Each type of operation has a set of indicators. To achieve the control of strategy implementation can be made by connecting selection criteria with strategy objectives and indicators. Selection criteria give also good possibilities to focus on specific issues that have a critical value for reaching the expected outcomes of the strategy (for example co-operation, innovation etc.). Selection should also pay attention to the general quality of the application: the rationale of the project and budget, high quality outcomes, sustainability, project applicant capability, etc. Criteria have different weights in the meaning of strategy implementation. There are more important and less important aspects. Therefore we suggest considering the value of different criteria and to give them different weights. There could also be minimum requirements for project application: this can consist of in a certain amount of points that the application must collect during the selection. The selection procedure and criteria must be simple, transparent and understandable for the local community. A suggestion is not to set up too many criteria. A reasonable maximum could be around eight criteria. General information about the selection procedure and selection criteria must be provided in

the strategy. This can be described in greater detail in the LAG internal regulation document for project selection process.

Selection criteria are also a useful tool to focus strategy implementation. Therefore this topic should be very well considered and described. A distinction can be made between universal and objectively based criteria. There is moreover the possibility to give special weights to different criteria.

The **selection commission** should include persons who have a good knowledge about the local needs and the ability to understand the "bigger picture" as regards the integrated development of the area. The selection commission can involve also additional experts if specific knowledge is needed, as well as representatives of co-operation partners, if relevant. Another recommendation is to include alternate members in the selection commission, since certain members of the selection commission might not be allowed to participate in a specific round of selection, if there is relation between project applicant and the member of the selection commission. The selection commission also has to follow the rule of 49%, which means that at each decision making level there can't be more than 49% representatives of any single interest group. Skills of the selection commission can be improved by organizing trainings, seminars, study tours etc. and LAGs are encouraged to describe planned activities of selection commission's capacity building in LDS.

General information about the selection procedure and selection criteria must be provided in the strategy. As the selection process includes several procedures (the preparation and the work of the selection commission, detailed description on the selection criteria etc.) it is suggested to prepare and approve by relevant LAG-level decisive body (general assembly, board) a separate internal regulation(s) to describe the selection processes. This internal regulation(s)

should also pay attention to a situation when LAG itself acts as an applicant for the project support (LAGs can be beneficiaries to implement projects under the sub-measure 7.4). In this case a different procedure should be followed in order to guarantee transparency and equal treatment of applicants (see further suggestions in Chapter 5.7). A suggested list for these regulations is:

1. Regulation to organize project calls, manage consultancy, submission and processing of applications (important procedures and deadlines);

2. Regulation of selection commission formation, rules of procedures of commission and rules of removal of the commission members from selection procedures;

3. Projects selection criteria and rules how the ranking of applications will be formed;

4. Regulation to arrange necessary preservation of all the documentations related to project applications, processing and selection;

5. Guidance documentation for project applicants, f.g. rules for tenders, voluntary work diary, rules to mark objects with Leader logos etc.

A LAG can award a maximum 20 % higher support rate than prescribed for specific projects in the RDP up to a maximum defined in Annex II of Regulation (EU) No 1305/2013 of the European Parliament and of the Council or where applicable the state aid rules. When deciding on the aid intensity for a specific project, the LAG shall consider some of the following criteria: common interest, common beneficiaries, public ac-

cess to results of the project, the innovative character of a project on a local level and available allocation of funds, etc[8].

LAG needs to assure that the selection process of projects is transparent and all conflicts of interests according to the EC Regulation 1303 Article 34 between the applicants and commission members are avoided. In particular LAG selection commission member cannot participate in selection process if:

- The member of selection commission is applicant, the representative of applicant, family member or relative of the applicant;

- The member of selection commission has work, business or other relations with the applicant;

- The member of selection commission is related to the applicant in some other way or there are circumstances which can influence objective selection.

During the project applications processing the conflict of interests will be controlled by the LAG body responsible for applications processing. The member of selection commission have to inform the selection commission about the conflict of the interest in advance so that there is enough time to reorganize the selection if it's needed. Removed member of the commission don't participate in the whole selection process at this round where is the related applicant. LAG should have their own order document for selection of projects where all the requirements about the selection including the principles of removal of selection commission member are presented.

5.3.4 LAG co-operation projects

LAG's should describe their perspective co-operation project areas to implement sub-measure 19.3,the processing and the selection principles of co-operation projects.

Cooperation (inter-territorial and transnational projects) is a way to widen local views and bring new knowledge to the area in order to improve local strategies implementation. Cooperation of a LAG area with other geographical areas can be a key component of a LDS or an additional asset to the strategy. It can boost the innovative character of local development actions and contribute to increased competitiveness of the area through: capacity building and bringing in new business partners; diffusion of innovation, know-how and new skills. In addition to the potential benefits of

inter-territorial co-operation (within a Member State), transnational cooperation (TNC) gives supplementary European added value to local development.

