GOVERNMENT OF MALTA

FONDI.eu

GUIDANCE NOTES

How to design and develop a Local Development Strategy

L.E.A.D.E.R Local Development Strategy
Intervention: 77.3

COMMON AGRICULTURE POLICY
STRATEGIC PLAN (MALTA) 2023 - 2027

Version 1.0

15/05/2023

MANAGING AUTHORITY (EAFRD)

The Oaks Business Centre (Block B), Triq Farsons,
Ħamrun (Malta)
Telephone: (+)356 2555 2634

Email: rdsubmissions.mefl@gov.mt

Co-funded by
the European Union

Contents

Acronyms

CAP	Common Agricultural Policy
CAP SP	Common Agricultural Policy Strategic Plan 23-27
CLLD	Community-Led Local Development
CPR	Common Provision Regulations
EAFRD	European Agricultural Fund for Rural Development
ESIF	European Structural and Investment Funds
FTE	Full Time Equivalent
GVA	Gross Value Added
LAG	Local Action Group
LEADER	Liaison Entre Actions de Development de l'Economie Rurale – *Links between the rural economy and development actions*
NGO	Non Governmental Organisation
PMEF	Performance Monitoring and Evaluation Framework
RD	Rural Development
SMART	Specific, Measurable, Attainable, Relevant & Time Bound
SWOT	Strength Weakness Opportunity Threat
VO	Voluntary Organisation

Introduction

The AIM of these Guidelines

The scope of these guidelines is to give prospective Local Action Groups (LAGs) a reference manual on how to design and develop a Local Development Strategy. It lays down the common rules for the LEADER approach supported by the new Common Provisions Regulation (CPR[1] and CAP SP Regulations[2].

This guide aims to assist potential LAGs in the process of animating the rural communities, identifying territorial needs and priorities and developing a local development strategy that is consistent with the regulatory requirements and coherent with the CPR, RD strategic objectives and the 2040 EU's Rural areas long-term vision.

This guide builds on various literature and reports such as the European Court of Auditors reports on LEADER and various EC guidelines on Community-led local development (CLLD)[3].

Various key elements have been highlighted in the course of these guidelines all of which relate to the need to have a strong strategy backed by a clear intervention logic. The allocation for LEADER under the CAP SP will be initially equally allocated between the 3 LAGs.

Thus, these guidelines are intended to help identify the areas where the use of EU support for rural development through LEADER creates the most value added by building links and ensuring consistency and complementarity with the main EU and National priorities.

The MA retains the right to continue publishing updated versions of these guidelines; the MA will also liaise with potential LAG's that are approved under the EOI.

---

[1] Regulation (EU) No 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy

[2] Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013

[3] Note that these guidelines are, in the main, based on European Commission Regulation. 'Guidance on Community-led Local Development in European Structural and Investment Funds', published on June 2014 and last accessed on 03/05/2023. At the time of the first publication of these guidelines, this document is still one of the main refence documents in terms of guidance to CLLD. https://ec.europa.eu/regional_policy/sources/wikiguidance/gn0024_clld_guidance_ma.pdf

1. LEADER

LEADER was launched in 1991 with the aim of improving the development potential of rural areas by drawing on local initiative and skills, promoting the acquisition of know-how on local integrated development and disseminating this know-how to other rural areas.

LEADER was introduced as a 'Community initiative' financed under the EU Structural Funds. There have been four generations of Leader: Leader I (1991–93), Leader II (1994–99) and Leader+ (2000– 06), LEADER (2007-2013) and LEADER (2014-2020). From 2007 onwards, the LEADER approach has been integrated within overall EU Rural Development policy and as for the 2014-2020 this has been further mainstreamed into all the other European Structural and Investment Funds (ESI) and Community Led-Local Development (CLLD). For the 2023-2027 programme LEADER has been integrated under the Co-operation intervention.

Financing for the LEADER initiative will come from within the overall financial envelope received from the EU under the new Common Agricultural Policy Strategic Plan.

LEADER was first implemented in Malta as part of the 2007-2013 Rural Development Programme.

LAGs will need to justify, through their strategies, support for their operations. The strategies must be complementary to the goals of the CAP SP, EU Regulations and other relevant National Policies or Strategies.

1.1 The EU Policy and CAP

The new CAP takes into account the diversity of rural areas and landscapes, rich local identities and the increasing value society puts on a high-quality natural environment. These are acknowledged to be the major assets of the EU's rural areas. In this regard an area-based and bottom-up approach, involving local communities and adding value to local resources, is seen as a new way of creating jobs and businesses in rural areas. LEADER is thus seen as an experimental way of bringing together, at local level, various projects and ideas, stakeholders and resources.

2. The Legal Framework

Leader is based on the following regulations but not limited to:

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006[4]

- Regulation (EU) No 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and

[4] Legal reference to Regulation (EU) No 1303/2013 is being made in view of the possibility that preparatory support for the development of the LDS may be financed through RDP 14-20.

Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy

- Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013

3. The Local Action Group (LAG)

3.1 Legal form

To reach wide public acceptance it is important to involve all possible interest groups right from the start. The legal registration process of a potential LAG is the first formality which one has to follow, unless already previously established[5]. A foundation registered with the Malta Business Registry may be considered as a LAG. Statutes should define, for example, the size and composition of the Board, as well as the General Assembly procedures.

3.2 Building trust

The design process for the local development strategy normally starts immediately after the partnership is established. This gives an opportunity for the partnership stakeholders to better learn to know each other and work together for a common goal. Building trust among the partnership is one of the main cornerstones of the LEADER spirit.

3.3 The basic requirements of the LAG

The EU legislation sets certain criteria for LAGs to fulfil[6].

3.3.1 The area defined

The operational area of the LAG must be defined in a clear and binding manner in the LAG statute and strategy. The area of the LAG has to follow administrative borders set for Local Councils. Any one area can only belong to one LAG. Only rural Areas as defined in Annex I of the Expression of Interest Guidelines are eligible.

3.3.2 Sufficient resources

LAGs must show that they have sufficient financial resources. For certain measures such as Cooperation, LAGs will have to contribute a minimum of 20% of the value of projects. Also, in case of recoveries applied sufficient resources need to be in place for the LAG to honour obligations. LAG's are to also keep I mind that the Paying Agency will, in many cases, reimburse on costs previously incurred by the LAG.

3.3.3 Competent actor

The LAG must be a competent actor. All the actors of the area must have the opportunity to become LAG members (the statutes cannot exclude certain actors). There must be a sufficiently large and extensive representation of members in the LAG. The members could include representatives of public administration, entrepreneurs, communities, non-government organisations, voluntary organisations and local people amongst others.

[5] It is being clarified that a foundation has to be formally registered at the point of submitting the EOI. Submissions by non-registered foundations will not be considered.
[6] Refer to regulations listed in Legal Framework

3.3.4 Public-private principle

Decision making rules of the Board must follow the public-private partnership principle where predominance is given to the private sector. At least 51 per cent of the votes must come from the private sector. This principle must be also embedded in the LAG statutes.

