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Delivering CLLD effectively

A guide for EMFF Managing Authorities
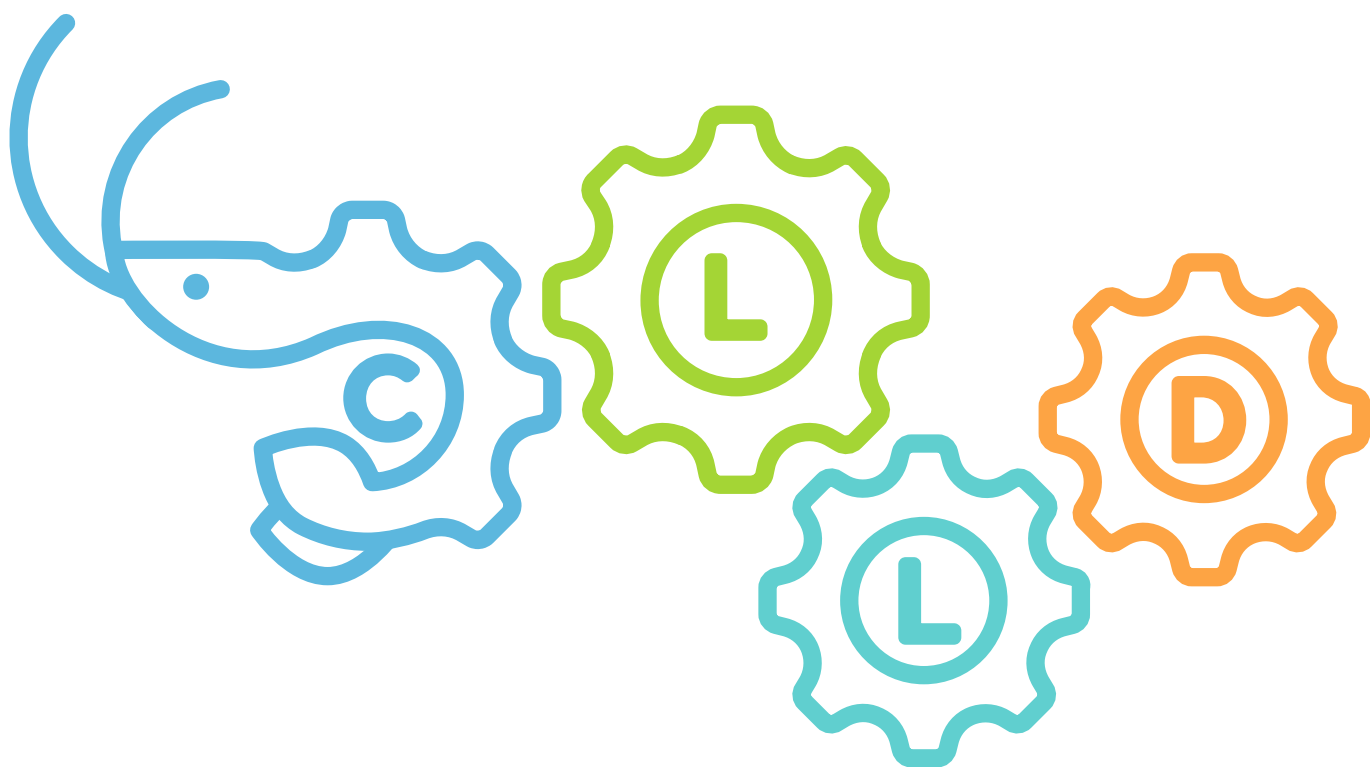
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1. Introduction

This guide aims to help national and regional authorities set up effective delivery systems for community-led local development (CLLD) under the European Maritime and Fisheries Fund (EMFF).

Over ten years of implementation of fisheries CLLD has shown that **the quality of delivery systems is a key factor determining the success of CLLD,** i.e. enabling people to make a positive change in their area. By delivery systems we mean the set of rules and procedures which define the steps, tasks and roles of different stakeholders involved in the implementation of the programme. These systems are to a large extent designed at the national (and sometimes regional) level and vary greatly between Member States (MS).

This diversity of delivery systems across the EU leads to considerable differences in the speed of implementation and very different results achieved on the ground. While in some MS the systems are designed to facilitate access to funding for the "unusual suspects", flexibility to react to local needs and speedy decision making, in others FLAGs and beneficiaries are confronted with complex rules and administrative barriers that discourage many local stakeholders from presenting projects. This guide provides practical suggestions and examples of how to design delivery systems that strengthen the bottom-up approach, while ensuring transparency and accountability for EU funding.

"The FLAG made our dream come true. We went to our FLAG with a new business idea that would also benefit the local community and a month later they confirmed that they could help us – both financially and administratively – to put it into action."
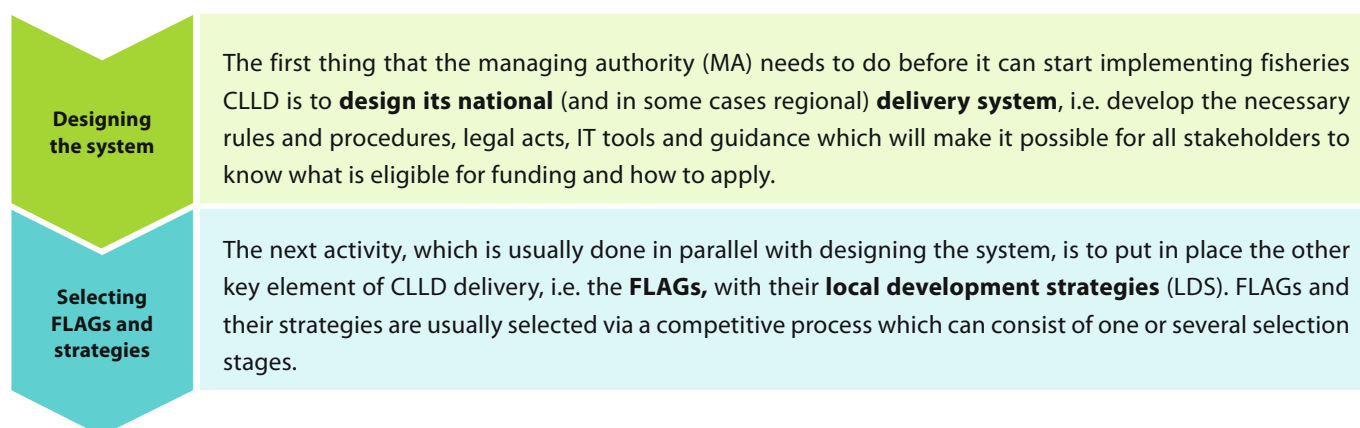
"We have many needs in our area and ideas for projects that would help the local community but have heard that EU funding is difficult to get. We have heard of people waiting for over a year to get reimbursed for projects carried out. We just can´t afford to take that risk."

1.1 **The key steps of CLLD delivery**

As an innovative approach to providing public funding, one that puts decision-making in the hands of the local community, CLLD requires rules and procedures that are fit for purpose. Time should be invested in ensuring that procedures for selecting and approving projects are cost-efficient, simple, quick and transparent. The same should be true for the procedures for delivering funding to the final beneficiary.

Designing the system	The first thing that the managing authority (MA) needs to do before it can start implementing fisheries CLLD is to **design its national** (and in some cases regional) **delivery system**, i.e. develop the necessary rules and procedures, legal acts, IT tools and guidance which will make it possible for all stakeholders to know what is eligible for funding and how to apply.
Selecting FLAGs and strategies	The next activity, which is usually done in parallel with designing the system, is to put in place the other key element of CLLD delivery, i.e. the **FLAGs,** with their **local development strategies** (LDS). FLAGs and their strategies are usually selected via a competitive process which can consist of one or several selection stages.

Once these two basic elements are in place, the real implementation can start, i.e. beneficiaries on the ground can apply for funding and selected projects can be implemented and receive funding. This consists of several steps, as illustrated below:

Application	**Application**: potential project promoters prepare and submit their applications for funding to the FLAG.	› who can apply? › what can be funded? › specific calls for projects or an on-going call for the whole period? › format and contents of the application forms › IT systems used, etc
Selection	**Selection:** FLAG decision-making body assesses the applications and selects those that have the greatest potential to contribute to achieving LDS objectives.	› selection criteria and procedures › tasks and responsibilities of the different bodies of the FLAG (e.g. staff, board) › how is the selection process organised? etc.
Approval	**Approval:** the relevant body (usually the MA or intermediate body (IB) to which this function has been delegated) checks the selected projects and takes the formal decision that they are eligible for funding.	› what information needs to be provided? › what are the responsibilities of different stakeholders? › what procedures have to be followed?

Implementation	**Implementation:** the project promoter (beneficiary) implements the project.	❯ obligations of the beneficiary (e.g. procurement rules to respect? reporting requirements? etc.) ❯ involvement of other delivery stakeholders (who responds to queries? who carries out controls – if any? etc.).
Payment	**Payment:** usually happens after the beneficiary has implemented the project (or one stage of the project), paid its costs and submitted the relevant payment claim.	❯ are advance payments available? ❯ who checks payment claims and what is checked? ❯ which body makes the payment? ❯ how long does it take? ❯ etc.
Overall characteristics	There are also certain elements of the system which cover the whole delivery chain. These **overall characteristics** of the system include, for example, communication channels between MA, IB, FLAG and beneficiaries, level of trust, specificities of the administrative culture (e.g. degree of detail in legislation) etc.	

1.2 Why are delivery systems so important?

The delivery system ensures that EU funding reaches the beneficiaries who implement projects on the ground. Only a few elements of the system are, however, defined at the EU level. In the case of fisheries CLLD for 2014-2020, elements such as the composition of decision-making bodies which select projects and the tasks which must be entrusted to the FLAGs are defined in Articles 32 and 34 of the **Common Provisions Regulation** (CPR, 1303/2013)[1]; operations supported must contribute to the objectives of Art. 63 of the **EMFF Regulation** (508/2014) and should not include ineligible costs listed in Art. 11 of the same Regulation[2]. In addition, there are a number of general rules which apply to all types of EU funding, including CLLD (for example, rules on public procurement or about audits and controls).

However, many more detailed rules are developed at the national (and in some cases regional) level. These rules define, often with great detail, what kind of projects or beneficiaries can be supported, what kind of information must be provided and what procedures need to be followed to obtain funding. As a result, FLAGs and beneficiaries in different Member States (MS) are facing different conditions to obtain funding and different degrees of administrative hurdles. For example, the degree of detail in national legislation often makes the eligibility checks, even for relatively small projects, very heavy and time-consuming. Thus, according to data collected from FLAGs, the average time it takes from the moment when the operation has been selected to the moment when it is formally confirmed as eligible for funding can vary from around 1 month to over a year.

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1   These articles correspond to Articles 25 and 27 of the **draft Common Provisions Regulation for the period 2021-2027**. At the time of writing this guide (December 2019) the final legal acts for the next funding period are not yet available, so the references to the 2014-2020 legislation are used.

2   The draft EMFF Regulation for 2021-2027 can be found **here**.

A survey of FLAGs carried out by the FARNET Support Unit (FSU) in early 2019 indicates that:

> The delivery process of fisheries CLLD is **complex and time-consuming** in a number of Member States. Beneficiaries often have to put a disproportionate effort into complying with conditions to apply, and then have to wait a long time before they can start implementing their projects, and even longer to get the funding. Substantial differences can be observed between Member States, which indicates that the majority of the delays are caused by national or regional rules and procedures.

> The most significant barriers in the delivery systems are observed at the stage of **application** (due to detailed national rules and complex application forms) and **approval** (long checks by the MA or IB and restrictive interpretation of eligibility). Some problems also occur at the stage of project implementation (documentation requirements, public procurement rules etc.) and payment (long decision processes, lack of advance payments). Relatively few issues are identified at the project selection stage.

> These barriers have a number of **negative consequences**: not only do they discourage potentially relevant beneficiaries from applying or cause loss of credibility by the FLAG, they can also have a strong negative impact on the image of the EU, and can divert the EU funding to projects that are easy to approve and implement, but not necessarily the most needed for the community.