> **It is highly recommended that LAGs include cooperation activities in their LDS. This can take the form of specific cooperation activities or a comprehensive cooperation strategy, depending on the needs identified in the SWOT analysis.**

Co-operation projects require a higher degree of co-ordination than ordinary local projects. In many cases they also have a strong collective or territorial dimension. The final beneficiary of the support to

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[8]In accordance with the RDP section 8.2.16.3.2.8.

a co-operation project is LAG. LAG may cooperate with partners from countries within and outside the European Union. Partners from within the European Union can be located in both rural and urban areas. Partners from outside the European Union can only be located in rural areas.

> **The EAFRD regulation states that a co-operation project partner of a LEADER LAG, which is not another LAG, has to be a "group of local public and private partners that is implementing a local development strategy". This means that the scope of action of this group has to be similar to that of a LAG.**

The LAG identifies the areas of cooperation in its strategy, but the exact partners are not necessarily identified within the LDS. LAGs can get support for cooperation projects up to 100 000 euros. Under this budget LAGs may finance the preparation activities and implementation of cooperation projects. LAG makes provision for cooperation in its action plan and financial plan. Cooperation projects are considered as selected only after the approval of General Assembly of the LAG. Preparatory activities will be carried out with the decision of Board. The information about the co-operation projects should be submitted to MA as they arrange the provision of data about the LEADER transnational co-operation projects to European Commission. Please see also diagram 5 about the process of cooperation project.
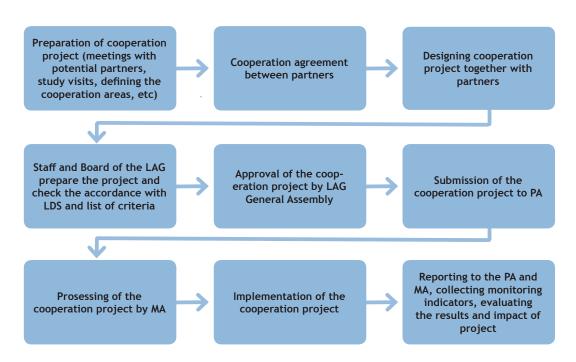

Diagram 5. *Example of the process of cooperation project*

Cooperation agreement

Before starting to put together cooperation project, the partners should sign an agreement clearly specifying the tasks of each partner. Cooperation agreement may include following points:

- Title of the cooperation project;
- Names of the partner organizations;
- Representatives' names and contacts;
- Rules for new partners joining with project;
- Data about the leading partner, its representatives and contacts (Leading partner is a recommendation, its not mandatory according to European Commission rules);
- Objectives and main activities description;

- Beneficiaries;
- Description of potential results;
- Description of methods and their implementation;
- Time schedule of the project;
- Budget of the project;
- Description of tasks, activities and allocated budget about each partner;
- Other relevant data.

Criteria of cooperation projects

Staff and Board of the LAG prepares the cooperation project and takes responsibility for the control of eligibility and other relevant requirements as well as the quantitative and qualitative criteria. During the preparation process a checklist to reflect the projects's accordance with the criteria could be prepared and submitted to the General Assembly for the background information to make the decision about the co-operation project approval.

It is up to LAG to propose internal and local level quantitative and qualitative criteria for cooperation projects. The quantitative criteria for co-operation projects should be in accordance with national level requirements (number of partners, type of co-opera-tion project, the role of the LAG), but can include additional and more specific quantitative indicators such as a number of study visits to be attended/hosted by the LAG, the number of international events arranged, the number of joint publications to be published to disseminate the project's results, the number of tar-get' group's representatives to be included into the project's activities etc.
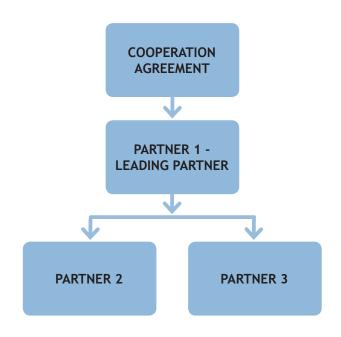
decide whether the co-operation project contributes into the achievement of LDS objectives (projects with no obvious linkages with LDS objectives should be excluded) and is coherent with activities and types of operations LAG has decided to finance with project support. LAG's and project partner's experiences about the cooperation topic should also be considered. An example of the set-up and breakdown of the qualitative criteria of the co-operation projects is indicated in Table 3.

CRITERIA
1. SPECIFIC QUALITATIVE CRITERIA
1.1. Co- operation project's contribution into the objective (s) of the LDS
1.2. Co-operation project's cohesion with the LDS's - how it is interlinked with LDS's activities, types of operations, project's contribution to the indi-cators related to the type (s) of operation (s).
2. UNIVERSAL QUALITATIVE CRITERIA
2.1. Justification of the project and it's budget
2.2. Results of the project and its sustainability
2.3. Capability of the LAG to implement this specific cooperation project (incl previous experiences)
2.4 Relevance of the partner(s)
2.5. Project contribution to the horizontal principles – innovative character of the project activities, environmental sustainablity etc.

Table 3. *Example of criteria for co-operation project*

Similarly to projects to be financed by project sup-port the co-operation projects should be included into monitoring and evaluation process of the LAG (see chapter 5.6). Cooperation is also one criterion in the evaluation of LDS by MA and it's highly recommended to describe it adequately.