3.3.5 Skills to administer public funds

The LAG must show in its statutes and strategy how it will organize itself internally and acquire the sufficient economic and administrative skills required to administer public funds. Elected members are obliged to attend any training provided by the Managing Authority.

4. The LEADER Approach - The Seven Specific Features of LEADER

4.1 Bottom-up approach

The bottom-up approach means that local actors are to participate in decision-making processes about the strategy and in the selection of the priorities to be pursued in their local area. The involvement of local actors includes the population at large, economic and social interest groups and representative public and private institutions. LEADER conceives the local people as the best experts on the development of their territory.

The valuation of local skills and knowledge does not only boost the self-awareness of local people and changes their perception of the area in which they live, it also fosters innovative solutions and competitive advantage of value-adding activities, ultimately of the territory itself.

What to plan and think about:

- How to involve everyone and not exclude anyone?
- How to make local and regional authorities trust in the local people and vice versa?

4.2 Area-based approach

An area-based approach takes a small, homogenous, socially cohesive territory, often characterised by common traditions, a local identity, a sense of belonging or common needs and expectations, as the target area for policy implementation. Having such an area as a reference facilitates the recognition of local strengths and weaknesses, threats and opportunities and the identification of major bottlenecks for sustainable development.

A LEADER area must have clearly defined geographic borders, which have to follow the administrative borders. The area chosen must have sufficient coherence and critical mass in terms of human, financial and economic resources to support a viable local development strategy.

What to plan and think about

- How do you ensure that all localities within the LAGs' geographical borders are on board?

4.3. Local partnership

The Local Action Group (LAG) should associate public and private partners, be well-balanced and representative of the existing local interest groups and be drawn from the different socio-economic sectors in the area.

At the decision-making level the private partners, non-government organisations, voluntary organisations and associations must make up at least 51 % of the local partnership. Its legal form may vary. The LAG is an instrument combining broad bottom-up participation of local citizens with decentralised top-down support and funding from the national Common Agricultural Policy Strategic Plan.

What to plan and think about....

- How to keep the partnership as open and transparent as possible?
- How to secure skilled staff and adequate administrative resources?

4.4 Multi-sectoral integration

For the purpose of developing the Local Development Strategy (LDS), the LEADER approach requires that the area needs are explored in an integrated way, rather than focus on development needs of specific sectors. The LDS must integrate relevant development needs for all sectors to achieve the desired common goals. The actions and projects contained in local strategies should be linked and coordinated as a coherent whole. The LAG encompasses sometimes surprisingly diverse actors which can be fertile ground for partnership and innovation. In order to allow for inclusion of different points of view and resources, the LAG must be able to bring the different interests and interest groups together in a constructive manner.

The demand-oriented funding has to allow new actors to benefit and to become active contributors to local development. To cite some possible examples, groups such as young people, women, voluntary workers, unemployed and other disadvantaged groups need to get access to support and funding which they otherwise wouldn't have by depending solely on mainstream.

What to plan and think about

- How to involve interest groups?
- How to prioritise between the very different types of needs?
- How to identify unifying themes across different sectors?
- How to avoid sector-based thinking?

4.5 Networking

The LAG is a network itself but it should also look around and cooperate with other development organisations on local, regional, national and international levels.

Networking is a means of transferring good practice, of disseminating innovation and building on the lessons learned from local rural development. Networking forges links between people, projects and rural areas and so can help overcome the isolation faced by some rural regions. It can help stimulate co-operation projects by putting LEADER groups in touch with each other.

The quest for linkages and synergies between different sectors, strands of activities and thematic networks of actors brings forth a new appreciation of the interrelationships and reciprocities between the parts and the whole. In other words, the local actors are encouraged to adopt a systematic view on problems, potentials and solution paths. Often, a quality assurance and branding strategy can act as a powerful lever to bring actors within one sector, but also across sectors, together.

What to plan and think about

- What is the LAG's role in relation to other local/national development bodies?
- How to avoid sector-based thinking and overlapping work.

4.6 Innovation

The LAG must bring new elements and solutions to the development of its territory. In its strategy design and project selection decisions the LAG must be able to tolerate certain amount of risk, otherwise the most surprising and innovative ideas would always suffer.

The LAG and its staff should act as an honest broker between different types of actors, who would otherwise never have come together.

What to plan and think about

- How to mobilise innovation?
- What is the right balance between risk and innovation?

4.7 Cooperation

Co-operation goes further than networking. It involves a Local Action Group undertaking a joint project with another LEADER group, Member State, or even a third country. In the European rural development policy LEADER has the main responsibility for transnational cooperation.

Inter-territorial cooperation and networking bestows a European dimension to local development in rural areas from the very start on. It allows local actors to experience similarities and differences in utterly new dimensions, it opens up people's minds, leads to knowledge exchange, pooling and transfer; and provides new perspectives for solution oriented strategies and concepts regardless of the great diversity of rural areas and governance contexts.

What to plan and think about

- How to keep the cooperation simple but effective?
- How much to invest in cooperation and for which need?

5. The Strategy Design

How to build up a participatory local development strategy

5.1 Introduction

It is important that before one puts pen to paper, all involved have a good understanding of the following:

- What is meant by a participatory Local Development Strategy?
- Why is it important?
- How should LAGs implement this?

Whilst recognizing that the 23-27 period will offer a new opportunity for the development of strategies in each of the three regions, prospective LAG's are also invited to review current LDS in place under the current programme 14-20. Without prejudice to the new cycle, this will offer potential LAG's the possibility to identify the type of detail that an LDS as approved for the 14-20 period carried, as well as take cognizance of what is being achieved, and hence can focus on possible new emerging needs that may emanate from the LDS development cycle.

5.2 What is meant by a participatory Local Development Strategy

The Rural Development as well as the Common Provisions Regulations make it clear that Community Led Local Development (CLLD) are designed to instil a bottom-up process taking into consideration local needs and potential. This means that the preparation of the strategy must actively involve a representative cross-section of the local community and this process in turn must be described in the LDS itself.

5.3 The importance of local participation

Local participation is one of the cornerstones of the whole CLLD approach and the community's involvement in the preparation of the LDS is absolutely fundamental in developing this. Contributing to the horizontal priorities of 'improving governance and mobilising the internal potential of rural areas', that is to say involving people in the management of their own development, are the core objectives of the LEADER approach.

The preparation of the LDS and the development of the local partnership effectively go hand in hand, each contributing to the other. As people are identified to contribute to the LDS, the partnership is likely to evolve through their subsequent involvement. Drawing directly on this vital resource of local knowledge and awareness and engaging local people, businesses and organisations directly in the work of the LAG helps to ensure the local relevance of the LDS and builds commitment to the CLLD process.