Comparing the consequences of a well-designed delivery system with a dysfunctional one

IN A WELL-DESIGNED SYSTEM ☺	IN A DYSFUNCTIONAL SYSTEM ☹
Projects are developed primarily to **meet the local needs** and opportunities	Projects are developed primarily to comply with **complex administrative rules**
Competition between projects is based on **quality** (best projects are supported)	Competition between projects comes down to those most able to **meet administrative requirements** or **advance the investment**.
Project promoters have the freedom to **innovate** and can get their **ideas supported quickly**	Project promoters are **discouraged from innovating**, as decision-making takes a long time and they are afraid of controls and penalties
Requirements concerning eligibility, application, reporting etc. are **transparent and easy to understand**	Project promoters face **complex requirements** which lead to errors, requiring corrections, re-submissions etc.
Small-scale beneficiaries have equal access to funding thanks to an easy and simple application process	Administrative requirements and complexities are **as heavy for micro projects** as they are for large, costly projects.
FLAGs have the **autonomy** to use the whole range of support envisaged in the EU legislation	FLAGs must comply with additional rules which **limit their capacity to respond** to local challenges
FLAGs are not excessively burdened with administrative work and **can focus on outreach and animation** work in the community	FLAGs are barely coping with administrative work, so have **no capacity to work with the community**

There is a clear definition of what is **not eligible**, everything else is allowed	There is a **closed list of what is eligible** restricting innovation and opening the possibility of different interpretations
MA/IB verify eligibility of projects **without duplicating** the selection process done by the FLAG	MA/IB perform complex checks and **duplicate** the project evaluation and selection by the FLAG
MA/IB staff are **not excessively burdened** with administrative checks and can follow and share the achievements of the FLAG on the ground	MA/IB staff are **overwhelmed with administrative work** and unable to follow and share the achievements on the ground

The delivery system in each MS will have elements that are working well, and others that require improvement. The examples cited below are not intended as models to follow, but as inspiring practices that can help all programme authorities improve their CLLD delivery.

In the next chapters we will present recommendations and examples which will help the MAs and other delivery stakeholders:

> to understand the key decisions and processes involved in **designing delivery systems** at the start of the programme (Chapter 2 "Designing delivery systems"),

> to **plan the selection of FLAGs and their strategies** and to avoid the "gap" between funding periods (Chapter 3 "Selection of FLAGs and strategies"),

> to find more effective ways of **selecting and approving applications** for funding (Chapter 4 "Selecting and approving operations"),

> to identify and address potential obstacles in the implementation and **payment processes** (Chapter 5 "Implementation and payment"),

> to put in place effective methods for the **on-going monitoring and evaluation** of their system and to enable improvements (Chapter 6 "Reviewing, evaluating and improving delivery systems").

2. Designing delivery systems

Managing authorities are responsible for the use of EU funding in line with the relevant programme. This means it is primarily up to them to design a delivery system that would enable beneficiaries to access the support and implement their projects.

2.1 What does the delivery system cover?

Ensuring that EU funding is used correctly involves a number of designated bodies responsible for certain administrative tasks. These tasks go beyond the delivery of EU funding (i.e. making sure that the funding reaches beneficiaries in line with the objectives of the programmes), to include also certification of expenditure, audits and reporting systems. This guide focuses primarily on those administrative tasks which are specific for CLLD, and not those which are common to all types of EU funding, such as certification or audits. We are thus interested primarily in the relationships between the MA, IB (if any), the FLAG and beneficiary.
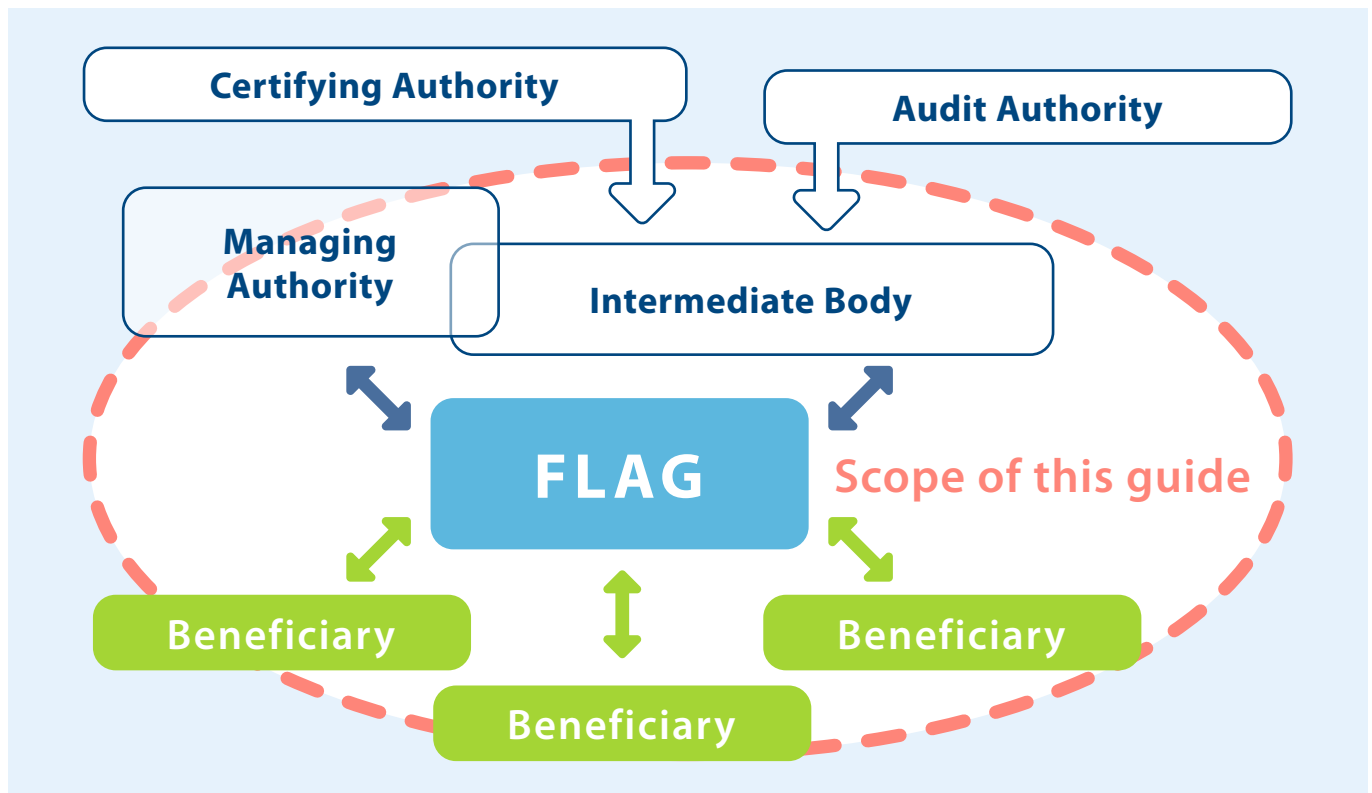
The way delivery systems are designed will depend primarily on the national legal framework, and the administrative culture of the MS. When designing the system, the MA with the relevant stakeholders (primarily the FLAGs) will have to take a number of fundamental decisions which define how the system will work. In particular, it will have to address the following questions:

Who does what within the delivery chain?

Since EU funding must be granted to beneficiaries in a transparent way, projects (operations) are usually chosen in a competitive process. This implies the need to develop project selection criteria and procedures. The MA is responsible for ensuring that EU funds are spent for purposes envisaged in the programme and used by beneficiaries capable of implementing their projects correctly. A number of tasks are therefore necessary, for example checking the eligibility of the applicant and of the proposed operation, and carrying out checks and controls to see if information provided in the documents corresponds to reality.

Which tasks must be carried out by the MA, which can be delegated to IBs or FLAGs?

In contrast to other types of EU funding, the selection of CLLD operations is carried out at the FLAG level, so selection procedures and criteria are typically designed by the FLAGs (though usually checked and approved by the MA or IB); FLAGs should also select the projects which should receive funding. On the other hand, tasks such as checking eligibility of operations, verifying reasonableness of costs or making payments are usually carried out by the MA or IB. Other tasks, such as controls on the spot or signing contracts with beneficiaries, can be shared in different ways.

Task usually carried out by the MA or IB:	Task usually carried out by the FLAG:	Task that can be shared in different ways:
☑ eligibility checks	☑ developing selection procedures and criteria	☑ signing of contracts with beneficiaries
☑ reasonableness of costs	☑ selection of operations	☑ controls on the spot
☑ payments	☑ …	☑ …
☑ …		

Selecting local projects for support should be the exclusive competence of the FLAGs

The 2014-2020 EU legislation (Art. 34.3 of the Common Provisions Regulation, or "CPR") makes it clear that the following tasks should be carried out by the (F)LAGs:

> preparation of selection procedures and criteria,

> preparation and publication of calls for projects,

> receiving and assessing applications,

> selecting operations and fixing the amount of support.

However, in practice these tasks are sometimes shared or duplicated by the MA or IB – for example, in some MS the procedures and criteria for project selection are prepared by the MA, in others the MA publishes the calls for projects or even formally selects them (on the basis of "recommendation" from the FLAG). Such situations are often caused by national law not being adapted to the specificity of CLLD, or lack of understanding of this approach by key delivery stakeholders (e.g. auditors). In the draft legislation for the period 2021-2027 it is stated clearly that these tasks must be carried out **exclusively** by the (F)LAGs – this might require an adaptation of the national legislation, and training or awareness-raising for some delivery stakeholders.

Making FLAGs IBs

The EU legislation also opens up the possibility of FLAGs being entrusted with tasks on top of those listed in the CPR. However, if these tasks are reserved for the MA (e.g. elsewhere in the legislation), then delegating them to the FLAG will require designating them as IBs. In particular, delegating to FLAGs the following tasks may require them to become IBs:

> formal approval of operations (taking decision whether the operation is eligible for funding),

> signing contracts (financing agreements) with beneficiaries,

> approval of payment claims,

> making payments.

In this case, the FLAG staff would be responsible for carrying out all tasks involved in the approval of operations or payment claims or making payments (see Chapters 4 and 5 for more detail of these activities). The national Management and Control System of the EMFF implementation will have to be adjusted accordingly.

The decentralisation of decisions to the FLAGs on the approval and payment of local projects also means that FLAGs become responsible for their part of the EU funding, and they may be liable for financial corrections in case of irregularities.

Designating FLAGs as IBs can significantly speed up the process of approving local projects for funding, however it can have a number of administrative and legal consequences, including both positive and negative impacts on delivery. The following elements should be taken into account:

POTENTIAL POSITIVE IMPACTS	POTENTIAL NEGATIVE IMPACTS
> all the steps carried out by the FLAG staff, so **decisions can be taken more quickly** > decisions taken at the local level (good knowledge of project promoters), **increased credibility** of the FLAG in the area > enhanced sense of **ownership and responsibility** by the FLAG > less administrative work for the **MA**	> more **work to be done up-front** to set up the system, which can slow down the start of implementation > increased **financial risk** for the FLAG in case of irregularities > increased administrative work for the **FLAG**

Questions to be asked by the MA before taking the decision:

> does the national system allow entities such as FLAGs to become IBs (e.g. can only public sector entities be designated as IBs)?

> what conditions (in terms of legal form, number and qualifications of staff etc.) do the FLAGs have to meet in order to be designated?