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┌─────────────────────┐
│    COOPERATION      │
│     AGREEMENT       │
└─────────────────────┘
          ↓
┌─────────────────────┐
│    PARTNER 1 -      │
│  LEADING PARTNER    │
└─────────────────────┘
     ↓          ↓
┌──────────┐ ┌──────────┐
│ PARTNER 2│ │ PARTNER 3│
└──────────┘ └──────────┘
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Diagram 6. *Set-up of the co-operation partnership*

Regarding co-operation projects it is important to pay attention to the project quality in general (universal criteria) but also to the qualitative aspects of the project which is related to the contribution to the strategy objectives and its indicators (specific criteria). The qualitative criteria should enable to

5.3.5 Compliance with higher-level strategic documents, integration and innovation

Description of local, regional and national strategic documents that have an influence on the LAG territory and crosscutting impact. Integration of other important areas/cross-cutting objectives such as innovation, climate change, environment.

Although the LDS should primary be based on local development needs, there should also be consistent with other relevant development documents such has RDP and with other sectorial (sustainable development, SME-development, tourism etc.) development documents that concern various governance levels (EU, national, regional), if these are relevant in terms of the development focus chosen by the LAG. It is not necessary to describe and list a number of documents, as the purpose of this consistency lies merely in supporting and justifying the chosen focus of the LDS. Therefore only documents with proven connection with the focus areas should be referenced and described. When it comes to local and regional development strategies within the LAG territory, it is important to bear in mind that the approaches of the strategies prevent overlaps, they create synergies and have similar focus areas. Otherwise it is unlikely that any of the strategies (including the LDS) will have the expected impact on the local development.

According to the Croatian RDP the cross-cutting/horizontal issues to be addressed within the LDS are:

— innovation;
— environment;
— climate change adaptation and mitigation.

INNOVATION:

Each LDS shall set out integrated and innovative local solutions to local problems. Innovation in the rural development context may be technological, but also non-technological, organizational or social. The innovative nature of the LDS should be reflected within proposed actions with a boosting impact for a local development or in proposed ways to solve local problems in a new way. These actions and ways could mean new services, products of activities. The LEADER/CLLD approach does not foresee innovation in the sense of high level research and development or new technology (although, of course, these are not excluded and if necessary, a described co-operation perspective with universities or other research and development institutions could effective reflect the innovative nature of the LDS). In this regard the innovative approach should mean a fresh look at both problems and opportunities and explore new responses, which can lead to longer term and more sustainable solutions.

ENVIRONMENT:

Each LDS must raise awareness on environment protection, and contain practical measures to reduce harmful consequences to the environment and contribute to its protection. The LEADER initiative has, since its creation, taken the environmental aspect into consideration: The initial Communication to the Member States from 1991 stipulated that special care shall be taken to ensure that no polluting investments are made and that the rural environment is protected and optimized (Pepper, 1999)[9]. In practice this means that the necessary contribution foreseen with the strategy is highly dependent on the local conditions and could address one or several environmental issues such as water management, solid waste management, biodiversity protection, soil protection, land use issues (urbanization), pollution, human health etc.

CLIMATE CHANGE ADAPTATION AND MITIGATION:

LDSs and the selection of operations by LAGs shall contribute to the adaptation and mitigation of the negative consequences of climate change (particularly directed at sustainable sources of energy and use of "green" energy) as appropriate. The need to integrate climate change issues into CLLD approach is closely connected with the fact that climate change and the need to transition to a low carbon society has taken a center stage in EU policy and is now a horizontal priority across all EU policy areas. The urgent need to reduce greenhouse gas emissions and establish a new economic development paradigm based on the concept of green growth and the sustainable use of resources is a major change for the next programming period.

The horizontal issues should form an integral part of the LDS – if the description of the LAG and the results of the SWOT analysis reflect related problems (specific environmental or energy-related problems) of possibilities (existence of R&D institutions) they can be integrated into objectives, actions and be connected with supported types of operations. If the bottom-up strategy preparation processes come to the conclusion that any or all of the horizontal issues are particularly relevant into for the current LAG, specific indicators to measure the LDS implementation contribution into the achievement of related objectives should be included into evaluation and monitoring systems.

In addition to the integration of these three horizontal issues into the strategy, there should be a conclusive (sub-) chapter within the strategy document which briefly describes the methods and the way the horizontal issues are covered with the LDS. This will make the evaluation process of the LDS more effective and transparent and provides an additional way for the LAGs to track the consistency between the RDP and the LDS.

According to the Common Provisions Regulation (CPR), Article 33 (1)(c)), the LDS must include integrated, multi-sectoral and innovative features.

The meaning of **integrated and multi-sectoral development** must be adapted to the type of problem and area being dealt with. Partnerships can be seen as useful ways to integrate sectors such as agriculture, food, crafts, rural tourism, local services and the environment. To do this, LAG could design "integrated" sequences of support measures (such as training, capital grants, promotional support, business support) that all pulled in the same strategic direction. As LEADER strategies are often implemented in fairly low-density rural areas they are able to take a fairly holistic approach in terms of integrating most of the drivers of local development.

