WORKING DOCUMENT

on ECA Special Report 10/2022: LEADER and community-led local development facilitates local engagement but additional benefits still not sufficiently demonstrated

Committee on Budgetary Control

Rapporteur: Petri Sarvamaa
The EU introduced the LEADER programme in 1991 as a bottom-up initiative to support the development of disadvantaged rural regions through projects addressing local needs. Since 2014, the EU has used the LEADER approach (known as community-led local development) for several EU funding streams in rural, urban and coastal areas. The main characteristic of the LEADER approach is the application of participatory and bottom-up methods to involve local communities in project development and decision-making processes. Local action groups, made up of partners from the public, private and civil society manage activities. In the 2014-2020 period, the EU planned to provide funding of up to €9.2 billion for LEADER and community-led local development.

The LEADER approach involves extra costs and risks compared to mainstream (top-down) EU spending programmes. Additional costs arise from setting up and running local action groups’ administrative structures. Additional risks are created by the lengthy procedures, extra administrative requirements for project owners, and potential conflicts of interests. Some of these extra costs and risks are justified if local action groups deliver additional benefits compared to mainstream (top-down) EU spending programmes. The Commission’s guidance suggests that these benefits manifest themselves in improved social capital, improved local governance and enhanced results from projects.

More than a decade after the Court’s 2010 special report on LEADER, the new audit shows that improvements have taken place in some areas and that the LEADER approach facilitates local engagement. However, the Court concludes that there is little evidence that the benefits of the LEADER approach outweigh the costs and risks it incurs. The Court found that while most Member States applied pertinent procedures to select and approve local action groups, some applied less demanding quality standards when selecting local development strategies.

The Court also found that one Member State did not include quality criteria in its selection process. The project application and approval process was complicated (involving up to eight steps) and included extra administrative requirements for project owners compared to mainstream spending programmes. Public authorities no longer dominated project selection bodies (as the Court found in 2010), but these were frequently not representative of the local community or gender-balanced.

Furthermore, the Court found that local action groups selected projects that were in line with the broad objectives set in their local development strategies. Some Member States and local action groups used LEADER to fund statutory tasks of national, regional or municipal authorities or other activities for which other specific EU and national funding programmes existed. While two out of six of the Court’s 2010 recommendations had been addressed, it was found that the Commission’s monitoring and evaluation framework has still not provided evidence of LEADER’s additional benefits.

The Court concludes that in view of the additional costs and risks compared to other funding models and the continued lack of demonstrable benefits, it would recommend that the Commission should evaluate the costs and benefits of LEADER and assess the community-led local development.
THE COURT’S OBSERVATIONS

The Court found that local action groups facilitate local engagement, but involve additional costs and slow approval processes. The Court further clarifies that it found that local action groups involve additional costs. LEADER’s participative approach involves additional management structures and activities in support of the local development strategy, which bring extra costs. The Regulation caps these administrative and running costs at 25%, while some Member States lowered this cap further to 20%. Local action groups’ administrative and running costs amounted to EUR 1.04 billion (24% of total spending at that stage).

Additionally, the Court found that Most Member States applied pertinent procedures to approve local action groups but some did not apply a minimum quality requirement when selecting local development strategies. Furthermore, the Court found that local action groups have approved projects more slowly than anticipated, and that the LEADER approach facilitates local engagement but women and young people are underrepresented on local action groups.

The Court continues indicating that it found that additional benefits of LEADER and community-led local development are still not demonstrated. The Court also found that Member States used LEADER to fund projects deriving from the local strategies, but for some other specific spending programmes existed. The Court agrees that while experts consider it difficult to evaluate some potential benefits of the LEADER approach, it also found evidence that it could be done.

The Court also found that the multi-fund approach increases complexity for funding local development projects.