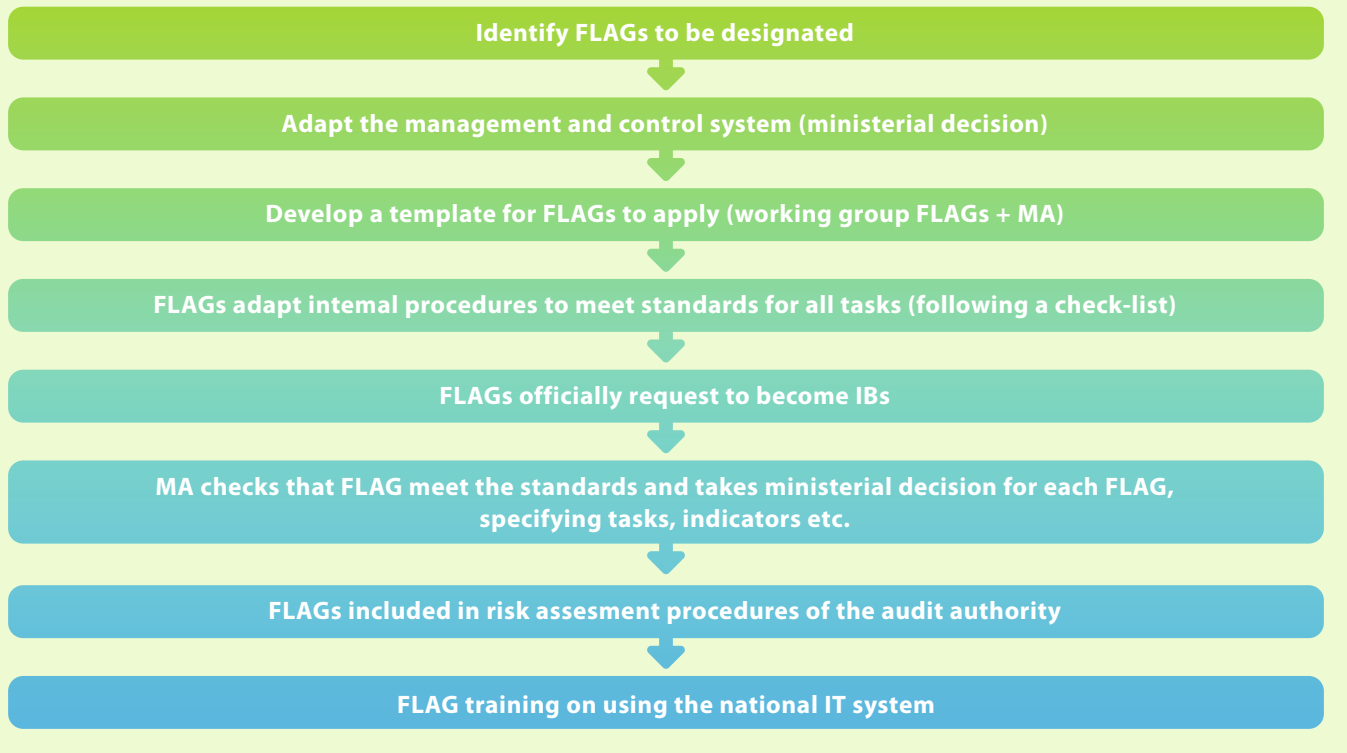> are the FLAGs strong enough as organisations to bear the financial responsibility?

The answers to these questions will be highly context-specific, and the MA will have to take into account, on the one hand, the national legal framework for implementing all EU funds, and on the other hand the structure and capacity of the FLAGs. The existing rules for designating, for example, regional authorities as IBs, and the contracts between the MA and such IBs, can be the starting point for such exercise, but they may have to be adapted.

⚙ **Example: FLAGs as IBs**

In Greece all FLAGs are experienced local development agencies, and for the 2014-2020 period they have all been designated as IBs. This means they have the power to formally approve projects, sign contracts with beneficiaries, visit the projects to verify implementation and make payments. They also share the responsibility for EU funds.

Although the initial process of designating FLAGs as IBs was time-consuming, the selection, approval and payment stages can happen much quicker than in most other MS or under LEADER (LEADER LAGs in Greece have not been designated as IBs).

Steps to make the Greek FLAGs IBs:

Identify FLAGs to be designated

⬇

Adapt the management and control system (ministerial decision)

⬇

Develop a template for FLAGs to apply (working group FLAGs + MA)

⬇

FLAGs adapt internal procedures to meet standards for all tasks (following a check-list)

⬇

FLAGs officially request to become IBs

⬇

MA checks that FLAG meet the standards and takes ministerial decision for each FLAG, specifying tasks, indicators etc.

⬇

FLAGs included in risk assesment procedures of the audit authority

⬇

FLAG training on using the national IT system

Do I need national rules, in addition to the EU rules, to regulate the use of fisheries CLLD funding?

In principle, in a bottom-up approach such as CLLD, the local stakeholders should be free to select projects that they consider most important for their area (within the limits defined by the EU legislation). However, taking into account limited funding resources, some MAs may consider it necessary to narrow the scope of FLAG support by:

> defining a limited range of objectives to which CLLD projects can contribute (thus excluding from funding certain activities which are envisaged in the EMFF regulation);

> excluding certain types of operations or beneficiaries, or establishing certain requirements, e.g. specifying that infrastructure projects can only be implemented by public sector beneficiaries, or investment projects by fishermen under a certain age;

> excluding certain categories of costs.

While such restrictions can in some situations be justified, they can result in excluding some important needs from being addressed by the FLAGs, and can increase administrative burden. Thus, such restrictions in CLLD should be an exception rather than a rule. In many cases the same or better results can be achieved by providing guidance or capacity building to the FLAGs. However, if the MA considers it absolutely necessary to introduce certain additional rules, the following principles should be kept in mind:

> when developing such rules it is always important to **discuss this previously with the FLAGs**, which know best the situation on the ground and the expectations of their communities;

> it is always better to **develop a "negative" eligibility list** (i.e. list of costs or types of projects which are *not* allowed) than try to make a long list of what is eligible, which, by definition, will exclude innovative projects which have not been planned up-front;

> instead of making some types of projects or costs totally ineligible, consider whether it is enough to instead **set a limit** for them, i.e. specify that certain costs can only correspond e.g. to 20% of the total project budget; this sends a clear warning signal to the FLAGs and beneficiaries, without completely excluding certain options.

Make your system audit-proof

Remember: the more rules you introduce, the more auditors will have to check!

For example, in the EU legislation there are very few restrictions on who can benefit from CLLD funding. However, if national legislation introduces requirements, for example that only fishermen under 40 can be beneficiaries of certain types of operations, then for each project of this type you will have to check this information and keep record of it.

So, consider carefully if a given rule is really worth the additional work it requires!

2.2 **Where should the rules be defined?**

The form and legal status of rules defining CLLD delivery will depend primarily on the national legal and administrative systems and traditions. In some MS such rules may take the form of an instruction **manual or guide**, in others a **legal act** may need to passed by the national parliament, or an **ordinance** of the relevant government official (minister, director general); in other MS delivery rules can be described in **decisions** of the Monitoring Committee.

> **Different documents in which delivery system can be defined**
>
> 📄 Management and control system of EU funding
>
> 📄 Acts of Parliament
>
> 📄 Ministerial regulations
>
> 📄 Decisions of the Monitoring Committee
>
> 📄 Rules of the calls for FLAGs and strategies
>
> 📄 Contracts with FLAGs
>
> 📄 Instructions, guides, templates etc.

In addition, for each operational programme (or OP) co-financed with EU funding, the MS must prepare a description of the **management and control system**[3], which usually defines the broad responsibilities of different administrative bodies, in particular the MA, IB and the certifying authority. While such a document will probably have a much wider scope than just CLLD (e.g. cover the whole EMFF or several EU funds), it would be important to keep in mind the specificity of the CLLD approach (e.g. the selection of projects by the FLAGs) when drafting it.

The specific tasks of the FLAGs can be described in the **rules of the call** launched to select FLAG strategies or in the **contract** the MA (or IB) will sign with the FLAG. Sometimes these documents can also specify what can be funded (eligible – or ineligible – activities, beneficiaries or costs).

In *Estonia*, the Parliament has passed the **Fisheries Market Organisation Act** which deals with the way the fisheries sector is organised and represented, but also defines the basic rules for the use of the EMFF. More detailed rules are described in a ministerial regulation.

In *Poland* there is a separate **Act of Parliament** for each EU Fund, and there is a special Act on CLLD covering all ESI Funds, which defines basic rules concerning e.g. the composition or functions of the LAGs. More detailed rules are defined in a ministerial regulation.

In *France* the **methodological framework** for each EMFF Union Priority was developed jointly by the regional and national authorities and approved by the monitoring committee. It contains rules concerning eligibility, criteria for support, aid intensity and implementation procedures.

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3 See **https://ec.europa.eu/regional_policy/sources/docgener/informat/expert_training/management_control_systems.pdf**

It is extremely important that **FLAGs are closely involved in the design of delivery rules and procedures**, as they will have to conform to them and help beneficiaries meet the relevant requirements. The involvement of potential beneficiaries (e.g. the fisheries sector) is also recommended, where possible[4].

FLAGs will be able to identify early on which rules and conditions may turn out to be unrealistic or will divert the funds to suboptimal projects; they can also help the MA detect errors or contradictions in certain administrative procedures. Most importantly, when FLAGs are involved in the design, they are more likely to understand the purpose of delivery rules, adhere to them and explain them to beneficiaries, leading to a better performance of the whole system. FLAGs should also be involved in periodic reviews of the delivery system, indicating to the MA what is working well and where improvements can be made.

TIP

Remember to involve FLAGs in designing delivery systems!

Did you know?

The FARNET survey on delivery systems revealed that FLAGs involved in the design and on-going review of delivery system felt **less constrained** by procedures than those not – or rarely – involved.

A well-functioning **National Network** (NN) can be invaluable in facilitating dialogue with the FLAGs during the design (and later review) of the delivery system. It is important to ensure National Networks are in place as soon as possible and enjoy sufficient autonomy so they are perceived as a neutral player by the FLAGs.

Example: The role of National Network in improving delivery

In **France**, since the 2014-2020 period the delivery of CLLD has been delegated to regional authorities. The National Network supports all the French delivery stakeholders at national, regional and local levels, focusing on:

> getting all delivery stakeholders around the table, facilitating exchange and building trust,

> supporting coordination between regions and a common understanding of delivery rules,

> promoting and showcasing high quality projects, building a positive image of CLLD among all stakeholders involved.

Key success factors of the NN support to improving delivery are as follows:

> the NN should be set up as quickly as possible as this helps iron out any implementation issues early on and avoids delays,

> the NN should be independent and neutral, to play the role of mediator,

> the NN should have flexibility in designing its operations according to the needs.

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4   In regionalised countries it is of course important to involve also the regional authorities (IBs).

2.3 **What tools can be used to facilitate delivery?**

Beneficiaries will judge the support they received from the FLAGs largely by the simplicity and rapidity of accessing advice and funding. Some particularly useful tools to make delivery easier include:

- simplified cost options (SCOs),
- umbrella projects,
- packaging national co-financing together with EU funding,
- user-friendly IT systems.

Simplified cost options

The use of SCOs can help MAs address two key concerns linked with delivery systems: the fear of errors and the administrative burden of checking applications and payment claims. The idea is as follows: the MA defines up-front how much funding can be granted for certain types of operations or costs, and during implementation project promoters no longer have to document the real costs, as long as they can prove they have completed the project and/or reached specific outputs or results.

There are several types of SCOs possible under EU funding (including the EMFF):

> **lumpsums** (a fixed amount of funding linked with a specific output, e.g. a study or a seminar. If the project delivers this output, meeting a relevant criteria, the beneficiary gets the grant without showing detailed calculation of its costs or demonstrating expenditure);

> **unit costs** (the MA may establish how much funding can be allocated per a specific unit, e.g. per participant trained, so that the total grant can be calculated by checking how many participants were trained, without looking at the actual costs of lecturers, meeting rooms etc.);

> **flat rates** (the funding eligible for certain parts of a project are calculated in relation to another part of the project, e.g. indirect costs or staff costs can be calculated as a percentage of other types of costs, in which case the beneficiary does not have to prove the part of costs covered by the flat rate).

It is important to **adapt the choice of SCO to the type of operation and carefully define the criteria for receiving funding**.

For example, using lumpsums for projects involving a simple activity, such as a study or a meeting greatly simplifies the administrative procedures involved in delivering funding to the beneficiary. However, if used for projects where it is hard to guarantee the output or where the output is defined too precisely, lumpsums can create risks for beneficiaries. For example, if the output of a training course is defined as "20 participants trained", and only 19 are actually trained, the project promoter does not get any funding at all. For this type of project, it is better to define the output more carefully (e.g. a training of X hours and minimum Y participants), or to use unit costs, so the project promoter gets reimbursed an agreed rate per participant.

While SCOs can significantly simplify procedures for MAs, FLAGs and beneficiaries, they do require that time and care are invested in the initial phase, to set the conditions and acceptable costs. They are therefore most useful when there is a large number of similar operations/types which can be standardised. Once SCOs are in use, the MA or IB no longer needs to check beneficiaries' financial documents linked to the expenses covered by SCOs, saving considerable time.