Linkages between sectors can be both horizontal and vertical, include rural-urban linkages and cooperation with fisheries areas.

In rural areas integration does not mean that strategies should try to tackle everything at once or give everything the same weight. As mentioned earlier, communities need to make choices and focus on the objectives and actions that have the greatest chances of bringing about the changes they want to achieve.

There may already be a history of past initiatives and a number of organizations active in the same field. So local partnerships need to position their strategies in a way that adds value to what already exists and mobilize the maximum support around it.

This interpretation broadens the scope of LEADER/CLLD to the kinds of thematic objectives and investment priorities that are particularly relevant to the European Social Fund (ESF) and the European Regional Development Fund (ERFD) - as long as the strategies are designed and carried out in a way that brings to bear the full value of local territorial linkages.

Integration can mean:

- Starting with one or more issues, themes, problems or target groups that mobilize the community but placing them within a wider context and building linkages outwards to the other sectors and actors that can influence the situation;
- Building vertical linkages within sectors and supply chains, as well as horizontal linkages between sectors;
- Connecting deprived areas with areas of opportunity (e.g. rural areas with market towns, and deprived neighborhoods with centers of employment growth);
- Building linkages between local, regional and national levels of governance. This is particularly important when dealing with "anchor" sectors and institutions like schools, hospitals and universities;
- Ensuring that different local support measures are sequenced and pulled together to achieve the same strategic objectives. Integration in terms of what is done, who does it, and how it is done.

5.4 Stakeholder involvement

The participatory approach to be used during the preparation of the LDS has to be described. This should include a description on the approaches used for stakeholder involvement, levels and methods to be used.

According to the Guidance on Community-Led Local Development for Local Actors from the European Commission, the strategy, and the projects that flow from it, are meant to emanate from the community. It follows then that participation should not simply be an add-on, conducted at the start of the strategy to justify funding. Consultants, universities and other external experts can all help to provide a broader view and assist with the analysis of the data and writing of the strategy, but there should be evidence of a genuine dialogue with and between local citizens at each of the key stages in the design of the strategy:

— In the identification of strengths, weaknesses, opportunities and threats;
— In the translation of these into the main development needs and potential;
— In the choice of the main objectives, specific objectives, desired results and the priority given to these;
— In the selection of the types of actions that can lead to these results;
— And in the calculation of the budget.

There are a large number of participative techniques, which can help partnerships identify the issues which really matter to people on the ground and to mobilize the ideas and energy of grass roots initiatives. The strategy document should provide evidence that it is the result of this kind of process.

It is suggested that for the period of the LDS preparation (in the Croatian case for the 2014-2020 RDP approximately six months to implement the sub-measure 19.1) a stakeholder involvement plan is going to prepared, approved and published. This plan should set out the objective of the stakeholder involvement, name the stakeholders and stakeholder groups to be targeted, and last but not least set out the levels and methods of involvement, as well as the communication methods to be used. In current case a rather detailed plan of relevant events and actions should be included into the involvement plan.

It is important that all the relevant counterparts are enabled to acknowledge their role in the involvement process and they can provide feedback about the results of the involvement activities. The involvement plan itself should not be an internal or closed document – similarly to the strategy it should be a simplified agreement between the relevant stakeholders about the way they are to be included in the LDS preparation process.

Taking into account the expectations and the scope of the LDS as well as the LAG's resources (human, time and financial) it is likely that not all of the stakeholder involvement levels (inform, consult, involve, collaborate, empower) are necessary and possible to implement during the LDS preparation. It depends on the local characteristics and stakeholder expectations and profiles which methods could prove to be most effective to use and describe within the LDS. One possible approach to be useful for LDS circumstances is to combine three participatory levels: inform, consult and empowerment as follows:

(1 - inform) to carry out various information sharing activities through the LDS preparation process in order to keep the stakeholders informed about the progress of the LDS preparation as well as about the ways to be included. The most common way to share this information is the LAG's webpage or social media page, a special issue(s) of the LAG's newsletter, articles in local newspapers etc;

(2 - consult) to collect feedback using surveys, questionnaires, focus groups interviews, thematic roundtables, seminars, conferences. It helps to collect information about the LAG's situation, development needs, problems and expectations. In the case of LDS preparation it is useful to carry out consultation activities (i.e. web questionnaires, interviews, focus-group seminars) in the early and middle stage of the process, in order to effectively include the collected information in the strategy;

(3 – empowerment) to provide active involvement possibilities in the decision making process by arranging various types of events such as forums, seminars, conferences, possibility to submit written amendments etc. with the clear possibility to influence the core elements of the strategy (SWOT, objectives, actions, financial allocations). Empowerment activities should be carefully planned into the involvement plan to be carried out during the key stages of the strategy preparation (finding the focus of the strategy to prepare the SWOT and selecting the objectives, prior to the approval of the strategy) and need to be well prepared and moderated.