From the shared understanding of the area's main problems and their causes together with the assets, needs and opportunities presented a common vision and objectives can be developed strengthening in turn the community's recognition, involvement and ownership of the LDS and LAG

5.4 LAG Implementation of the LDS

Preparing an LDS will normally involve LAGs and/or other local actors in carrying out an analysis of the situation in their territory, commonly this is based on a SWOT analysis. This analysis will identify the development challenges and opportunities, from this the strategy and its objectives may be defined and the development priorities agreed. LAGs may be supported in this process e.g. through partner resources or by experts. The resultant output is an LDS which addresses a well defined local area is integrated and which takes account of the range of local stakeholder's concerns.

In the 2023-2027 CAP SP Specific Objective 8 is dedicated to LEADER: its main focus is promoting employment, growth, gender equality, including the participation of women in farming, social inclusion and local development in rural areas, including the circular bio-economy and sustainable forestry. LEADER targets the local development of rural areas and contributes to enhancing social capital through the implementation of operations under local development strategies. The contribution will vary across LAGs depending on the nature and characteristics of the actions carried out and the projects supported.

LEADER supported themes do not have to be linked to only one specific objective and can be viewed as horizontal topics which help to integrate those Union priorities for rural development at a programme level that can be tackled by local development strategies.

5.5 Elements of the Strategy

The LAG is to ensure that each strategy sets out the following elements:

a) The geographical area and population covered by that strategy;
b) The community involvement process in the development of the strategy;
c) An analysis of the development needs and potential of the area
d) The objectives of that strategy, including measurable targets for results, and related planned actions;
e) The management, monitoring and evaluation arrangements, demonstrating the capacity of the local action group to implement that strategy;
f) A financial plan.

6. Getting Started

6.1 Preparation

Planning and initiating the process of LDS development is often best done by immediately establishing a working or steering group or team consisting of a mixture of representatives of private and public local socio-economic interests. As the LDS work progresses, this group will be involved in coordinating the necessary research, planning and steering the process of community engagement and establishing and securing the human and other resources required. The working group does not have to be large; it may start small with only two or three key partners but should progressively evolve and be broadened for example as a result of conducting a mapping and analysis of local stakeholders (this can be conducted in the initial phase and refined at a later stage in the LDS process).

6.2 The team

Those involved must be able to dedicate time to the tasks required. The LDS process will necessitate an intense sequence of meetings and discussions with communities and other stakeholders; this requires good quality animation and facilitation skills. The team therefore needs to have proven skills and experience in relevant research techniques, territorial development and facilitation.

A small team may not have the time, knowledge or skills required for the range of tasks whilst partners may not be able to commit sufficient staff resources. Additional dedicated resources such as those of a university, public agency or consultancy may be necessary to support the team in specific, technical or specialised tasks. Skilled external experts may also be engaged.

6.3 Information sources

An immediate task for the LDS working group is the preliminary analysis of relevant data and other information sources in the development of the profile of the area and the LDS itself. At this stage the group will be primarily concerned with secondary sources, judging what is relevant and valuable and making the most of existing information rather than duplicating the effort or undertaking new research. It is important that in doing so the team takes account of the other initiatives, plans or strategies affecting the area both as potential sources of information and in terms of ensuring complementarity.

A useful approach here is to prepare a logically structured template of the information needed to identify any gaps you need to fill. This then forms a basis for specifying further information needed to complete your initial analysis. The template would commonly include sections on the territory, its geography and environment, resource efficiency, heritage, climate change, transport, infrastructure, population, social inclusion and poverty, the economy and labour market, governance and administration. This provides a basis around which the working group analysis and initial thinking about possible priorities for the LDS can take place. This is an important step in informing subsequent community consultations. This planning and structuring is particularly important where you are working with a small team where the effective use of finite and valuable resources is an absolute priority.

6.4 Approaches to consultation

In deciding how to consult locally, LAGs and their working groups should consider how best to structure this. Important considerations include: how people will be involved, on what basis, at what stage, through what type of approach and how this will be resourced. In considering this, the group needs to think through the stages of LDS development and the objectives in involving local partners and communities. This includes the main stages of preparing the LDS, information gathering, SWOT analysis, prioritisation, setting objectives and the basic intervention logic, designing delivery, securing support and agreeing the final submission.

6.5 Starting the process

A proven approach is to initiate the participative consultation process by identifying and involving a relatively small group of key local or organisational stakeholders or informants. The purpose of these consultations is twofold: firstly they enable the working group to test and develop their initial desk based research and analysis in the light of local knowledge and expertise and then to explore the main problems and opportunities facing the area; secondly they inform the working group about local opinion leaders and other prominent actors who may be prepared to support or be involved in LDS development, in LAG activities or in membership of the LAG.

6.6 Broadening involvement

Broad based community participation is a priority in strengthening the relevance, appropriateness, ownership and deliverability of the LAG, LDS and the outcomes sought.

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

Public meetings of various forms are a common approach but planning should ensure that all parts of the area and community have the opportunity to contribute. Care therefore needs to be taken to address potential barriers e.g. in managing timing and locations, to ensure people can attend. Care is also needed in the design of working methods to enable even the most reticent to be comfortable in making their contribution. There are many web based resources on participative techniques such as online discussion groups, prioritisation exercises etc. These resources as well as the methods used by facilitators to gather feedback all contribute to the involvement of the participants.

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

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

6.7 Deepening and strengthening the analysis

An effective and well planned participative process of preparing the LDS can contribute considerably to the development of a representative, well informed and credible LAG capable of managing and delivering the LDS. The LDS working group, initial group of key local informants, consultation events and any specific working groups can all contribute to this.

6.8 Stakeholder analysis

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

This involves simply mapping and analysing the people, organisations and institutions which have or can have a significant impact on the areas development and identifies the core capabilities and contributions of actual or potential partners. Stakeholder analysis may be undertaken by sector, public, private and civic, area, theme or activity type. The analysis can be structured around people or organisations official remit, interests, capacity or resources, and possible projects they may have an interest in or wish to promote. The output of this also helps to strengthen the demonstrated relevance of the partnership to the area and evidence of the community involvement in the LDS document. There are various techniques and computer software available to assist with this (matrices, relationship diagrams, organisational capacity diagrams, mind maps, etc.)

6.9 Working groups

As indicated small working groups of a thematic, sectoral or area basis may be established, a combination of these types may also be used contributing both specialist knowledge and wider local involvement. Whatever the approach adopted it is important that these groups connect and communicate strongly with the main LDS working group. The choice and number of themes for such groups depends on the area, the resources available and the initial territorial analysis. Groups may also form a means of involving disadvantaged or hard to reach groups or to allow the use of methods which make it easier for people to participate.

Considering the composition of these groups is important to ensure that they work effectively, the aim is to involve a broad cross-section of motivated local people who have ideas. Care should be taken to consider the relationships or dynamics within communities.

Such groups bring together different stakeholder perspectives and allow the exploration and agreement of the main needs and opportunities and their relative priority. In so doing the groups contribute to the preparation of the SWOT and further LDS development overall and in the identification of thematic or area based objectives and priorities.