THE COURT’S CONCLUSIONS AND RECOMMENDATIONS

The Court recommends to the Commission (recommendation 1) to, by 2023, comprehensively evaluate both the costs and benefits. This evaluation for LEADER should cover:

a) The application of a selection process of local action groups that allocates money on quality local development strategies;

b) Actions to reduce costs and administrative complexities (e.g. extra administrative burden for project owners, long selection procedures);

c) The extent to which decision-making bodies are representative, including by age, gender and other target groups;

d) The extent to which LEADER funded projects bring additional benefits compared to non-LEADER projects and

e) the extent to which LEADER funds are used to fund the statutory tasks of EU, national, regional or local bodies.

The Court also recommends to the Commission (recommendation 2) to, by 2025, assess the Community-Led Local Development approach. The Commission should cover to the extent
possible the elements outlined in points (a) to (e) of recommendation 1.

**The Rapporteur’s Recommendations**

1. **Highlights** that the main characteristic of the LEADER approach is the application of participatory and bottom-up methods to involve local communities in project development and decision-making processes; acknowledges that the LEADER approach involves extra costs and risks compared to mainstream (top-down) EU spending programmes;

2. **Takes note** that the Court concludes that, a decade after their 2010 special report on LEADER, improvements have taken place in some areas and that the LEADER approach facilitates local engagement;

3. **Notes with concern** that the Court also concludes that there is little evidence that the benefits of the LEADER approach outweigh the costs and risks it incurs; regrets that the Commission’s monitoring and evaluation framework has still not provided evidence of LEADER’s additional benefits;

4. **Calls on the Commission** to comprehensively evaluate the costs and benefits of LEADER and assess the Community-Led Local Development approach;

5. **Calls on the Commission** to follow up on the Court’s recommendations and keep the CONT Committee informed of its implementation;

---

**Annex I**

**European Parliament’s earlier work related to the subject provided by the European Parliament Research Service (EPRS)**

**1. European Parliament resolutions (9th term)**

- **European Parliament resolution of 25 March 2021** on Cohesion Policy and regional environment strategies in the fight against climate change, incl. “the role of the LEADER/CLLD approach while implementing Smart Villages Strategies” (paragraph 17) ([2020/2074(INI)]).

---

- **European Parliament resolution of 6 April 2022** on Implementation of the 2021-2027 cohesion policy, incl. on “community-led local development and other bottom-up approaches” (paragraph 4) ([2022/2527(RSP)]).

---

- **European Parliament resolution of 15 February 2022** on Challenges for urban areas in the post-COVID-19 era, incl. noting “that community-led local development strategies are an essential tool to create jobs, reduce poverty and increase access to services in urban areas” (paragraph 12) ([2021/2075(INI)]).
European Parliament resolution of 7 July 2021 on Old continent growing older - possibilities and challenges related to ageing policy post 2020, incl. highlighting “the central role played by community-led local development initiatives in restoring and keeping living and thriving local rural economies, and the need to keep a sufficient level of funding for the LEADER programme” (paragraph 101) (2020/2008(INI)).

*******

European Parliament resolution of 19 June 2020 on Tourism and transport in 2020 and beyond, incl. on “the role that the European Agricultural Fund for Rural Development (EAFRD) can play, especially the LEADER programme, in supporting local and rural tourism initiatives” (paragraph 41) (2020/2649(RSP)).

2. Selected parliamentary questions (9th term)

LEADER Funding programme, E-004336/2020, Question for written answer to the Commission, Rule 138, Maximilian Krah (ID).
European Commission answer

*******

Use of the EMFF, E-002938-19, Question for written answer to the Commission, Rule 138, Rosa D'Amato (NI), Mario Furore (NI).
European Commission answer

*******

Obstacles to the participation of small non-profit associations in projects financed by the European Social Fund, E-000764/2021, Question for written answer to the Commission, Rule 138, João Ferreira (The Left).
European Commission answer

*******

Implementation of the 2021-2027 cohesion policy, O-000002/2022, Question for oral answer to the Commission, Rule 136, Younous Omarjee on behalf of the Committee on Regional Development.
European Commission answer