The draft CPR (Art 48) envisages several ways of calculating costs in an SCO scheme:

> using a fair, equitable and verifiable **calculation method** based on statistical data, expert judgment, usual accounting practices or historical data from previous projects;

> for grants of under €200 000, using a **draft budget** presented by the applicant and agreed by the body selecting the operation (if the costs in the draft budget are eligible and reasonable, the beneficiary must demonstrate only that the project has been correctly completed and reached the outputs/results envisaged, without the need to present and verify the real expenses);

> using rules applicable to **similar schemes** in EU policies or in national schemes.

TIP

If you decide to use SCOs, no need to check the financial documents, this defeats the purpose and time invested in setting up the SCO!

In order to justify them to auditors, it is important to keep a record of the reasoning and calculations that have led to the proposed SCO.

TIP

Don't forget to review your calculations regularly, as costs of goods and services can change over the implementation period

If the MA does not have the capacity to develop SCOs with the above methods (or is afraid of errors in calculation), it can use **"off the shelf" SCOs**, i.e. calculation methods already defined in EU legislation, in particular the draft CPR (Art 49-51). The following flat rates are envisaged:

a. **indirect costs of an operation**, at:
   - up to 7% of eligible direct costs,
   - up to 15% of eligible direct staff costs,

b. **direct staff costs of an operation** can be calculated as up to 15% of other (non-staff) direct costs,

c. **non-staff related direct costs** can be calculated as up to 40% of eligible direct staff costs of the operation.

TIP

> **SCOs are useful in case of many similar operations**
> **Keep a record of your calculation method**

The last two methods, (b) and (c), cannot be combined. The MA can of course establish SCOs with higher thresholds than those mentioned above but, in this case, will have to develop a fair and equitable method of calculating them.

⚙️ Example: SCOs for running costs and animation

The **Polish** LEADER MA has introduced a system of flat rates for running and animation costs. The amounts were calculated on the basis of real costs from the 2007-2013 period, taking into account the total LAG budget and number of inhabitants. The maximum amount that LAGs can get for running costs and animation for the 2014-2020 period ranges from €312 500 for the smallest LAGs to €662 500 for the biggest LAGs.

To be eligible for the SCO, the LAGs have to meet the following conditions:

> implement their LDS as set out in their contract,

> establish a LAG office open for a minimum number of hours and ensuring a minimum number of employees (2-5 full-time equivalents, depending on the LAG size),

> organise calls and selection of projects, including regular meetings of the LAG decision making body,

> maintain a website and communication activities,

> provide advice and support to project promoters.

For a step-by-step description of how the SCO was calculated and set up by the Polish MA, see: **https://enrd.ec.europa.eu/sites/enrd/files/w3_scos-leader_factsheet4_0.pdf**

In 2014-2020, several MS (e.g. **Greece**, **Austria**, some **German** regions) have introduced flat rates for LAG and/or FLAG running costs, using the "off-the-shelf" option from the CPR, indirect costs as 15% of direct staff costs. The (F)LAG has to prove costs of its personnel on the basis of real expenditure, but the remaining costs of FLAG operations (office, stationery, telecoms etc.) are simply calculated as 15% of staff costs without having to be proven or verified.

⚙️ Example: SCOs for certain types of projects

In the **German** region of Saxony, the MA carried out an analysis of the most common types of projects supported by the LAGs (under the EAFRD). They found that quite a lot of projects involve costs of conversion or complete renovation of buildings, for the purposes of public services, business or housing.

Based on statistical data on similar costs in the region, the unit cost of 1 m^2 of building conversion or renovation was calculated at €1 272; this is multiplied by the aid intensity (e.g. 50%) depending on the project. From 2019 all operations involving such activities get a flat rate per m^2, irrespective of the purpose of the building and without the need to provide proof of expenses.

See: **https://enrd.ec.europa.eu/sites/enrd/files/w36_sco_saxony-de_griesse.pdf**

The testimony of stakeholders is clear: introducing SCOs is an "administrative revolution"!

TIP

💡 **Make sure all stakeholders involved (all relevant units of the MA, paying body, and FLAGs…) are fully aware of the difference between SCO- and cost-based financing and are properly trained.**

More information about using SCOs under CLLD can be found here: **https://enrd.ec.europa.eu/news-events/events/enrd-workshop-simplified-cost-options-experience-gained-and-new-opportunities_en**.

Guidance on SCOs in the 2014-2020 period was developed by the European Commission and can be found (in all EU languages) at this link[5]: **https://ec.europa.eu/regional_policy/en/information/publications/guidelines/2014/guidance-on-simplified-cost-options-scos-flat-rate-financing-standard-scales-of-unit-costs-lump-sums**

Umbrella projects

CLLD is particularly useful to address the needs of small-scale beneficiaries, such as micro- and small businesses, small-scale fishermen, small local NGOs etc., who often have limited capacity to fill complex application forms or to wait a long time to have their project idea approved. This is where the idea of "umbrella projects" can be helpful.

> **Ensure easy access to funding for small-scale stakeholders!**

An "umbrella project" is a package of small operations (usually linked to a single theme or type of beneficiary) which, from the point of view of the MA/IB, is treated as a single project whose beneficiary is the FLAG. Within this project, the FLAG can invite local stakeholders to apply for small grants (e.g. €1000 – €10 000). The application procedure can be much simpler and all the decisions are taken at the FLAG level; sometimes payments are also made directly by the FLAG. This solution slightly increases the administrative tasks of the FLAGs but can greatly facilitate access to funding for small-scale beneficiaries. In some schemes the FLAG can also delegate the management of the umbrella project to a local partner, such as an experienced NGO.

It is important to ensure that the umbrella project does not simply introduce an additional layer of decision-making but is designed to reduce the overall administrative workload, so repetition of the same checks at different levels should be avoided.

Examples: Umbrella projects

The **Swedish** MA was already using umbrella projects in the 2007-2013 period under LEADER. From 2019 it has introduced them under all ESI funds. The FLAGs can get up to €40 000 for one umbrella project, which can consist of several smaller operations focusing on a specific theme (e.g. SME development, youth etc.). Individual activities are selected in FLAG meetings. The PA does not check individual operations until they submit the request for payment (which must be submitted individually for each activity).

In **Poland** LAGs and FLAGs can also implement umbrella projects funded from any of the ESI funds. The maximum amount of an umbrella project is around €70 000, and a single activity can get between approximately €1 200 and €12 000. The FLAG launches a call among local stakeholders, selects those initiatives it wants to finance and then presents them as a single project for a check and approval to the IB. The FLAG is fully responsible for project success and all the contacts with the IB, so the administrative burden on individual promoters is greatly reduced. Such grants are not available for business-oriented projects and support to public sector entities is limited to maximum 20% of the umbrella budget, so small local associations are strongly prioritised in the access to funding.

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5   A working paper on SCOs is under preparation by the FAME Support Unit and will be available in 2020.

Packaging national co-financing with EU funding

When designing the delivery system, the MA must also decide on the source of the national contribution (co-financing) and on how it is combined with the EMFF funding. In most MS, the national or regional co-financing is packaged together with the EU contribution and allocated to the FLAG to finance the implementation of its strategy. This is the simplest solution and it provides certainty to both FLAGs and beneficiaries in terms of the total budget available. Thus, when the FLAGs get the funding for their strategy, the EU and national parts are already combined and no additional work is required to identify or calculate levels of co-financing.

The same principles should apply where the national/regional funding is complemented with funding from the local authorities: ideally FLAGs should get this funding for the whole strategy, or at least on a yearly basis.

There are, however, a few cases in the EU where the FLAG (or the beneficiary) has to look for national co-financing for every project. This not only delays the process of project development and approval, but also gives disproportionate power to the public authority which decides on the allocation of the co-financing on a case by case basis, contradicting the bottom-up character of CLLD, which requires that decisions on projects are taken collectively by the local partnership.

> **TIP**
>
> **Package national co-financing together with EU funding!**

User-friendly IT systems

A well-designed IT system can simplify the process of applying for EU funding, assessing, selecting and approving applications, submitting and checking payment claims, making payments and reporting. Such a system can, for example:

> reduce the number of errors in applications by pre-filling certain information or enabling automatic calculation of budgets,

> facilitate the recording of decision-making by ensuring that all relevant members of the decision body have scored the project against all relevant criteria etc.,

> reduce unnecessary work and errors arising from different people having to enter the same data several times,

> speed up exchange of information between different stakeholders of the delivery chain (beneficiary, FLAG, MA, IB etc.) and facilitate the provision of missing data or documents,

> enable different levels of access and authorisation, thus facilitating the process of approval of applications and payments,

> enable applicants and FLAGs to follow the progress of an application or payment claim through different stages of approval and payment,

> make it possible to monitor progress and create reports easily (for example, it can help meet the reporting requirements of Infosys),

> provide management information e.g. about the efficiency of different steps of the delivery process, indicating steps where improvements may be needed,

> etc.

The development of the IT system is not a goal in itself but should serve the purpose of improving implementation. Moreover, badly functioning IT systems can multiply errors and create additional delays – so it is important to **allocate the necessary time and effort up-front when the system is being designed**, to make sure it is done right. One of the key features of a good system is flexibility, because a system which is too rigid can block innovative projects. Training in using the system may be needed for local stakeholders (FLAG as well as beneficiaries). It should also be remembered that the IT system should support, but not replace, a genuine discussion on the quality of projects (and such a discussion is only possible during a face-to-face meeting and not by an automatic calculation of individual votes; see section 4.2).

⚙️ Examples: IT Systems for CLLD

Sweden has an integrated IT system which covers all stages of delivery of EU funding, from the application to the final payment, with a set of procedures ("routines") applicable to CLLD projects. The system enables different stakeholders to have different levels of access to data, e.g. the FLAG can see progress of the applicants and can support them or respond to questions, certain tasks can be shared between the FLAG and the MA, it is possible to see which FLAG employee has checked the project (and this opens the possibility of the "green administrator", see below) etc.

The Swedish system took a long time to develop and at the beginning it caused some difficulties and delays in CLLD delivery, but eventually its functioning has improved and the MA and FLAGs have learnt how to use it. All information provided by the applicant or entered by administrators is stored in the system and every decision (e.g. that the project meets a certain criterion) has to be justified, which contributes to overall transparency.

Denmark has developed a tool tailored to the specificity of CLLD, called PROMIS (Project Result-Oriented Management and Information System), which allows processing applications in a streamlined way from the applicant to the FLAG, to the MA and facilitates the work of FLAG decision bodies to reach consensus. It is also useful for collecting information on project outputs and results on an on-going basis and monitoring the progress at the level of FLAG strategy and the whole programme. See more information at: **https://webgate.ec.europa.eu/fpfis/cms/farnet2/on-the-ground/good-practice/methods/promis_en**

The development of both systems involved intensive consultations between the MA and the FLAGs, which were among the key success factors of the system, together with extensive training on how to use the software.

3. Selection of FLAGs and strategies

In parallel with designing the delivery system the MA must make sure that the crucial element of the system – the FLAG – is in place. The process of selecting the FLAGs and making them operational is therefore one of the key steps necessary to allow the EU funding to reach local people.

The process is most often organised in one of the following ways:

> as a **two-stage selection**: The MA invites local partnerships or initiatives from all potentially eligible areas to submit an "expression of interest" (a simplified application). The groups which have successfully passed the assessment of this first stage (based mainly on the characteristics of the area and the quality of the partnership) are invited to prepare a full application containing their local development strategy;

> as a **one-stage selection**: The MA launches an open call for local strategies and assesses the proposed areas, partnerships and strategies together.

> In both cases it is possible to help the local community in setting up the local partnership and designing their strategy through **preparatory support**.

To launch the call, the MA will need to define:

> which areas are eligible for support under fisheries CLLD (the MA should provide some broad indication of types of areas eligible – e.g. all coastal areas, areas with a certain importance of fisheries – or population thresholds, but ideally leave FLAGs free to define the exact boundaries of their area in line with local specificities),

> the scope of support (e.g. maximum funding per FLAG, expected number of FLAGs, prioritisation of small-scale fisheries or broader blue growth etc.),

> criteria for the selection of strategies, e.g. the quality of the intervention logic (linking needs, objectives, activities and outcomes), measurable and realistic results, capacity of the applicant and quality of human resources etc.,

> timeframe for submission and assessment of the LDSs,

> any other conditions or requirements that FLAGs must meet.