6.10 SWOT analysis

A SWOT analysis of the territory is required. Conventionally strengths and weaknesses are regarded as being internal factors - things over which the LAG has some influence whilst opportunities and threats are regarded as external factors that the LAG may seek to mitigate or take advantage of. The technique is to be applied at different geographical or sectoral levels and using a variety of different methodologies. Developing a clear understanding of the analysis is important in ensuring that the LDS is focused on realistic and locally achievable objectives. Whatever the approach it is vital to ascertain that what is produced is a real analysis based in evidence rather than merely four lists of issues.

6.11 Developing priorities and objectives

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

Encouraging the group to consider their 'vision'- what the area may become or look like in future- is a particularly valuable technique. This then has to be translated into something more realistic and deliverable: real SMART objectives.

In thinking about what is achievable, it is useful to consider what the potential level of available resources is likely to be and what is best addressed through this LAG and what by other programmes. This is the next level of reality checking and also contributes importantly to 'expectation management' and prioritisation. Needs already directly and specifically addressed through other programmes cannot be included. In this sense a clear demarcation is to be included for every action proposed. In general, objectives should be ranked reflecting the degree to which they contribute towards meeting the fundamental needs and opportunities identified earlier, their share of the proposed budget should reflect this priority. Priority should also be given to how the proposed actions contribute to the objectives and targets of the CAP SP.

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

6.12 Completing the process

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

The objective here is to draw the elements together and build consensus through a process of meetings and negotiations agreeing upon the main principles, objectives and priorities of the LDS along with proposed budget allocation and the final composition and structure of the LAG partnership. LAGs are therefore seeking to draw together different perspectives, visions and aspirations into a single and agreed LDS.

This can be rather a delicate process and is not merely a case of bringing together the different parts from the different stages and groups; here the maxim of 'the whole being greater than the sum of the parts' should truly apply. The LAG or steering group need to provide strong leadership to encourage real and constructive compromise in identifying the links (synergies or complementarity) between actions and actors and developing shared 'win-win' approaches. Normally this involves starting with those actions and projects where there is agreement and then building on this. LAGs are likely to have to set aside or defer those elements which represent red lines for one or more of the local partners or stakeholders. LAG should always focus on the identified needs in the CAP SP 2023-2027.

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

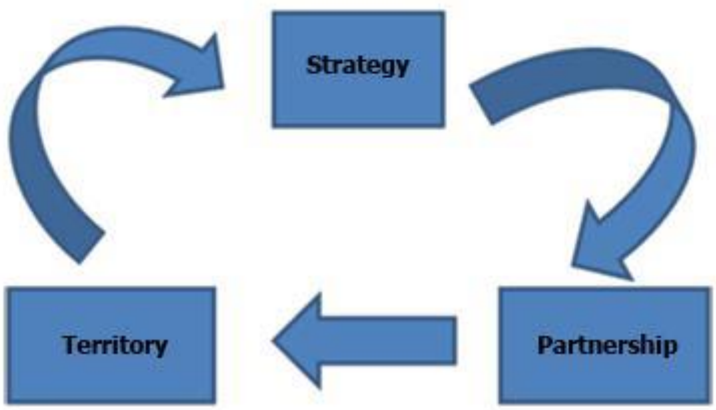
And finally, throughout this process the LAG or steering group has to keep an eye on the technical part of the process, preparing the LDS in the final form which will be submitted to the Managing Authority.

7. What is the minimum content of the LDS?

Why is it that LEADER is referred to as 'an approach' rather than a method or a delivery mechanism, what is the difference, where does the strategy fit into this and why is it important?

As a Community-Led Local Development initiative, LEADER is an integrated development process designed to engage, enable, resource and empower local communities in undertaking their own local development. There are three common and interlinked elements thought fundamental to Community-Led Local Development approaches, these underpin the seven elements of the 'LEADER approach'. These elements are the area or territory, the partnership and the integrated Local Development Strategy.

The territorial development elements:



Here we are principally concerned with the vital and integral role which the Local Development

Strategy (LDS) plays at the heart of the LEADER approach. There is no single 'one size fits all' model, so preparing a good quality LDS is not a case of following or filling in a template. No two LAG areas or partnerships are identical. LAG strategies therefore can and should reflect local needs and capabilities and be adapted to these. Developing the LDS, demands the use of some common elements, specifically:

- a participative and actively managed LDS preparation method;
- involving an appropriately structured LAG partnership;
- active community participation, and
- keeping proper documentation of the process.

7.1 Common Minimum content of a Local Development Strategy

The common minimum content for a Local Development Strategy (LDS) under any of the ESIF is set out in the EU regulations as per Reg. 2021/1060, Art.32 (1).[7]

Regulation 2021/1060, Art.33 (1) commits Local Action Groups to developing and delivering such strategies.

This minimum content is based on recognised good practice including the priorities identified and addressed in the LEADER Sub-committee Focus Group 4.[8]

The minimum specified content is an in-depth analysis of:

1. the geographical area and population covered by that strategy;
2. the community involvement process in the development of that strategy;
3. the development needs and potential of the area;
4. the objectives of that strategy, including measurable targets for results, and related planned actions;
5. the management, monitoring and evaluation arrangements, demonstrating the capacity of the local action group to implement that strategy;
6. a financial plan, including the planned allocation from each fund, and also where appropriate, the planned allocation from the EAFRD
7. Types of measures and operations to be financed by each affected fund.

For Further details please refer to Annex II titled "Local Development Strategy Template"

[7] Note that these guidelines are, in the main, based on European Commission Regulation. 'LEADER Local Development Strategies (LDS) Guidance on design and implementation', published on June 2016 and last accessed on 03/05/2023. At the time of the first publication of these guidelines, this document is still one of the main refence documents in terms of guidance to CLLD. https://ec.europa.eu/enrd/sites/default/files/enrd-guidance_lds.pdf

[8] LEADER Focus Group 4 – Better Local Development Strategies https://enrd.ec.europa.eu/enrd-static/fms/pdf/F75AD8D0-A7D1-A286-70AB-6A64D0F5446C.pdf

8. Prioritizing between different objectives

8.1 Difficulty of selection

Prioritizing is often the most difficult part of the strategy design process. All strategies and actions produced look important and inter-related. However, it is vital to prioritize the most important objective especially in view of the scarce resources available.

8.2 Group exercise

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

8.3 From individual to commonly agreed prioritizing

The various options are worked out using brainstorming, surveys or other methods. A graphic format is selected to allow the prioritizing of options to be simple and visually displayed. There are many ways of doing this and you can use special structures to help you with this. After presenting and discussing the issues the group work participants make individual choices using stickers or cards. The analyzed results provide a basis for the decision-making or further discussions.

8.4 Methods for prioritizing

Applicants are to maintain a **clear trail and records** of the priorities presented during consultation, how these fit into the SWOT analysis and how the LAG is prioritizing on these suggested priorities. They are to include justification for prioritization and also justification for omitting certain priorities raised during consultation.