The main input material for strategy could include:

- Socio-economic analysis of the area and challenges which come from it;
- Analysis of previous LEADER period activities and strategy implementation;
- Results of seminars, discussions, brainstroming with LAG members, co-operation partners and other relevant public, private and third sector representatives and specific target groups (young people, tourism entrepreneurs, etc);
- Results of electronic surveys and interviews;
- Work of the strategy commission, in case a LAG has this kind of organ;
- Strategical decisions made by the LAG Board and General Assembly;
- Improvements collected during the disclosure process of the strategy (comments, amendments from local stakeholders);
- Other.

Possible involvement methods:

- Brainstorming and involvement seminars, meetings using active participation methods as (open space technology, World café, group work etc) in order to analyse existing strengths and weaknesses; to generate new ideas and work out activities;
- Interviews with local stakeholders (municipality leaders, county governers, development agency employees, etc) to map their ideas and vision about the area;
- Electronical questionnaires to map the expectations of the target groups;
- Information seminars to introduce the results of the process of drawing up the strategy and outcomes from previous discussions and seminars;
- Trainings and study tours for target groups and LAG operational organs to collect new knowledge to draw up and implement a strategy;
- Meetings of LAG operational organs (strategy commission, board, general assembly) to analyse material from involvement process and make strategic decisions;
- Disclosure process of the strategy and its outcomes involving media (announcements, articles, interviews, newsletters, etc);
- Other.

This is essentially important to assure wide board involvement of strategy drawing up process to all target groups.

5.5 Action plan

The LDS must be set out in a realistic, clear and logical action plan that is feasible. It should identify what will be done, the reasons for why it will be done, by whom and by when, as well as the allocation of financial resources. It provides a framework for the implementation of the strategy by defining the actions that will support the achievement of local objectives. It is recommended that the action plan include the annual breakdown of the planned activities for the period of 2014-2020 (with an estimated number of projects).

The action plan will describe all the activities of the strategy in detail. The logical structure of the strategy must follow and reasons must be pointed out to understand why these kinds of activities were selected to implement the strategy. The coherence of objectives, the activities, types of operations and indicators should therefore again be presented.

The action plan needs to consider at least the following four points:

- What kind of actions does the LAG foresee to achieve the objectives;
- Who will be responsible for the implementation of the actions (LAG, different project beneficiaries under each action);
- When do the actions need to take place (timetable for implementing the strategy);
- How big are the financial allocations for actions. The budget for each action can be presented in percentages.

5.6 LDS monitoring and evaluation

There is also another new aspect in the EU regulatory framework to which the LAGs should pay attention: The requirement to explain "the monitoring arrangements and the specific arrangements for evaluation" of the LDS. All objectives must meet measurable targets for outputs or results. The strategy gives the overview of monitoring and evaluation procedures. Detailed procedures of monitoring and evaluation activities should be described in evaluation plan.

The purpose of monitoring is to get feedback how you are doing in your LAG - if you are approching to your objectives. For this purpose it is very important to set up a transparent, simple and easily accessible monitoring system. Also as regards monitoring it is recommended to use ICT systems that enable to generate necessary reports at any time. Ongoing monitoring process is closely interlinked with the LDS evaluation processing by providing a necesarry baseline information for the periodical evaluation of the LDS progress.

A possible example of monitoring and evaluation arrangements is provided below.

EXAMPLE OF ORGANIZING THE STRATEGY MONITORING AND EVALUATION		
	STRATEGY MONITORING	**STRATEGY EVALUATION**
Organised by	Relevant organ of LAG (board, monitoring commission etc.)	Relevant organ of LAG (board, monitoring commission etc.)
Responsible body	LAG staff	LAG staff/ external experts
Content of monitoring	• Budget usage • Applications statistics • Projects contribution to objectives and indicators of strategy • LAG animation activities and co-operation projects • Contribution into RDP objectives	• Annual monitoring reports • Results and impacts of implemented projects
Timetable	Ongoing	2 times during the whole period
Report period	Annual	3 years
Approval body of the report	Board	General Assembly
Purpose of the report	To prepare annual strategy implementation plan; Improvements to implementation mechanisms	Strategy revision

Table 4. Example of organizing the strategy monitoring and evolution

Output of strategy monitoring should be the annual monitoring report. Output for the strategy evaluation should be the evaluation report for the evaluation period (the length of the evaluation period can be selected by the LAG-level, but has to be well justified, a suggested evaluation period is three years).

According to the EU legislation there is a need to contribute into a common monitoring and evaluation system (CMES/CMEF), which will assess the performance of the CAP at EU level and the ways in which it is implemented, including rural development measures. It defines a series of output targets for each measure.

As LDS activities are directly related to RDP measures and their types of operations the LAG should integrate these indicators into their monitoring systems. It is important to gather and collect necessary data for the CMES/CMEF reporting. In the Croatian case these CMES/CMEF indicators are included in RDP Chapters 5.4. and 11. These tables indicate the quantified

targets and indicators related with RDP focus areas selected for the RDP. Therefore respective output indicator data (ie jobs created in supported projects for focus are 6B) should be collected on the LAG level and included into the annual monitoring report.