For more information on developing criteria for areas and strategies and enabling preparatory support, see FARNET FAQs at: **https://webgate.ec.europa.eu/fpfis/cms/farnet2/tools/faq_en**

The process of preparing and launching the call for FLAGs, and later the analysis and selection of local strategies can take some time. In the 2014-2020 period a deadline was introduced for selecting FLAGs and as a result, practically all the 367 FLAGs were formally selected by this deadline (31st December 2017). By comparison, by the same stage in the 2007-2013 programme, only 171 FLAGs had been selected (less than 50% of the final number of FLAGs).

However, in some MS, while the MAs met the **deadline for selecting FLAGs**, they did not manage to finalise all the delivery rules necessary to start implementation. Thus, there were a number of cases where FLAGs were formally selected but had to wait over a year to launch their calls for projects or receive their running costs. This kind of situation leads to serious consequences on the ground, including demotivation of local stakeholders, loss of FLAG staff and loss of trust in CLLD.

Getting and keeping the FLAGs operational!

Local development is a ***long-term, continuous process*** which cannot be completed within 5-6 years or interrupted between programming periods without negative consequences. Delays in getting FLAGs operational can lead to:

> The **LDS becoming obsolete** as the local context and needs have changed since it was approved

> FLAG **members and volunteers losing interest** in contributing their time

> FLAG **staff looking for other jobs**, taking with them their valuable skills, knowledge and contacts

> Potential **project promoters losing motivation and trust** in the FLAGs, and in some cases abandoning projects of key importance to the FLAG strategy

Avoid a funding gap for FLAGs between programming periods!

How to speed up the process of making FLAGs operational?

Did you know?

The draft CPR for the 2021-2027 period stipulates that LAGs and FLAGs must be **selected *and* operational** within a year from the approval of the relevant programme.

In 2018[6] the MAs responsible for fisheries CLLD developed the following recommendations on making FLAGs operational as quickly as possible from 2021 onwards:

> Start talking to FLAGs informally as early as possible, to ensure that work on strategies on the ground starts early and that national legislation takes account of local needs and priorities.

> Much work (such as getting local stakeholders involved, defining local needs) can already happen before the programme is developed and the call for FLAGs launched.

> Calls for FLAG strategies can be launched immediately after the start of the funding period, even before the programmes are formally approved.

> There are different stages of national legislation (e.g. development of internal procedures), and some of them do not depend on the programme being prepared.

> Sufficient staff resources, and with the right skills, are needed within the MA to handle the call and preparation of national delivery rules; some tasks can be outsourced.

> National implementation rules should be kept to the minimum: the more detailed they are, the longer it takes to develop them and make them work in practice.

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6   At a meeting organised by the FARNET Support Unit, 19-20 April 2018

❯ FLAG running costs should be assured until year n+2 or even n+3[7].

❯ Keep in mind the timetable of national elections to progress with national legislation as much as possible before the "dead" legislative periods when no decisions are taken.
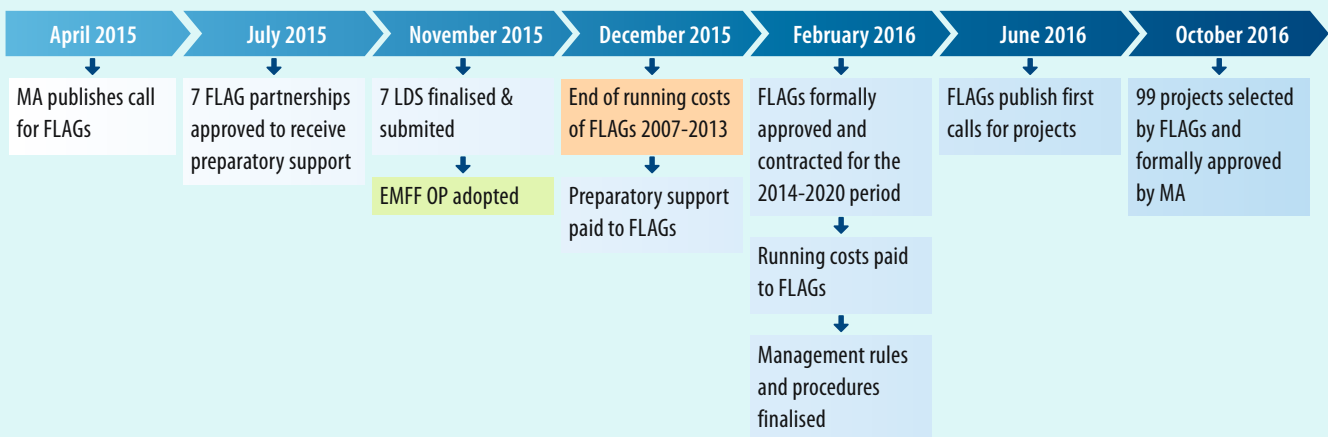
TIP

Don´t wait for programme approval to prepare and launch the call for FLAG strategies!

⚙ Example: Ensuring a quick start for FLAGs

The **Galician** MA planned the transition from 2007-2013 to 2014-2020 in order to be able to start operations of the FLAG as quickly as possible. This helped to maintain the local dynamic and credibility built up by the FLAGs and ensure funds were quickly available for new projects.

The timeline of the key steps is presented below:

April 2015	July 2015	November 2015	December 2015	February 2016	June 2016	October 2016
MA publishes call for FLAGs	7 FLAG partnerships approved to receive preparatory support	7 LDS finalised & submited	End of running costs of FLAGs 2007-2013	FLAGs formally approved and contracted for the 2014-2020 period	FLAGs publish first calls for projects	99 projects selected by FLAGs and formally approved by MA
		EMFF OP adopted	Preparatory support paid to FLAGs	Running costs paid to FLAGs		
				Management rules and procedures finalised		

A key factor of success was trust and good communication between the MA and the FLAGs, and also between the regional and national MA and DG MARE, since many activities had to be started, or even completed, before the programme adoption.

The Galician administration is planning to start preparations for the next programming period already in 2020, to make sure there is no "gap" in the operation of the FLAGs.

See **FARNET Good Practice on the Galician experience**.

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7   In the 2014-2020 period FLAG budgets, including running and animation costs, are eligible to spend until 2023 (for comparison, in 2007-2013 most MS allowed FLAGs to spend their budgets until June 2015). To avoid overlap of funding from two periods, the MA may stipulate that FLAGs can only start using their 2021-2027 budgets once their expenses from 2014-2020 have been fully disbursed and accounted for.

Indicative timeline for getting the system in place: from discussions with the FLAGs to approving the first local projects

The graph below presents the activities that need to be carried out in order to launch and implement CLLD effectively. The timeline on the left of the graph is indicative; MAs will have to assess how long each step is likely to take.

PROGRAMMING CLLD

Y0 Q1 — Discussions with FLAGs on potential contents of strategies and identification of potential new FLAGs

Y0 Q2 — Define key focus of CLLD in the OP and national legislation

Prepare call(s) for FLAG partnerships and strategies

Y0 Q3 — Launch the call(s)

Y0 Q4 — FLAGs prepare and submit their applications

Evaluate FLAG partnerships and strategies

Y1 Q1 — **OP ADOPTED**

Y1 Q2 — Formal selection and approval of FLAGs

Running costs available to FLAGs

National Network in place

DESIGNING CLLD DELIVERY

Discussions with FLAGs on improving CLLD delivery

Design key delivery principles, draft management and control system

Detailed rules and procedures for MA/IB, design/adapt IT system

FLAGs prepare internal rules and procedures

Verification of FLAG rules and procedures (if necessary)

Developing templates and forms

Testing templates, forms and IT system with FLAGs

Staff training

FLAGs launch the first calls for projects

First projects selected by FLAGs

First projects approved

4. Selecting and approving operations

In this chapter we will deal with the delivery process from the moment when the FLAG launches the call for projects until the final decision that the project can receive support. It covers the following steps:

Application – the stage where the call for projects is launched by the FLAG and the potential project promoters prepare and submit their applications for funding.

Selection – assessment of the applications and decision by the relevant FLAG body to select those that have the greatest potential to contribute to achieving strategic objectives.

Approval – verification if the selected operations are eligible for funding.

4.1 **Application**

Usually this step involves the following activities:

a **Defining the contents of the call** (the types of projects that can be supported, the amount of funding per beneficiary and aid intensity, the selection criteria etc.). Certain basic principles are usually established at the national (sometimes regional) level, and more detailed types of projects, amounts, criteria etc. are defined by the FLAG, in line with their local strategy. The FLAGs also have to develop internal procedures to handle and select applications.

In some MS FLAGs are free to define the types of projects they would like to support and selection criteria are based entirely on the EU legislation and local priorities, without additional restrictions developed at the national level. Some training or guidance may be needed to help the local community focus support on the most promising development opportunities and not to try to address everything.

In some MS additional rules on what can be funded are introduced at programme level (see section 2.1 for recommendations how to do this). In these cases, a vast majority of the FLAGs develop their selection criteria by themselves (as set out in the CPR), taking into account such national requirements.

However, some MAs attempt to standardise the selection process of local projects by defining selection criteria at the national/regional level (although in some cases the FLAGs can still adapt them to the local context, e.g. by setting weights). As mentioned in 2.1 above, this is not in line with the definition of FLAG tasks laid out in the CPR and can undermine the sense of ownership by the community, crucial for the strategy's success.

b **Launching the call(s) for projects**. The simplest system is to have one call open for the whole period (on-going call), where project promoters can submit their applications to the FLAG at any time and the decision-making body meets and analyses them periodically. There can otherwise be specific calls, for example once or twice per year. Some FLAGs organise separate calls for different types of projects (e.g. tourism, education etc.) or for different types of beneficiaries (e.g. public, private etc.). Thematic ad-hoc calls might also be launched where a standard call has not resulted in enough projects in a specific field.

It is important to ensure that all potential beneficiaries have access to information about the call and that sufficient time is allowed to prepare applications.

☺ Some FLAGs publish the indicative timetable of calls for projects on their website (e.g. for the year or the whole period), so that applicants can prepare well in advance. In some MS there are rules or guidelines which specify the minimum amount of time between the launch of the call and the deadline.

😐 In some cases, before launching the call, FLAGs have to check the date or contents of the call, or the amount of funding available with the MA or IB. It is important that such confirmation can be obtained quickly, without delaying the launch.

☹ Some MAs play an active role in the calls for projects: they prepare the contents of the call and/or publish it themselves. While this can reduce the amount of administrative work by the FLAG, the additional workload that has to be carried out by the MA (or IB) which often lack adequate human resources, can create delays – and is not in line with the CPR.

▶ the applicants **prepare their proposals and submit them to the FLAG**. The FLAGs usually organise training, advice and other forms of support to help project promoters develop high quality applications. It is important to ensure that such support is available to all interested parties and that people who have helped develop a project do not take part in the selection process. If there is a specific deadline for the call, detailed record of the time of receipt of each application must be kept.

TIP

💡 **Develop simplified application requirements for small-scale projects**

Ideally, the application forms and the requirements for information should be adapted to the take into account the relatively small size of projects (the average size of a CLLD project – total public support – is around €40 000) and the capacities of typical CLLD beneficiaries: fishermen, small or micro-businesses, small local NGOs etc.

Simplifying application requirements

In some MS the requirements for applying for EU funding can be very heavy, for example applicants have to provide copies of all documents proving their legal status, compliance with tax law etc. This can be very difficult for small-scale beneficiaries.

Different solutions can be found to address this issue: for example, in **Poland** applying for EU funds used to require a large number of documents in attachment. To reduce bureaucracy, the legislation was changed in 2011 so that in many cases the applicants can declare and sign that they meet the relevant conditions (proof only has to be provided upon request, e.g. in case of controls). A rule has also been introduced that a public authority cannot require information to which it has official access. This has greatly reduced the amount of paperwork linked with administrative processes.

Even in MS with a standardised format of application for all EMFF projects it is possible to achieve simplification for CLLD projects by making certain sections/fields of the application form mandatory only for projects over a certain size; the same could be done regarding the number of attachments. Ideally, for very small projects (e.g. under €10 000) a simplified version of the application form, with fewer mandatory attachments, is developed.