9. Important elements in the Strategy Design

9.1 Innovation

Innovation can be defined as the development or adoption of new concepts or ideas, and/or the new or adopted ideas themselves as well as the successful exploitation of new ideas. Creativity is having the ideas, and innovation is its application. Creativity only emerges when the innovator takes the idea and does something with it. Successful exploitation of new ideas can lead to any form of increased organizational or social benefit.

Innovation can take different forms and actions. Some examples include:

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

9.2 Setting the indicators

Indicators are measurements that provide information about past and current trends and assist project and programme managers in making decisions that affect future outcomes. Indicators measure the success of an action with respect to its target. The usefulness of indicators for monitoring and evaluation is broadly acknowledged. Indicators related to expected output, outcomes and impacts should be used.

Generally indicators have numerical values. However, in cases where indicators cannot be measured with quantitative (statistical) data, qualitative assessments or logical assumptions may be used.

LAGs need to tailor their interventions in line with the five themes which Malta has chosen for its CAP SP. The aim is for the Local Development Strategy to complement the Common Agricultural Policy Strategic Plan strategy.

The individual operations shall be eligible if they contribute to achieving the objectives of the local development strategy and correspond to the objectives and priorities indicated for support under LEADER in the CAP SP.

The interventions supported by the LAG will not be the same as the general interventions which are programmed under the CAP SP. In view of this, when designing the Actions, LAGs also need to design specific indicators which can be used to assess the success of the Action. The target for the indicator shall be proportionate to the budget allocated towards the Action. Indicators may include the following, depending on the type of action (the below is only an indicative list and not all items should be considered; moreover, other indicators should be considered):

- Total volume of investment
- Number of projects supported
- Number of farm holding benefitting
- Number of business benefitting
- Number of jobs created
- Number of new tourism actions supported
- Number of existing tourism activities supported
- Number of villages benefitting
- Gross number of jobs created
- Economic growth (GVA)
- Employment creation (in FTE)

Therefore experts engaged by the LAGs to assist the design of the LDS, should also provide a list of appropriate, useful indicators for each intervention, as also approved by the foundation prior to submitting to the MA.

9.3 Identifying the relevant indicators

Selected indicators need to appropriately measure the success rate of an intervention, in relation to its contribution towards the strategy of the LDS and the strategy of the CAP SP. Development of a successful monitoring and evaluation system requires that several people are involved in identifying the indicators: those who will collect the data (LAGs), those who will use the data (MA), and those who have the technical expertise to understand the strengths and limitations of specific measures (evaluators). The below questions may help you design the indicators for your LEADER strategy. Please note that the MA may require additional indicators.

a) Does this indicator enable one to know about the expected result or condition?

Indicators should, to the extent possible, provide the most direct evidence of the condition or result they are measuring. Proxy measures may sometimes be necessary due to data collection or time constraints. When using proxy measures, planners must acknowledge that they will not always provide the best evidence of conditions or results.

b) Will data be available for an indicator?

Data on indicators must be collected frequently enough to be useful to decision-makers. Data on outcomes are often only available on an annual basis; those measuring outputs, processes, and inputs are typically available more frequently.

c) Is data currently being collected? If not, can cost effective instruments for data collection be developed?

Data, especially data relating to input and output indicators and some standard outcome indicators, will often already be collected. Where data are not currently collected, the cost of additional collection efforts must be weighed against the potential utility of the additional data. This highlights the importance of planning ahead: most of the data required can be collected at application stage while some information will then be required when the project is completed and can be collected through an end of project report which is to be compiled by the beneficiary.

d) Is this indicator important to most people? Will this indicator provide sufficient information about a condition or result to convince both supporters and sceptics?

Indicators which are publicly reported must have high credibility. They must provide information that will be both easily understood and accepted by important stakeholders. However, indicators that are highly technical or which require a lot of explanation (such as indices) may be necessary for those more intimately involved in programmes.

e) Is the indicator quantitative?

Numeric indicators often provide the most useful and understandable information to decision-makers. In some cases, however, qualitative information may be necessary to understand the measured phenomenon.

9.4 Need for common indicators

The LEADER strategy indicators may differ from LAG to LAG, reflecting the different needs of the highly diverse rural areas of the EU. Yet there is a need to agree on and establish some common indicators for all in order to get the EU and national level information on the results. The common indicators are defined by the EU's Performance Monitoring and Evaluation Framework (PMEF). An example of one such common indicator can be found below.

O.31 Number of supported local development strategies (LEADER) or preparatory actions

Title and definition	Measures concerned	Source of data, timing of reporting
Number of Supported LDS or preparatory actions	77.3 (art. 32 CPR)	Administrative data compiling feedback from LAG reported when completed

10. The Strategy Implementation

10.1 How to get value-adding project applications

10.1.1 Mobilising the community

LEADER animation is about mobilizing, empowering and making the local people active in implementing the LEADER strategy through the projects they run. Animation is a central part of LEADER implementation – some claim the most important one as the evaluations often show that LEADER has had the strongest impact on local capacity building and increasing the public participation.

10.1.2 Animation events and the LAG staff input

Traditionally animation refers to info events, workshops and trainings organized in different localities of the LAG territory. The participants will hear the basic information about the possibilities of the local LEADER development strategy. The LAG staff input in the process is crucial from the beginning for the most up-to-date information on what is possible and what is not. The staff members also have a coordination role and can make sure that the planned activities are not overlapping with anything else and that the possible best practices / innovative elements from elsewhere can be utilized. The LAG would also collect the name lists of all animation event participants that would later be used for reporting the animation work results for evaluation purposes

10.1.3 Risk of dead-weight

Dead-weight is a major risk for the LEADER strategy's value adding impact. The funds should not be targeted to such activities that would happen as such even without the LEADER funding. The LEADER added value often stems from the projects' experimental, renewing and innovative elements that would be impossible to implement in the planned scope without the external funding.

10.2 Fostering innovation

10.2.1 The LEADER sources of innovation

The LEADER innovative character is fuelled by

- bringing new interest groups together;
- transnational cooperation allowing the exchange of the best practices and a;
- Re-active local development strategy offering risk-tolerant funding.

10.2.2 Bringing different actors together

Innovation in local development is often based on unexpected meetings of people or local actors with different backgrounds. A LAG should be an unbiased, non-profit and non-political arena suitable for bringing these actors together.

It is crucial to get to know or get in touch with the innovators and visionary actors of the territory. These people are not always the noisiest or the ones in power. Success always needs a good and fruitful combination of power and innovation. This requires open minded decision makers and integrative innovators. The latter are not always the easiest to co-operate with. However, LEADER does not change anything if only those actors that have been in taking decisions for decades are the ones who are deciding upon innovation and the future of the territory.

10.2.3 Promoting transnational cooperation

Transnational cooperation is another area where innovation should be integrated. From new perspectives one can better see the new opportunities. Identification and transfer of best practices is an essential part of transnational cooperation. There are many arguments in favour of cooperation: getting good ideas from other regions, getting other people's eyes on your development.