However, the monitoring of the LDS progress should not be limited to an adaptation of the CMES/CMEF indicators. According to the specific local needs the LAG should collect specific indicators to analyze and measure the success of the strategy implementation. There is a need for additional differentiated indicators to capture the small scale, local or incremental effects which LDSs deliver. CMEF indicators are too generic for that purpose. As additional indicators can be useful in illustrating local effects, their design and use should ensure that they add something of additional value,

e.g. by building on the core CMEF indicators to deepen the interpretation of the LEADER effects. In this case it is likely that a real impact of the LDS implementation could be assessed during the mid-term review(s) or during the final review.

The combination of local-level additional indicators and indicators from state level and European Commission should be related to the activities and type of operations by linking them with supported activities. Please notice that cooperation projects have to be also linked to indicators. If a certain activity contributes to the achievement of the target level, it can be linked with the type of operation and the focus area. The following table illustrates one way to include the description of the monitoring system in the LDS.

EXAMPLE OF INDICATORS SUMMARY				
OBJECTIVE 1				
Activities	Type of operations	Impact indicators and their target levels	Result indicators and their target levels	Output indicators and their target levels
Activity 1	Type of operation 1			
Activity 2				
Activity 3	Type of operation 2			
OBJECTIVE 2				
Activity 1	Type of operation 3			
Activity 2	Type of operation 4			
Activity 3	Cooperation project*			

*The impact of LAG´s project activities (ie co-operation projects) schould also be monitored and evaluated

Table 5. Example of indicators summary

In 2014-2020, the evidence base should take the form of clearly measurable targets for "outputs", such as the number of people receiving training, and for "results", such as the number of people who obtained employment as a consequence of the training and for impact increased number of enterprises. In addition to these measurable targets for impact (or result) indicators, additional targets may be expressed in qualitative terms.

As with any other part of the LDS there should be a clear logic linking the needs, proposed activities and resources to clear objectives to provide a clear focus and direction for what is done. This is essential for steering any evaluation activity, whether it is self-evaluation or externally contracted. In other words LAGs need to understand and clearly state what

exactly they intend to monitor and evaluate and to achieve through monitoring and evaluation. This is needed in order to plan, resource and undertake these activities efficiently and effectively. It is vital that the monitoring and evaluation system design and performance clearly benefits of the LAG work. The objectives should address the monitoring and evaluation of the delivery of the LDS in terms of its own specific intervention logic and the specific objectives for LEADER set out in the RDP. The failure to do so adequately in the past in other Member States was a key weakness identified by the European Court of Auditors.

An effective monitoring and evaluation system within the LDS could act as a basis for strategy revision needs. The performance against the strategy can lead to the

need for a strategy revision. This performance can only be the evidence if an adequate and functional monitoring and evaluation system has been set up. Additionally, strategy revision should be foreseen for other objective and obvious (formal) reasons, i.e. substantial changes in external conditions, changes in local conditions (memberships) or financial constraints. There is a need to reflect how the LAG would deal with changing circumstances in that respect. However, it is important that the LDS would reflect that it is vital that the revised objectives remain measurable in case a revision of the strategy is undertaken.

5.6.1 Evaluation plan

In addition to monitoring and evaluation process description in the LDS every LAG should prepare an evlution plan to describe the monitoring and evaluation process in more detailed way. This plan shoud be the framework for assessing your LAGs performance in implementing LEADER and its specificities including systems and mechanisms to manage financial and output data to ensure that the data specified and reported relates to the RDP and LDS specific indicators and targets. And indicative outline of the LAG Evaluation Plan could be following[11]:

— What are the LAGs objectives for monitoring and evaluation, covering both LDS and RDP levels?
— What are the arrangements through which the processes will be managed?
— Are there any specific LDS or LEADER topics or themes the LAG will wish to research or evaluate?
— What are the data requirements for monitoring and evaluating the LDS and how this will be managed?
— What are the tools and methods to be employed?
— What is timeline and any relevant milestones?
— What is the proposed approach to communicating evaluation activities and for the communication of evaluation findings?
— What are the resources required?

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[11]http://enrd.ec.europa.eu/enrd-static/leader/leader/leader-tool-kit/monitoring_evaluation/evaluation_planning/en/evaluation_planning_en.html

5.7 LAG's capacities to implement LDS

LAG should describe their human and financial capacity to implement LDS. If the LAG has any experiences in the implementation of LEADER-approach during the programming period of 2007-2013 of experience in implementation of projects outside LEADER-measure this should be described as well.

The LAG has to have the capability to implement the strategy. It basically assures the quality of strategy implementation. Under this topic there is a need to describe the management and structure of the LAG (see diagram below). In order to put this content element together following aspects should be considered:

- LAG members – list of members according to their belonging into different sectors;
- Background of the LAG – general information about establishment, other important features related to LAG can be pointed out here;
- General assembly or the highest organ of LAG - its main role;
- Board and its commissions, if relevant – their tasks and roles;
- Staff – how many persons, their positions, general work tasks;
- Project selection commission – main principles of their work;
- Monitoring and/or revision board – main principles of their work;