☺ Sometimes compliance with certain rules requires a lot of time and effort from the applicants, and can be very costly: for example obtaining licences or permits for certain types of activities, or loans or guarantees from financial institutions. In such cases it would not be reasonable to require these proofs from all applicants, especially from those whose projects are not selected or approved for implementation. It is therefore recommended that compliance with such rules is checked at the stage of final decision of eligibility (or signing the contract with beneficiary, if relevant), or even later, with the request for payment.

☹ Certain rules can be particularly difficult to comply with for small-scale local stakeholders: for example applicants may be asked to demonstrate that they have the financial capacity to implement the project. Usually the applicant must show that it has sufficient match-funding to cover their own contribution (or can access it, e.g. from a bank or a micro-credit institution). However, in some MS this is interpreted very restrictively and applicants are required to prove that they have all the project funding up-front. This may direct EMFF support to projects that would have been implemented anyway, without EU funding (the so-called "deadweight" projects) or prioritise applicants representing public sector or large enterprises.

☺ More and more FLAGs are using on-line systems which can save time, reduce errors, help keep track of the whole application process, and even respond quickly to applicants' questions. Ideally, such a system should be developed centrally and be integrated with other delivery steps, e.g. approval and payment (although some FLAGs are using on-line applications – and find them helpful – even where an integrated national system does not exist). See section 2.3 on "user-friendly IT systems".

Application process: those involved and their responsibilities

Key player	Typical responsibilities	Possible additional responsibilities
MA or IB	› define basic rules of support	› confirm that FLAGs can launch calls › develop IT system to manage applications
MA/IB or FLAG	› develop application forms and requirements for applicants	
NN	› provide training or guidance for the FLAGs	› help with the dissemination of information for applicants (where relevant)
FLAG	› develop contents of the call › develop selection criteria and procedure › provide training and guidance to applicants › keep record of received applications	
Project promoters	› develop and submit their applications	

📅 **Provisional time frame**
Time needed to develop and launch the call varies greatly depending on the degree of detail and legal status of the call documentation
Time from launching the call to submission of applications: at least 6-8 weeks (less experienced or first-time beneficiaries, e.g. fishermen or small NGOs, may need more time).

4.2 **Project selection**

This step usually involves the following activities:

a **Checking if the applications are complete and correct**. This is generally done by the employees of the FLAG and can be combined with a (preliminary) eligibility check. This helps avoid situations where the decision-making body spends time and effort analysing projects which are incomplete or ineligible.

The degree of detail in the initial checks varies between MS. A **balance** needs to be found between too detailed checks (which increase the amount of administrative burden at FLAG level and the risk of duplication with the same checks repeated again by the MA/IB at approval) and not sufficiently detailed checks (which may mean that many applications selected by the FLAG turn out to be ineligible during the approval phase, with many disappointed applicants). This requires good cooperation between MA and FLAGs when developing procedures for checking applications.

In some MS the eligibility check is carried out by the MA or IB **before** the assessment of the project by the decision body. While this can help ensure that the selected projects are eligible and save some administrative work for the FLAG, it is important that this really simplifies the procedure, i.e. that the **same checks are not performed again after the selection**, and that the screening only focuses on eligibility and is not used as a pre selection of projects.

Applicants may be granted a certain period of time to correct errors in their applications.

b **Assessment of applications** by the FLAG decision-making body. This decision-making body can be the FLAG board or a special body set up by the General Assembly to take key decisions (in some cases, for larger projects, it can be the General Assembly itself). Depending on the size of the decision body and the number of projects, all members can read all applications or only some of them (e.g. each application is read in detail by 2-3 members who then present the project for plenary discussion).

It may be useful to allow an oral presentation of projects in the first part of the meeting by the applicants or by FLAG employees who are familiar with the project: this enables the decision-body members to ask clarification questions and better understand the potential impact of the project on the area. However, applicants should not remain present for the analysis or voting.

In some MS, representatives of the MA or IB can attend the presentation and discussion of applications at FLAG level. This is generally a good way for MA/IB staff to get to know the projects and the reality on the ground; they can also clarify some formal issues. It is important that they do not take part in the vote or try to influence the FLAG decision on whether the project should be supported.

Irrespective of the method of project assessment, the whole process should be fully **transparent** and any potential conflict of interest should be avoided (e.g. by persons involved in the project being excluded from the assessment process).

At the same time, it is important that project selection is carried out taking into account the **local knowledge** and **synergies** with other activities. Assessment should not, therefore, be reduced to a bureaucratic process of ticking boxes and calculating average scores.

☺ Further good ideas from FLAG or LAG practice of project selection include:

> decision by consensus (instead of individual votes),

> general discussion of the project followed by voting (participants vote individually but take into account the results of their discussion).

Individual voting without discussion should be avoided. When significant differences in scoring by different members of the decision body occur, it is advisable to reject the two most extreme scores (highest and lowest) or ask the participants with extreme scores to discuss and try to come to an agreement.

The decision body must **take decision on every project** submitted to the call, but the decisions can sometimes include more than a simple "yes" or "no". Depending on the FLAG (or sometimes national) rules, the body may decide:

> to allocate the funding in full requested amount,

> to allocate less funding than requested (e.g. requiring more contribution from the applicant or reducing certain types of costs), i.e. fix the amount of support (cf. Art. 34 of the CPR),

> to refuse funding,

> to postpone decision subject to corrections or modifications by the applicant,

> to put the project on a "reserve list": this is particularly useful if any projects are rejected at the approval stage, in which case funding can be transferred from these rejected applications to some projects on the reserve list.

🔍 **Did you know?**
The draft CPR 2021-2027 **no longer includes the possibility for national or regional administrations to select FLAG cooperation projects.** This will become the exclusive domain of the FLAGs.

◀ **Preparing and disseminating information**. Once the FLAG makes its decision, the FLAG employees should notify all applicants about the results and notify its decisions to the body responsible for formal approval. Ideally, the results should also be made known to the whole local community (e.g. published on the FLAG website); this increases the transparency of FLAG operations. Applicants are usually informed about the possibility of and procedure for appealing the FLAG decision.

Project selection process: those involved and their responsibilities

Key player	Typical responsibilities	Possible additional responsibilities
MA, IB and NN	> limited role at this step	> eligibility check possible before selection > MA or IB staff can take part in project assessment (without voting rights)
FLAG team	> check applications are complete > prepare the meeting of the decision-making body	> in some MS the FLAG carries out preliminary eligibility check
FLAG decision-making body	> analyse project applications > take part in discussion > reach decision on which projects should get support	> can verify the decision of the FLAG team about completeness or eligibility
Project promoters	> limited role at this step	> may be called to correct or complete their applications > may be asked to present their project to the decision-body
🗓 **Provisional time frame**		
On average, **the selection process** takes approximately 2 – 2.5 months. In some FLAGs it takes less than a month, and in slower FLAGs it can take over 5 months.		

4.3 **Approval**

This step usually involves:

a **Formal eligibility check** by the MA or by a body to which the MA has delegated this task. This can check:

> If the project does not fall outside the objectives for CLLD laid out in the EMFF[8] (and any national CLLD objectives, if relevant);

> If the applicant is eligible (does the applicant meet the national requirements, if any? Can the applicant access EMFF funding?);

> If the costs necessary to implement the project are eligible under EU and national legislation

Eligibility checks can also include verifying if the activities envisaged in the project are legal, and if the costs in the budget can be considered "reasonable" (for example, if they are not excessively high compared to market prices without adequate justification).

In some MS an eligibility check is combined with a visit to the place where the project is to be implemented; often such a field visit involves verification that the project has not been completed prior to the decision to fund it.

For certain types of projects it may also be necessary to check compliance with public procurement law or with other legal requirements (e.g. construction, environmental etc.).

In some MS, if there are ineligible costs or errors in the application, the beneficiary can be notified and can submit corrections, by a certain deadline. If such corrections imply significant changes to the project (e.g. taking out certain ineligible costs from the budget may mean reducing the scope of the activities), the FLAG must be involved in the exchange with the project promoters.

TIP

Monitor the number of corrections!
If too many applications contain errors or ineligible costs it may mean that the rules are too restrictive or not clear to the applicants. This can indicate a need to revise the rules and/or for training for FLAG employees/MA/IB responsible for checking the applications.

b **Checking that the FLAG has followed the selection procedure**. Normally this involves checking the minutes of the decision body meeting to check that projects were assessed and selected according to procedures.

It is important to make sure that such checks are limited to verifying if the selection process has been completed correctly, and not repeating the whole selection procedure, thus duplicating the work of the FLAG. In particular, the MA/IB should not try to re-apply the selection criteria or question whether the selected projects are in line with the local strategy. This not only increases the overall time and effort needed to process the applications, but also undermines the autonomy of the local stakeholders.

Some MAs require the FLAGs to send all the submitted applications, i.e. not only those selected by the decision-making body, but also those rejected, explaining that they need to check if both selection and rejection were carried out correctly. This should be avoided because of the delays and additional workload it represents for the MA. The **final approval of projects by the MA should only be done on the grounds of eligibility**, while projects rejected by the FLAGs can also be rejected on the grounds of opportunity, i.e. how they fit with the priorities of the FLAG local development strategy.

Maintaining regular contact with the FLAGs, capacity building and participation of MA or IB staff in the meetings of the FLAG decision-making bodies are usually sufficient to verify that the FLAG is correctly carrying out the selection without having to perform detailed administrative checks.

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8   Article 63 of the EMFF for the 2014-2020 period; Art. 26 of draft EMFF for 2021-2017.

⚙ Example: The "green administrator"

In **Sweden** the process of application, selection and approval is managed by a single IT system. Information about the FLAG decision-making process and certain administrative checks are entered into the system by FLAG employees (administrators); this information is later analysed and verified by administrators at the level of the MA.

Administrators who have processed five applications without errors get the status of a "green administrator". Applications signed by these administrators at FLAG level undergo fewer or less detailed checks by the MA.

The system was introduced in Sweden at a time when big delays occurred in the process of project approval, and it has largely helped to clear the backlog.

c **Finalising the decision** that the project is eligible for funding. This usually requires "two pairs of eyes"[9]: so the checks performed by one employee of the MA/IB are verified and confirmed by another employee, according to the relevant internal procedure of the organisation. Negative decisions usually have to be explained (i.e. indicate why the application was considered ineligible).

At this stage applicants may be required to provide proof of their capacity to implement the project that were not required at earlier stages due to the time and/or cost involved, for example building permits or confirmation of a bank loan.

d **Notifying the applicants** about the decision, and in some cases, signing the contract with the successful applicants (beneficiaries).

The communication between the MA/IB and the beneficiary should always involve the FLAG. Ideally this is handled by the IT system where information on the decision is visible to the beneficiary as well as the FLAG. Unsuccessful applicants may have the option to appeal.

Project approval process: those involved and their responsibilities

Key player	Typical responsibilities	Possible additional responsibilities
MA/IB	› check eligibility of projects selected by the FLAG	› verify if the FLAG selection procedure was respected › call the applicant to provide corrections › visit to the project site
FLAG	› provide a record of the selection process and the results to the MA/IB	› visit to the project site › can carry out some part of eligibility checks

📅 Provisional time frame

On average, **the approval process** takes around 4 months, however there are very large differences between MS and even between different regions of the same MS. In some MAs the average approval time of a project is 1-2 months, and in others it can take over 6 months.

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9   or the rule of four eyes: the principle that certain key decisions (e.g. in public administration, financial institutions etc.) must be approved by at least two people

5. Implementation and payment

When the potential project has successfully gone through the stages of application, selection and approval, it is eligible to receive EU funding – but it still has to be correctly implemented.

5.1 **Implementation**

Once the application is approved for funding, the project promoter (beneficiary) can proceed with implementation. In fact, many projects can start even before they are formally approved, provided the following conditions are met:

> the project has not started before the beginning of the **eligibility period** of the relevant funding scheme[10],

> the project has not been **completed before the application** for funding was submitted,

> the beneficiary is aware of the **risk** involved if the project is not selected or if all or some of its costs are declared ineligible in the approval process.

The process of implementation will vary greatly depending on the type and size of project, but certain steps are particularly linked with delivery and common for most EU-funded projects. These include:

> compliance with the rules and conditions linked with EU funding,

> collecting evidence and submitting reports (financial and narrative),

> making information available for checks and audits, where relevant.

Compliance with rules and conditions

The rules and conditions linked with EU funding cover issues such as:

> public procurement,

> environmental rules,

> ensuring equal opportunities, or

> providing appropriate publicity to EU funding (signage, logos etc.).