10.2.4 Being reactive and tolerating the risk

The best innovations always have a surprise element within them, which makes them difficult to be pre-defined or included in the LEADER development strategy documents. That's why it is important that the strategies can be flexible and reactive when new opportunities emerge bottom-up during the implementation phase. Funding such initiatives also requires risk-tolerance from the LAG decision makers and the Managing Authority. The failure of a pilot project should not be considered as a misuse of funding.

10.3 Cooperation with other regions

10.3.1 Types of cooperation

Cooperation is one of the fundamental specific features and sources of the innovation and added-value of the LEADER method. It encourages and supports LAGs to undertake joint actions with other LAGs, or with a group taking a similar approach, in another region, Member State, or even a third country. Two main types of cooperation are allowed by the European Commission in their 'Guidance for implementation of the LEADER Co-operation activities in rural development programmes 2014-2020'[9] These are:

10.3.1.1 Inter-territorial cooperation

This refers to cooperation between different rural areas within a Member State. Cooperation within a Member State concerns two or more LAGs selected.

10.3.1.2 Transnational cooperation (TNC)

This is defined as cooperation between different rural areas from at least two Member States. Cooperation can provide local projects with a new dimension, since these types of projects

[9] Note that these guidelines are, in the main, based on European Commission Guidlines. 'Guidance for implementation of the LEADER Co-operation activities in rural development programmes 2014-2020', published on 27/04/2017 and last accessed on 03/05/2023. At the time of the first publication of these guidelines, this document is still one of the main refence documents in terms of guidance to CLLD.

provide stakeholders with alternative and novel opportunities to look for and solve issues in innovative ways. Cooperation projects are capable of producing different types of added-value.

10.3.2 Joint actions

Cooperation projects correspond to concrete actions with clearly identified deliverables producing benefits for each of the territories involved. These actions must be 'joint' in the sense that they are being jointly implemented. The content of such joint actions may cover a range of different activities eligible under the CAP SPs' rules.

10.3.3 Eligible costs

Joint approaches allow LAGs from one area to contribute funding to a joint project that may be happening in another territory. The location of the project is not a limiting factor if the LAG area benefits from the joint project actions. Examples of eligible joint actions (subject to national rules for CAP SP implementation) include capacity building or knowledge transfer via common publications, training seminars, twinning arrangements, etc. all leading to the adoption of common methodological and working methods, or to the elaboration of a joint or coordinated development work.

10.3.4 Making projects more ambitious by reaching critical mass.

TNC enables a project to achieve a greater critical mass, since the total benefits are much greater than the sum of individual achievements. Pooling resources and expertise can result in economies of scale and synergies, which are favourable to help achieving project objectives (such as costs for technical equipment/technologies, training, marketing, etc.).

11. Defining the principles of the project selection criteria

11.1 Effective project selection procedure as an important part of the LEADER process

It is only through effective project selection processes that LAGs are able to select and support those projects which contribute most to achieving the objectives of their Local Development Strategy. The right projects are needed to deliver the desired outcomes.

The selection of projects to deliver the strategy is therefore one of the most important strategic functions which the LAG carries out and as such it is vital that this is carefully designed to align with the LDS itself. There are four main elements which need to be considered, these are:

- The Eligibility Criteria & Ineligible items;
- The principles of the selection criteria[10];
- The selection process; and
- The way in which projects are animated.

The principles of selection criteria include:

- Drawing up a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations, which avoid conflicts of interest, ensure that at least 51% of the votes in selection decisions are cast by partners which are not public authorities and allow selection by written procedure
- Preparing and publishing calls for proposals or an ongoing project submission procedure, including defining selection criteria

The selection process should be set out in the LDS management arrangements and be in line with MA LEADER Operating Guidelines. It should be designed to enable well informed, objective and carefully considered decision making through a robust and transparent procedure. In the interests of transparency, selection criteria should be available and accessible to potential applicants.

Ensuring the transparency of the application and selection procedure is of the utmost importance in maintaining the motivation and trust of local actors. The application and decision-making procedures and criteria should be very clearly set out in the application materials and if possible in any associated publicity, where possible staff should seek to ensure that these are clearly understood. Whilst the procedures themselves are important these must be seen to be being applied, it is essential that the LAG does what it says it will do and clearly communicates that to applicants. **The LAG should ensure that there is no conflict of interest in the process.**

[10] It is being clarified that the LDS should include the principles of selection criteria. During the evaluation process for LDS approval the evaluation board will evaluate and asses the principles of the selection criteria and not the respective ranking/marks allocation.

11.2 Linking delivery to the strategy

Once the LAG has its LDS approved and is moving into action, the next step in the development process is the development and selection of the projects through which the LDS will be delivered.
The LAG should follow the process as defined in the Operating guidelines issued by the Managing Authority.

N.B. LAGs and their respective beneficiaries may be reimbursed through simplified cost options.

11.3 Working with demand

The first thing the LAG will have to consider is the context within which projects are being developed; project demand will not necessarily match the objectives of the LAG and its LDS.

There may be a shortage of projects, a lack of momentum and motivation e.g. where there are economic difficulties and a shortage of match funding. Here the LAG can pump prime activity by supporting capacity building and developing some 'quick wins', small projects capable of rapidly converting into action and results.

There may be a high level of demand but this doesn't match the LDS or its objectives e.g. inappropriate or generic projects which lack strategic focus or links to the LDS. Here the LAG needs to work with applicants, inform, encourage and steer, provide incentives for the 'right' types of proposals and actively support their development.

The best ideas may be the most difficult to deliver from the LAG and the project promoters perspective, innovative projects tend to be more challenging and complex and can be uncomfortable for local stakeholders. They often involve links to other ideas or initiatives, new connections, new contexts all of which increase delivery complexity. **The LAG should ensure that there is no conflict of interest.**

12. LEADER Monitoring and Evaluation

12.1 LDS Monitoring and Evaluation Objectives

Why is it so important that LAGs set out clear objectives for their monitoring and evaluation activities?

Monitoring and evaluation are now obligatory tasks for LAGs. The need for improvement if LAGs are to measure and understand the effects of the LAGs Local Development Strategy (LDS) has been clearly highlighted and a plan for these activities should be included in the LDS. There is also a need to increase the level of financial scrutiny in view of the fact that budgets allocated towards the LAGs are increasing.

As with any other part of the LDS there should be a clear logic linking the needs, proposed activities and resources to clear objectives to provide a clear focus and direction for what is done. This is essential in steering any evaluation activity whether it be self-evaluation or externally contracted. In other words LAGs need to understand and clearly state what it is they want to monitor and evaluate, to achieve through monitoring and evaluation in order to plan, resource and undertake these activities efficiently and effectively. This is vital if monitoring and evaluation design and performance is to improve and the benefits of LAGs work be clearly demonstrated.