- LAG experiences from previous LEADER period, if relevant;
- Organizational development of LAG – the capacity-building activities for the LAG itself will be described here (involvement and training activities, involvement of members, etc).
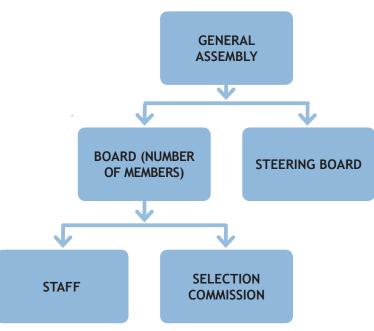

Diagram 7. *Example of possible structure of LAG*

LAG animation activities and necessary development projects

> **One of the strongest messages from European Commission that came out of past experience is that local partnerships must not be seen as the last, local link in a long chain for delivering policies decided elsewhere. They are not local one-stop-shops for holding calls and collecting applications for standard grant or training programmes. The real value of the partnership comes from its role in bringing local people together to stimulate ideas and co-produce projects which would not have happened - or would have been much more difficult to develop had it not been there.**

LAGs are development organizations in the area and should include in the strategy special activities and projects to contribute to the better development of the area. The animation activities usually include networking, introducing innovative methods and solutions, marketing of the area, improving the skills and knowledge of target groups, etc. But the activities can also addressed to very specific problems (for example social inclusion) and other issues.

In addition to inter-territorial and transnational co-operation projects, LAGs deal with other animation activities to contribute to the development of the area. Usually LAGs use a part of their budget meant for running costs for animation activities (e.g. seminars, trainings, networking, study visits, promotion etc).

In addition to cooperation projects and animation activities from running costs there can be an essential need to implement additional development projects in the LAG area. For example in less advantaged sub-regions, target groups need to be activated or special areas or problems that need to be improved. This kind of LAG initiatives can include different activities like umbrella projects to organize joint marketing of the area or establish farmers market or community house if it's needed. Doing these kind of activities LAG should pay attention to the principle not to destroy grassroots level initiative. The role of the LAG is rather to activate people and help to start up projects, activities than doing things for local community.

In addition to co-operation projects according to the RDP sub-measure 19.3 and animation activities LAG can contribute into area's development as a beneficiary under the sub-measure 7.4.

In this case the selection process of the LAG projects can mainly follow the same principles as the process of LAG cooperation projects selection (see chapter 5.3.4, diagram 5). In order to guarantee the transparency of the process there are following differences to consider:
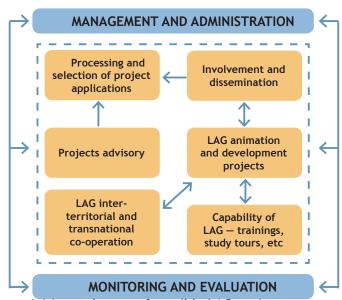
1. The quality of the project must be comparable with other project applicants therefore the selection commission could review the LAG project application and give feedback what to improve to LAG staff and board. After improvements if it's needed the LAG General Assembly approve the project;

2. The budget of the LAG project comes from the annual budget allocated for the type of operation 7.4. in the LDS.

One of the first and most important tasks of the local partnerships, therefore, is to assess the capacity building needs of the community and to integrate this into the strategy.

Capacity building can take the form of:

- Information sessions and outreach work in the community;
- Support for bringing people together and community organization;
- One to one or collective advice and support for developing projects;
- Training;
- Development and networking projects that influence a bigger target group or that are addressed at special needs;
- Other.

It is absolutely essential for the partnership to have staff in the office, which is sufficiently qualified to carry out these functions. Additionally specific capacity can be hired externally. **The action plan of the strategy includes the description of the main animation**

activities and areas of possible LAG projects.

Diagram 8. Example of work packages

In addition to the capacities to implement LDS the methods to arrange the workflow during the LDS-implementation is important. The most common tool for LAGs is to describe the implementation of the strategy through integrated work packages (see diagram 8), which can for example include:

1. Management and administration to ensure implementation of the strategy and to develop it further;

2. Processing and selection of project applications – taking care of the quality of the projects and accordance with the vision and objectives of the strategy. Provision of support and advice to potential applicants.

3. Involvement and dissemination - preparing potential applicants for quality projects;

4. Inter-territorial and transnational co-operation, including rural-urban co-operation – to get new knowledge and to activate important processes;

5. Animation activities and development projects – animation activities for the area, development projects; to arise the capability of LAG, trainings, study tours, etc;

6. Monitoring and evaluation – to evaluate the results of the strategy implementation and learn about mistakes.

In the implementation plan there should be also provided general information about applications processing procedures and the tasks of different structural units of the LAG (office staff, board and selection commission) regarding projects applications.