These rules are usually common for all ESI Funds, however, the application of some of them can be particularly complicated for CLLD beneficiaries.

This is particularly the case for **procurement rules**, i.e. rules of selecting and awarding contracts to providers of goods, services and works necessary for the implementation of the project. While public sector beneficiaries are generally familiar with the system of public procurement, private beneficiaries, such as businesses or NGOs, are only obliged to apply it when implementing EU-funded projects, and for many of them the rules can be difficult to follow.

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10   Generally, projects supported by the EMFF can be implemented as from 1 January 2014, but additional rules may apply at national or FLAG level.

TIP

Make sure procurement requirements are proportionate to project size

Most FLAG projects will be too small to require a full EU public procurement procedure, but in some MS beneficiaries using EU funding are required to award even relatively small contracts through competitive bidding. Indeed, in some cases, three valid offers are required even for contracts of just €5 000.

This can be unrealistic and involve significant costs and administrative burden, particularly for small-scale beneficiaries operating in remote coastal areas, where there are few providers of goods or services. The EMFF MA should monitor the application of national procurement rules (as well as other rules linked with the implementation of EU-funded projects) and their impact on beneficiaries. If necessary, an inter-ministerial working group may have to be set up to simplify the national requirements for smaller projects. In the specific context of CLLD, **local, socially responsible and green procurement** should be prioritised as far as possible.

Where possible, FLAGs should help their beneficiaries to understand and follow the rules and conditions linked with EU funding, monitor their capacity to comply, and alert the MA if problems are identified.

Reporting

FLAGs can also help project promoters in another major task: the preparation of reports. Usually beneficiaries are required to present financial reports (periodically or after completion) as well as a description of progress achieved (narrative reports). When the reporting requirements are particularly complex, beneficiaries may have difficulties to provide the required information on time or in the right format and may be required by the MA/IB to make corrections. It is important to make sure that FLAGs are aware of any exchange concerning reporting errors between the beneficiaries and the relevant MA or IB staff.

The scope of reporting should be **adapted to the size of the project**, for small projects (e.g. individual operations within an umbrella project) a simplified format of reports is strongly recommended (although basic information required by Infosys should always be provided). In some cases, detailed narrative reports can be replaced with photos or videos of events, training sessions etc. The use of SCOs can, to a large extent, reduce the reporting burden, as beneficiaries no longer need to provide any financial documents (e.g. in the case of lumpsums) or only a limited number of documents (e.g. in the case of flat rates linked to personnel costs, only personnel costs need to be documented). In umbrella projects the report of all the individual activities can be prepared and submitted by the FLAG. For more information, see section 2.3.

Checks and audits

Beneficiaries of EU funding must be aware that their projects can undergo checks and audits. MAs or IBs can carry out **control** of project documentation (sometimes combined with a visit to the beneficiary's office) or visit the place where the project is implemented. Such checks are usually done on a sample basis (a certain percentage of all projects get controlled) and their aim is to verify that the beneficiary has indeed made the payments or implemented the activity as reported. Some MAs/IBs have a specific policy of visiting certain types of projects, for example large-scale events or investments. The task of the beneficiary is to make sure all the documents are in order and to make available to the controllers all the information necessary to check that the activity has been implemented correctly.

An **audit** implies a check by an external body, national or EU (not the MA/IB responsible for the management of the funding). It usually verifies the correct and fraud-free functioning of the national delivery system, very rarely covering individual projects, but the beneficiary should be available to provide information if needed.

At all these stages, FLAGs should be ready to support the beneficiary to meet the requirements. It is therefore important to ensure:

> that FLAGs are aware of all exchanges between the MA/IB and beneficiaries (e.g. they should systematically be in copy of all correspondence), and

> that FLAGs are familiar with the rules and conditions that beneficiaries have to comply with and have the capacity to support them (this can be ensured e.g. by training for FLAGs organised by the MA or NN).

FLAG support can take the form of a **consultancy/helpdesk** on a specific topic (e.g. public procurement, reporting etc.), disseminating national **guidance** or organising **training.** Many FLAGs organise training for actual and potential beneficiaries on reporting and other implementation rules. A number of MAs or National Networks have organised training courses on procurement rules for FLAGs and their beneficiaries. The FLAG employees can also ask questions on behalf of beneficiaries to the MA or IB concerning project implementation, as they usually have regular contact with the MA/IB staff, and may understand administrative requirements better than most beneficiaries.

Project implementation process: those involved and their responsibilities

Key player	Typical responsibilities	Possible additional responsibilities
Project promoter (beneficiary)	> implement the project > comply with rules linked with EU funding > prepare reports	> awards contracts using procurement rules > provide information to controllers and auditors
MA/IB	> check information provided by beneficiary to verify outputs, results, financial operations, compliance with rules	> carry out spot checks
FLAG	> monitor progress of implemented projects > support beneficiary in project implementation, as need arises	> build the capacity of beneficiaries for project implementation > facilitate communication between beneficiary and MA/IB > carry out spot checks, if agreed with the MA/IB
NN		> build the capacity of FLAGs and beneficiaries on project implementation
📅 **Provisional time frame**		

The time of implementation of CLLD projects varies greatly. Reports are usually submitted at project completion, but for longer operations this can be done periodically, e.g. on a quarterly basis, within a fixed period (e.g. 30 days) after the end of the quarter.

5.2 **Payment**

If the beneficiary has carried out all the activities of the project correctly, it is time for payment. Usually this involves the following steps:

a **submission of the payment claim by the beneficiary**. This is usually done after the project, or after a stage of the project, which has seen part of the activities completed and relevant costs incurred by the beneficiary. The schedule of payments can be agreed up-front, e.g. it can be included in the application or contract with the beneficiary – this can help both sides (the beneficiary and the MA/IB) to plan their cash flows.

Many beneficiaries at the local level find it difficult to make all the payments linked with the project from their own resources and then wait for an indefinite period of time to be reimbursed[11]. This lack of liquidity and the associated uncertainty can be a serious barrier in accessing EU funds by fishermen or local NGOs. There are several ways to overcome it:

Availability of advance payments

As a general rule, EMFF funding can only be received after a project is completed. This does not apply to FLAG running and animation costs, for which up to 50% can be claimed as advance payment, if such a possibility is provided in the programme.

This does not mean that MAs cannot put in place **national pre-financing rules** that would enable local stakeholders to access EU funding more easily, using the resources of the national budget. Certain safeguards would have to be introduced in order to ensure that beneficiaries fulfil their obligations or if they do not that they repay the funding received. This should be done without imposing too much burden on the beneficiaries: for example, the need to provide a **bank guarantee** can be very difficult to comply with for small-scale fishermen or local NGOs; other financial instruments (such as a promissory note[12] signed by the beneficiary) are less burdensome.

⚙ Example: Advance payments in Poland

Recognising the fact that lack of liquidity was one of the key barriers for small-scale local beneficiaries to access CLLD funding, the Polish MA has decided to put in place a system of advance payments financed from the state budget.

All beneficiaries of EMFF CLLD (including the FLAG) can request an advance payment. Two options are possible:

> an advance of up to 30% of total project budget; this request can be repeated when 90% of the previous advance has been spent and accounted for;

> an advance of up to 100% of the project budget, provided the beneficiary provides proof of expenditure for the total amount within 90 days.

The advance is approved together with the project application and can be used only for eligible costs approved in the application and specified in the financing agreement. Some form of security has to be provided, but formal bank guarantees are not required. The most common security form is a promissory note issued by the beneficiary. A vast majority of beneficiaries take advantage of advance payments, and no problems with timely submission of proofs have been observed. This possibility is considered as one of the key factors of success of the Polish delivery system.

More information

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11   Reimbursement will in any case only cover part of the total eligible costs, as the beneficiary has also to provide own contribution.

12   A promissory note is a financial instrument by which one party promises to pay an agreed sum to another party in a legally binding way. It is an inexpensive instrument which the beneficiary can provide to the MA together with the payment claim, and if the project is correctly implemented, the MA returns it to the beneficiary.

Cooperation with the financial sector to facilitate bridging loans

The most typical solution for lack of liquidity is getting a loan from a bank or another financial institution (e.g. micro-credit fund). "**Bridging loans**", i.e. loans used by the beneficiary to implement EU-funded projects, where repayment is guaranteed once the grant is paid, can be a fairly safe and attractive instruments for lenders.

However, many local beneficiaries are considered "un-bankable" by traditional financial institutions. Even non-traditional funders, such as ethical banks or credit unions, often prefer to have to deal with a national or regional authority, or the FLAG, rather than with individual fishermen or local associations.

Therefore, FLAGs can negotiate with financial institutions and develop funding schemes to facilitate access to bridging loans for beneficiaries from their area. Alternatively, national or regional authorities can try to negotiate special lending conditions for beneficiaries throughout the country/region.

Example 1: Spanish regions negotiating with savings banks

In the Spanish regions of Extremadura, Asturias and Galicia, the regional MAs negotiated with the local savings banks to develop special products for LEADER LAGs and FLAGs and their beneficiaries. In Extremadura and Asturias such negotiations were facilitated by the regional LAG networks.

Financial products covered by such agreements included credit lines and guarantees for LAG/FLAG running costs, bridging loans and other types of loans. In Galicia, small-scale grants were also available from the banks' social fund. In return, the banks required preferential treatment by the (F)LAG, for example publicity, dissemination of information among beneficiaries, participation of the bank's representative in decision making, channelling the financial operations of the LAGs or LAG network through the bank etc.

More information

Example 2: FLAGs facilitating access to funding

A number of FLAGs across the EU have teamed up with financial institutions to develop special products targeting fishermen or other businesses in their area. The FLAG's knowledge of the fisheries and business sector and the availability of FLAG support in implementing the project are an important asset, which reduces the lenders' risk linked with financing small-scale operators, thus bringing down the cost of the loans.

In the UK, the Cornwall FLAG has obtained a grant of £20 000 from a charitable organisation, to be used for bridging loans to help fishermen start their projects. This amount of £20 000 is managed by a local credit union as a revolving fund, meaning once a fisherman has repaid his/her loan that amount can be reused again to pre-finance another project. In Italy and Spain FLAGs have worked with micro-credit institutions to finance business development.

More information:

> example from UK: **bridging loans for small-scale fishermen**

> example from Italy: **micro-credit for small-scale fishermen**

> example from Spain: **micro-lending for business development**

Implementation by stages

Even where advance payments or loans are not available, it is possible to lower the financial barrier by allowing implementation of projects and payments by stages. This means that beneficiaries only have to put up part of the cash needed to implement the project; upon completion of a certain stage, or having paid a certain percentage of the costs, they are entitled to an interim payment.

🙂 Allowing implementation in stages might require more careful design of projects, so that partial achievement of project objectives (milestones) can be verified, together with the payment claim, at the end of each stage. This would be particularly justified for larger and more complex projects. Several MS explicitly envisage such staged implementation, with in some cases national rules specifying the maximum number of stages allowed.

Allowing in-kind contribution as part of eligible costs

The EU legislation[13] allows some or all of beneficiary's contribution to be provided in kind, i.e. physical assets or services which do not entail a cost to the beneficiary. This solution can also help some small-scale beneficiaries overcome cash shortages.

Contribution in-kind can involve, for example, the provision of office space free of charge or voluntary work. The value of such contribution should be estimated in line with market prices, while the amount of goods or services provided (e.g. the number of hours worked or square metres of office space) should be verifiable. It is also important that the amount paid to a beneficiary is not higher than the actual payments incurred – so the in-kind contribution does not result in a net financial benefit to the beneficiary.

🙂 In-kind contribution is often a sign that several stakeholders in the community are involved in the project (e.g. the municipality offers office space, a local school provides venue for an event, different community members contribute unpaid work) and as such is particularly compatible with the CLLD approach.

For a detailed information about the possibility of using in-kind contribution, see the FAQ on the FARNET website. Although it was prepared for the period 2007-2013, it can also be relevant for the 2014-2020 and the post-2020 periods.

b **checking/verification of the payment claim by the MA or IB**. This involves verification of all the costs reported in the payment claim (and the underlying documentation such as invoices, if relevant) by an authorised official at the MA or IB, usually following the rule of "two pairs of eyes" (see p. 33). It can also involve a more thorough check of all documents such as permits etc., which the beneficiary may not have been able to provide at application stage. Indeed, it might be better to allow the beneficiary a certain amount of flexibility at application, while making sure all the requirements are met when the funding is about to be transferred – if the national rules and procedures allow this.