What are the key considerations for LAGs in developing their monitoring and evaluation objectives?

Monitoring and evaluation is not an end in itself, it is done for a purpose and in setting evaluation objectives the targeted uses and users of monitoring and evaluation outputs should be identified and considered. There are four main purposes to consider here in formulating your objectives;

- Capitalising on learning; i.e. when and how the LAG and others learn from the experiences and make use of this.
- Improving implementation; implementing the delivery lessons.
- Informing future programming and policy; in establishing and feeding back on effective approaches to meeting needs.
- Public accountability; in demonstrating value for money on different levels in what is achieved and the added value of doing things the LEADER way.

Many aspects of LEADER monitoring and evaluation are specific to LEADER, the Local Development Strategy and the LEADER method. Clearly LAGs monitoring and evaluation objectives should reflect this specificity. There are four main considerations which arise in relation to this in setting monitoring and evaluation objectives.

- Firstly the objectives should address the monitoring and evaluation of the delivery of i) their Local Development Strategy in terms of its own specific intervention logic and ii) the specific objectives for LEADER set out in the CAP SP. The failure to do so adequately in the past was a key weakness identified by the European Court of Auditors.

- Secondly LAGs monitoring and evaluation objectives should be adapted to take account of the effects of the LEADER approach to the delivery of the LDS e.g. re projects target setting, data specification, collection and reporting or the involvement of beneficiaries.

- Thirdly the evaluation of the effectiveness and efficiency of the LAGs delivery mechanism should be reflected in the objectives.

- Finally the LAGs monitoring and evaluation objectives should address the implementation of the LEADER method itself

12.2 Fitting within a common performance monitoring and evaluation framework (PMEF)

LAGs involvement in monitoring and evaluation extends beyond the LDS focus and objectives must also be set for how LAG monitoring and evaluation activities will fit and contribute to the common framework of the CAP SP. In considering their monitoring and evaluation objectives LAGs should also therefore take account of the contribution they should make to the CAP SP and its monitoring and evaluation approach. The Managing Authority will provide LAGs some guidance on their Monitoring and Evaluation objectives, on what data needs to be collected, when and how.

Taken together these elements clearly imply a final and overarching consideration, the importance of establishing a systematic approach which links the LDS and its delivery with monitoring and evaluation as a single coherent system. This in turn must link to the CAP SP framework as part of a coordinated overall system. It is worthwhile considering developing consistent database tools to ensure that all data which will be required is collected and can be accessed by the MA at any time.

12.3 Monitoring project implementation and performance

This is a different form of monitoring activity, monitoring the implementation of the activities supported under the LDS. One of the important aspects of LEADER is the on-going 'life cycle' support which LAGs provide for projects: the aim is to have successful projects which deliver against the LDS.

Monitoring project implementation and performance is an important management consideration for LAGs in helping to ensure this aim is achieved, identifying any support needs or the need to adjust the LDS or the way in which projects are supported. This form of monitoring activity is therefore important for LAGs in their on-going work and in reality checking what is actually going on at project level.

Monitoring activities may involve regular visits to project sites, meetings, surveys and other activities allowing the LAG members and staff to have feedback and an overview on project implementation.

13. Verifiability and Controllability of the Measures and/or types of operations

13.1 Risk(s) in the implementation of the measures

The projects supported under LEADER will be subject to checks on reasonableness of costs and all interventions will be subject to the relevant procurement procedures. Should the beneficiary be a public entity then Public Procurement regulations will apply. In the case of private entities 3 comparable quotations need to be presented. Interventions will be subject to on the spot checks to verify expenditure incurred. Checks will be carried out by the MA, PA and LAGs. Sampling and details of controls will be detailed in the respective operating guidelines.

- Respect of the necessary Procurement Regulations by beneficiaries
- Demonstration of reasonability of costs (comparability and market prices)
- Adequate checks and controls by LAGs
- Conflicts of interests amongst Decision Board members

13.2 Mitigating Actions

- Provision of clear guidelines to applicants
- Information sessions and materials for better understanding of measure eligibility requirements
- Declaration of self-interest by the LAG staff and board
- Ensuring that the LDS contain measurable targets
- Actions to facilitate implementation of projects and to help avoid errors including the use of simplified cost options whenever possible.

13.3 Overall assessment of the measure

The LEADER measure is an important tool for local rural development in Malta. In particular it can engage with rural stakeholders on a local level who would otherwise not be affected by CAP SP activities, and through raising awareness and providing information and advice it can support new approaches, new ideas, and innovation among the rural population. However, LAG activities need to undertake significant amounts of animation to engage the population, and constant monitoring to ensure they are engaging with the full range of rural actors acting in a positive manner to involve socially excluded groups. A high level of oversight is required to ensure LAGs deliver against both LDS and CAP SP objectives.

13.4 Co-ordination mechanisms and complementarities

Local Development Strategies may include interventions which require support from measures under the CAP SP. These may include training and advice, and cooperation. Actions supported through the LDS cannot contain measures for which support is already provided through other CAP SP measures. All interventions proposed in the LDS have to be complementary to the targeted objectives of the CAP SP.

14. The LAG's structure

14.1 Members

The LAG membership is open to everyone living within the LAG boundaries and it is the members who are the most important resource for the LAG's operation. LAGs may set up a small membership fee in order to collect private funds and better commit the members in the LAG activities. Both private persons and local public/private organisations can become members. The number of members is a good indicator on how widely the LAG is known and recognised on its territory. LAGs are to demonstrate that they have the support of local communities through exclusive declaration of at least 40% of the eligible Local Councils (in terms of number of Local Councils within the respective region) within the region. It must be ensured that no single interest group controls the decision-making.

14.2 General Assembly

The LAG must be an accountable, registered body but otherwise it can freely organise itself internally, according to its statutes. The General Assembly where all LAG members are invited once or twice in a year is in charge of selecting the Board and the Chairman from amongst the LAG members. The election may follow the public-private partnership principle as well as territorial, gender and age equity. The General Assembly also has other formal duties defined by the statutes like approving the annual reports, accounts and financial statements of each year. It also has power to change the LAG's statutes.

14.3 Decision Board

The Board uses the highest power in everyday decision-making of the LAG and is also legally and financially responsible for its operation. The size of the Board is defined in the statutes: typically it (indicatively) consists of 5- 7 persons. The LAG Chairman leads the Board. All Board members must sign a statement of confidentiality as regards to all information obtained in their position, through the project applications for example. Due to their family or business relations the Board members may sometimes face a conflict of interest situation and cannot take part in the project selection decision-making. In such instance the LAG should follow the necessary procedure as defined in the Operating guidelines issued by the MA.

The LAG is to avoid a small group of powerful actors controlling the decision and ensure that the partnership covers a wide spectrum of local society, incl. women, young people, environmental NGOs, enterprises, etc.