5.8 Financial plan

The financial plan should provide indicative estimates of how much money will be dedicated to the different types of action. The planning must distinguish between expenditure for **the implementation of the strategy itself, cooperation and running costs and animation.**

DIVISION OF FINANCES				
OBJECTIVES	Objective 1 (total allocation %)	Objective 2 (total allocation %)		Objective 3 (total allocation %)
ACTIVITIES	Activity 1 Activity 2 Activity 3	Activity 4 Activity 5	Activity 1 Activity 2	Activity 1 Activity 2 Activity 3
TYPE OF OPERATION	Type of operation 1 (allocation %)	Type of operation 2 (allocation %)	Type of operation 3 (allocation %)	Type of operation 4 (allocation %)
Inter-territorial and transnational co-operation %				
Running costs and animation %				

Table 6. Example of division of finances

DIVISION OF FINANCES BY YEARS				
YEARS	**Budget (total amount)**	**Type of operation 1**	**Type of operation 2**	**Co-operation budget**	**Running costs and animation budget***
2016	%	%	%	%	%
2017	%	%	%	%	%
etc					

Running costs should be forseen to cover necessary activities until the year 2023

Table 7. Example of division of finances by years

Croatia has chosen a mono-funding approach for LAGs, which are only financed under the LEADER measure of the RDP (EAFRD). Nevertheless LAGs may still be able to access other funds to finance their local development strategies, but the burden of coordinating different funding packages will be greater at local level. Local partnerships have always looked for ways of complementing their core funding by taking on additional functions, financed by other funds or other resources.

For example, the Irish rural development partnerships manage substantial programmes for social inclusion, which receive ESF funding, and many Spanish partnerships managed or formed part of EQUAL partnerships and managed INTERREG projects. Around 40% of Fisheries Local Action Groups were also originally LEADER groups and now manage both LEADER and Axis 4 of the EFF.

In this situation, LAGs have to secure their core funding from one Fund and try to add on other funding streams as the opportunities arise. If most operations can already be financed by one Fund, then the motivation for accessing other Funds can lie in the acquisition of additional resources (which may in itself be very important in times of austerity).

The size of the budget obviously depends on the needs of the area and its size, the nature of the strategy and the existence of other support programmes. Anyway, as during the preparation of strategies the total amount of the budget is not yet clear, we suggest presenting the budget in percentages.

However, the experience of both LEADER and Axis 4 of the EFF has shown that the minimum budget size for a LDS is around EUR 3 million in public funds for the entire period. Below this level, it becomes difficult to go beyond very small scale, "soft" investments, and to cover the necessary animation of the area.

The financial plan should give a clear understanding that investments correspond to the objectives set by the community and that these can be realistically achieved with the timetable and resources available. It has to be emphasized once more on the need that the budget must be realistic, well focused and that all necessary risks must be considered (see chapter 4.4 about risk analysis).

6. DELIVERY PROCESS OF CLLD/LEADER, CONCLUSIVE RECOMMENDATIONS

In the basic CLLD/LEADER delivery system the flow is as follows (see also diagram below): The EU establishes common objectives and principles in the legal framework; the national or regional Managing Authority (Ministry of Agriculture) designs the basic rules for implementing the programme; the Managing Authority launches a call to select the LAGs; the LAG publishes a call for proposals and receives, assesses and selects types operations which will be supported to meet the objectives of the local strategy; the beneficiaries implement the projects and receive the funding.

Diagram 9. Delivery process of CLLD/LEADER

However, the overall picture on the delivery process is important to acknowledge that it is necessary to pay special attention to the LAG delivery process. This process includes several steps and starts already before the announcement of project calls. It covers training, dissemination and advisory activities as well as the creation of systems that are reliable and easy to follow. The great value of the process is to bring people together, to improve their knowledge about the area and involve them through networking activities. The LAG delivery process is presented in Diagram 10 below.
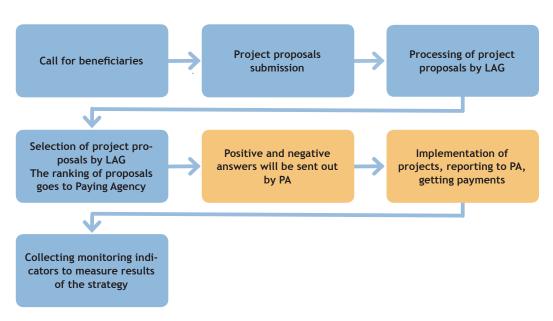

Diagram 10. Delivery process of project applications

According to the recommendations from the CLLD Guidance and good experience of Estonian LEADER we can point out suggestions how to organize the delivery process.

Recommendations for LAG:

- Information days about strategy objectives, types of operations and their conditions – involvement and notification of people in the LAG area at the early stage assures the bigger number of quality applications;

- Dissemination activities to arise the awareness about possibilities of project applications. Additionally to information on the types of operations it is important to give information about the LAG strategy objectives, expected results, LAG animation activities etc. Dissemination activities can consist of press articles, newsletters, media and social media advertising;

- Advice to applicants: consultancy is an important tool to improve the quality of applications and to encourage different applicants to co-operate, if relevant;

- Meetings, trainings, study tours and networking: there can be different meetings, training and seminars on various topics. This is useful tool to bring people together and to improve the capability to co-operate and to find new solutions/methods. Long-term training programs have the best results for networking. Moreover, it is a good possibility to involve new people and get more quality projects.

- A transparent and simple system for applying, processing and selection: it must be easily understandable for project applicants. Based on the Estonian experience we highly recommend to consider the use of ITC systems. It makes the processing of applications, the archiving and monitoring much more easier and helps to improve the efficiency of LAG and reduce administrative burden.