> **TIP**
>
> **Quick payments of claims can help beneficiaries address cash shortages**

In some cases (e.g. for a sample or certain types of projects) the verification of payment claim may require a site visit. Depending on the roles and capacities of different delivery stakeholders, this task could be carried out by the FLAG, which is closer to the beneficiaries and usually in regular contact with them.

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13   Regulation 1303/2013 (CPR), art. 69

In many MS the process of checking payment claims tends to take longer than the process of approval. While it is important to make sure everything is in order before EU funding is released, it is also essential to enable the beneficiaries to recover the funds they invested in the project in a speedy manner (especially when they have no access to advance payments). This is particularly important with private sector beneficiaries and local NGOs, for whom long waiting times for the payment can result in serious problems, e.g. not being able to meet their obligations towards staff or service providers.

C **transfer of funding by the IB in charge of payments**. Once the payment claim has been verified, the actual payment is usually done within a few days (exceptional situations can occur at periods of cash shortages at national level, or when a particularly high number of payments have to be made at the same time).

Where FLAGs are designated as IBs, they can make payments directly to beneficiaries. In some MS FLAGs can pay a certain part of the grant to beneficiaries (e.g. the contribution coming from local authorities or state budget).

Payment process: those involved and their responsibilities:

Key player	Typical responsibilities	Possible additional responsibilities
Project promoter (beneficiary)	› submit payment claim with the necessary supporting documents	
MA/IB	› check the claims and supporting documentation › authorises the payment	› carry out a site visit
IB responsible for payments	› transfers the funding to the beneficiary's account	› carry out a site visit
FLAG	› limited role at this stage	› support beneficiary in preparing the payment claim › carry out site visit › in specific cases, make payment of part of the grant

🗓 **Provisional time frame**
The EU legislation provides for payments to be made **within 90 days** of claim (CPR Art. 132), subject to availability of funding. In practice it usually takes longer (according to the FLAG survey, the EU average is about 130 days), although in five MS the average payment takes less than 60 days.

6. Reviewing, evaluating and improving delivery systems

It is important to design your delivery system well from the start, but it is even more important to ensure its functioning is reviewed on a regular basis. Some administrative rules may appear quite logical and easy to follow at the design stage, and later on turn out to create serious blockages or to divert funding into suboptimal projects.

It is therefore essential to check how the delivery system is working, and to ensure participation of all levels of CLLD implementation: FLAGs, IBs, and possibly representatives of beneficiaries. It is also advisable to **keep the delivery system flexible**, i.e. to be able to modify the implementation rules as needs arise, without complex procedures, e.g. the change of the OP or an act of parliament.

Reviewing delivery

Taking into account how important a delivery system is for the success of CLLD, a reflection on how the system is working and what can be improved should be a regular feature of meetings and discussions at different levels: internally within the MA, between MA and IBs, and with other stakeholders, in particular FLAGs. Exchange with departments/services responsible for CLLD under other EU funds is also useful, to compare practices and to get an external view on problems encountered.

The view of **FLAGs** is particularly important, as they are the interface between the needs and expectations of local stakeholders and the programme administration. If problems occur along the delivery chain, FLAGs will usually be the first ones to be aware of it. The MA can invite the FLAGs to provide feedback on the delivery system at any time, but a specific moment should be dedicated to addressing this theme, e.g. once year in a FLAG meeting. The National Network can play a very important role in such reflection, especially when problems occur and strong criticism or even conflict can arise between the FLAGs and the MA. A NN perceived as neutral can play the role of mediator in such situations, to ensure a focus on common objectives and help positive solutions to emerge.

The MA can also send questionnaires and surveys to the FLAGs and local stakeholders, to get a wider (and sometimes more frank, thanks to anonymity) opinion of the operation of delivery systems.

Evaluating delivery

In addition to on-going monitoring of how the delivery system is performing, it is useful to carry out a comprehensive evaluation of the system **at least once during the implementation period**. This can be done by external experts, but the MA/IB staff as well as FLAGs and beneficiaries need to be involved in the design of the evaluation exercise.

Such an evaluation could, on the one hand, assess how the delivery system is operating in practice (for example, how much time and work is involved in preparing an application form, approval by the MA, payment etc.). On the other hand, it could look at "what does the delivery system actually deliver" (e.g. number and type of projects that are being funded, profile of beneficiaries etc.), Some tools that could help in assessing delivery systems can be found below[14].

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14   More ideas about evaluating delivery systems can be found in the "EMFF evaluation toolbox" developed by the FAME Support Unit (**https:// ec.europa.eu/fisheries/sites/fisheries/files/fame-working-paper-emff-evaluation-toolbox_en.pdf**), in particular section 1.2

Modifying the system

The review or evaluation exercise may lead to the conclusion that the system has certain shortcomings and needs to be modified. The MA may consider, for example, the following modifications:

> change of **eligibility rules** (when certain conditions turn out to be unrealistic or exclude applicants of key importance for local strategies),

> change of **procedures between organisations** (e.g. to avoid duplication of tasks or delegate more responsibilities to FLAGs),

> change of **procedures within one organisation** (e.g. re-organise how applications are allocated to MA/IB staff members, ensuring that all contact with a given FLAG is handled by one staff member etc.),

> change in **staffing** (e.g. employing additional people, increasing staff skills by guidance or training etc.),

> **structural** changes (transferring responsibility for some of the tasks from one entity to another).

MAs may also introduce a broader range of improvements which would have a **systematic**, rather than one-off impact on the delivery of CLLD. One such change would be the **introduction of simplified cost options** (see section 2.3) to replace real costs for some types of CLLD projects. Another long-term solution to improve CLLD delivery is to introduce **traineeships** between different delivery bodies – for example, MA employees working for some time in the FLAG offices. This could help establish a relationship of trust and common values between the people involved in the delivery process. A high level of trust is considered an essential factor in well-functioning delivery systems, and such an exchange of trainees would be an effective way to build it.

When modifying the delivery system, MAs should keep in mind that radical changes usually slow down rather than speed up processes. The Member States where the delivery process took particularly long to get off the ground were those in which there was a radical change in the responsibilities of entities involved in CLLD delivery between 2007-2013 and 2014-2020 periods. So, **evolution** is better than revolution when it comes to delivery systems modifications.

⚙ Examples: Adapting the system

Sweden experienced issues with its delivery system for CLLD, and the process of project approval was initially very slow. A re-organisation of the MA/IB, intensive staff training and the introduction of the "Green Administrator" (see section 4.3) were some of the solutions put in place to address this. As a result, the system has been significantly streamlined.

Starting from 2019, Sweden has introduced two further innovations in its delivery system: Simplified Cost Options (lump-sums) and umbrella projects (see p. 16-19).

In **Poland**, the coastal FLAGs have alerted the MA that small-scale coastal fishermen were reluctant to apply for CLLD funding, because they were finding it difficult to come up with 50% of the project costs as own contribution. As a result, the MA has taken advantage of the possibility envisaged in the EU legislation and changed the national legislation to increase public support for SSCF projects to 80%.

The Polish MA also realised that one element of the legislation for cooperation projects is not completely clear and may result in many projects being rejected by the regional IBs (the condition that partners in a cooperation project should contribute "proportionally" to its budget). As a result, the requirement of proportional contribution was removed from the legislation.

Below we propose some tools that can help MAs, IBs and FLAGs in the evaluation of delivery systems.

Questions for the delivery system "health check"

TIME	
> how long does it take to **approve a project** (from the date the application is first sent to the MA/IB to the final approval)? > how long does it take to **make payment** (from the first submission of payment claim to the transfer)? > what is the **record time for project approval** in my system (from the date an application is sent to the MA/IB to the final approval)?	A number of issues can be detected by analysing the time certain processes take. It is important to measure the **total time from first submission of a document to its approval** – this makes it possible to capture information on the amount of time spent by beneficiaries correcting errors in their documents and re-submitting them.
LABOUR	
> how many projects are approved/selected/paid within a specified unit of time (e.g. within a year) **per staff unit**? This can be calculated separately for the FLAG, the MA, the IB in charge of payment etc.	This allows the assessment of **how labour-consuming,** and therefore complex (as well as expensive) certain processes are. All the staff taking part in the process should be taken into account; if they are involved only part-time (e.g. Head of Unit who signs the final decision) this should be calculated in FTE equivalents. It should be remembered that the ratio of staff/projects can be affected by many other factors (e.g. legislation, etc.) than just the delivery rules for CLLD.
ERROR RATE	
> what share of applications/payment claims are sent back to the project promoters for **corrections**? > how many times (on average) does the project promoter have to **re-submit** the application/payment claim before it is considered correct? > what kind of **errors** are most common?	It is normal for a small percentage of applications to contain errors and require corrections. However, if a **high proportion of applications or payment claims has to be corrected**, this usually indicates a high degree of complexity in the system (application forms, requirements concerning attachments, multiple conditions to be met). The most common errors may indicate which requirements are particularly difficult to comply with (e.g. public procurement rules).
APPEAL RATE	
> what share of applicants **appeal** decisions (e.g. because their application was rejected)	The number of appeals will vary between MS depending on the legal culture. However, a particularly **high percentage of appeals** in a given FLAG or region can be an indicator of issues in the selection criteria/procedures, or a lack of clarity and wide scope for different interpretations of eligibility rules.
DROPOUT RATIO	
> what share of beneficiaries have **abandoned their project** after it has been approved?	Some beneficiaries go through the application, selection and approval successfully, but when they start implementing their projects they give up; one possible reason is that they are **discouraged** by the experience of the administrative complexity involved.

PROJECTS	
› **how many** projects are approved, how many per FLAG?	If the number of projects is **low** it may indicate low efficiency of the delivery system.
› are these projects (in terms of number, size, theme, type of beneficiary etc.) **in line with what was expected** when the system was designed?	If the projects supported are **different than expected**, perhaps certain rules or procedures exclude or discourage certain types of beneficiaries.
› how many project promoters are **first-time beneficiaries** or small-scale fishermen?	Access to funding of small-scale fishermen, community groups and first-time beneficiaries should be particularly carefully monitored[15]. Indeed in certain areas, there is a risk that a large proportion of the funding goes to the same better connected/organised beneficiaries.

A benchmarking tool for the time to process projects

We propose below a tool to help delivery stakeholders to assess the duration of the different delivery steps. Any system/steps that fall beyond this timing should be looked at critically to improve its efficiency. According to the FLAG survey, a number of MS already fit into the proposed "benchmark timeframe".

	BENCHMARK DURATION	MOST EFFICIENT MS
Application	Depends on the project	
Selection	1.5 months	6 MS have an average value from **0.5 months** to **1.6 months**
Approval	2.5 months	6 MS have an average value from **2** to **2.8 months**
Implementation	Depends on the project	
Payment	2 months	7 MS have an average value from **1.1 months** to **2.4 months**

15 In the opinion of the manager of one of the Austrian LAGs, one result of introducing small simplified grants was the return of small-scale beneficiaries who had previously been discouraged from using CLLD funding.

Another useful way to assess your delivery system would be to try and position yourself on a diagram representing, for example: on one axis, the degree of flexibility of the system (can it be changed easily? Are there mechanisms to adapt the system based on information from FLAGs or beneficiaries? etc.), and on the other, the level of devolution of decision-making powers to the local level (in other words, the degree of autonomy of the FLAG). It could be interesting to compare the results of such positioning by the MA/IB, the FLAGs and the local stakeholders.

Where is your delivery system on the chart below?

High flexibility

Low FLAG autonomy

High FLAG autonomy

Low flexibility

INDEX

List of abbreviations

CLLD   Community-Led Local Development

CPR   Common Provisions Regulation (1303/2013)

EAFRD   European Agricultural Fund for Rural Development

EMFF   European Maritime and Fisheries Fund

FARNET   Fisheries Areas Network

FLAG   Fisheries Local Action Group

FTE   Full Time Equivalent

IB   Intermediate Body

LAG   Local Action Group

MA   Managing Authority

MS   Member State

NN   National Network

SCO   Simplified Cost Option

SSCF   Small-Scale Coastal Fisheries