14.4 Sub-committees

The Board may nominate sub-committees to prepare and evaluate material to be presented for the Board decision-making. Project evaluation, project monitoring and cooperation sub-committees are typical examples where these issues can be discussed and prepared more in depth than in the Board. Further details are found in the operating guidelines for LEADER.

14.5 Staff

The Board is responsible to hire the LAG administration staff and this must be done from the LAG's administrative budget. As the LAG budgets and administrative tasks are variable, the amount of staff should be proportional. LAG's will normally be expected to operate with 2 full time staff, where the Manager works as an executive manager of the LAG, supported by a LAG Secretary.

14.6 Accountant, auditors and other professionals

These functions are normally outsourced and play a key role in successful LAG management and complete the LAG's structure. Keeping the accountant informed on all financial matters ranging from the approval of invoices to LAG's administration funding decisions pays back in all reporting. The auditors can give good administrative and financial advice throughout the year. Other professionals can also be roped in as necessary.

14.7 The Board and Staff duties

14.7.1 The Board evaluates and decides

The Board's main duty is to evaluate, prioritize and approve the project applications that implement the LAG's development strategy. The Board also has many other roles: it is legally and financially responsible for the LAG's operation, it monitors and if necessary updates the local development strategy and it has an employer status in regards to the staff members. The Board members are knowledgeable antennae for the LAG's animation and advisory work towards the project applicants.

The Board can also be project applicants and implementers themselves, they must however remember not to participate in any decision-making regarding their own projects.. To maintain their capacity the Board members are expected to attend to training sessions organized in particular by the Managing Authority or National Rural Network.

14.7.2 The Manager prepares and presents

The LAG Manager is in charge of coordinating all the work relating to the development of the LDS. This will entail preparations for consultations, engagement of expertise and stakeholders, reporting and ensuring that the approach and content of the LDS are consistent with EC regulations and MA guidelines.

When it comes to LDS implementation the manager must deliver the project presentations to the Board. The Manager is responsible to organise the process of reviewing project applications against the Local Development Strategy (LDS) eligibility criteria using the evaluation mechanism set by the LAG. The final decision for project selection and funding within the allocated resources of the LDS is made by the decision-making body of the LAG. Detailed procedures are defined in the Operating guidelines issued by the Managing Authority.

15 The segregation of duties

This section refers to the definition of the tasks of the Managing Authority, the Paying Agency and the LAGs under LEADER, in particular with regard to a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations referred to in Article 79 of Regulation (EU) No 2021/2115

15.1 Managing Authority (non-exhaustive list of duties)

- Provision of guidelines on LDS minimum structure and content
- Approval of proposal by LAG to undertake preparatory action for the preparation of the LDS
- Receipt and evaluation of the LDS
- Approval of the LDS (Including Cooperation Projects)
- Allocation of budget
- Contracting LAGs, and addenda where necessary
- Approval of operational budgets which need to be submitted along with the LDS (unless simplified cost options are otherwise adopted)
- Monitoring and Evaluation of LAGs/LEADER, with the support of the LAG's
- Issue of any other Guidelines and Instructions as deemed fit, which are to be followed by LAG's (and where applicable, by LAG's beneficiaries).

15.2 Paying Agency (non-exhaustive list of duties)

- Receipt of payment claims
- Processing, verifying and execution of payments
- Controls on beneficiaries
- Issue of any other Guidelines and Instructions as deemed fit, which are to be followed by LAG's (and where applicable, by LAG's beneficiaries).

15.3 Local Action Group (non-exhaustive list of duties)

- Preparatory actions for the development of an LDS
- Implementation of the LDS including drafting of guidelines, application forms, publicity, receipt of applications, evaluations and selection, contracting, project monitoring and controls
- Implementation of cooperation projects including the undertaking of the necessary preparatory requirements
- Direct monitoring, assistance, continuous contact with LDS beneficiaries as well as potential beneficiaries
- Other roles as defined in the operating guidelines issued by the Managing Authority
- Monitoring & Evaluation of the LDS
- Follow up on any Guidelines and Instructions as issued by MA and ARPA

Notes on eligibility of expenditure

1. Local Action Groups are informed (and in turn they will shoulder responsibility to inform and oversee their beneficiaries accordingly on the same lines) that Direct Orders (DO) are to be avoided under EAFRD expenditure. That said, in keeping with PPR and other guidance issued by National Authorities, in extraordinary circumstances[11], and when it can be demonstrated that the EU Funds beneficiary operated diligently throughout project preparation and implementation, DO may be considered for reimbursement by the Paying Agency (subject to possible financial corrections up to 100%). Prior to committing to a DO, LAG and their beneficiaries are advised to seek guidance from the ARPA and MA before commitments are made.

2. Local Action Groups are informed (and in turn they will shoulder responsibility to inform and oversee their beneficiaries accordingly on the same lines) that the list of expenditure below is considered ineligible and inadmissible. Note that this is <u>not a comprehensive list</u> and LAGs should seek guidance from the MA where deemed necessary:
    a. The purchase of all types of vehicles for whatever purpose;
    b. Temporary works not directly related to the execution of the project;
    c. Maintenance costs for existing buildings, plant or equipment;
    d. Like for like replacement;
    e. Payments for gifts and donations;
    f. Criminal fines and damages;
    g. Legal expenses in respect of litigation;
    h. Expenditure related to fireworks.

3. The MA maintains the right to refuse expenditure that is presented as eligible expenditure as part of the LDS.

[11] Only in exceptional circumstances Direct Orders may be considered. Whilst prior written approvals will be required in line with PPR, this alone will not necessarily result in the full reimbursement of a DO. Considering that DO's are one-off cases, each case has to be separately evaluated and decided on and LAG has to ensure that beneficiaries are taking all the necessary steps before such decision.

ANNEX I – Links (as may be amended, last accessed 15.05.23)

Reference to important documentation

1. Special Report: LEADER and community-led local development facilities local engagement but additional benefits still not sufficiently demonstrated
   https://www.eca.europa.eu/Lists/ECADocuments/SR22_10/SR_Leader_EN.pdf

2. REGULATION (EU) 2021/1060 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy
   https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02021R1060-20230301

3. REGULATION (EU) 2021/2115 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013
   https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02021R2115-20220422

ANNEX II - Local Development Strategy Template

LEADER 2023 – 2027

Local Development Strategy Template

In addition to the *Guidelines to Local Action Groups* on *How to design and develop the Local Development Strategy*, the EAFRD Managing Authority has prepared this template which should further guide Local Action Groups in the design of their Local Development Strategy.

Introduction

Successful implementation can only be delivered if a good strategy preparation process is carried out. The following six principles should be adopted when preparing the Local Development Strategy.

1. LAGs must ensure that the strategy is clear, logical, feasible, realistic and inclusive. The bottom-up approach needs to be ensured, with input and support from various individuals, groups, communities and organisations.

2. The LDS must complement the Common Agricultural Policy Strategic Plan for Malta 2023 – 2027.

3. The text should be consistent and based on the strengths and opportunities which the Region has to offer. It should also offer innovative solutions and practices to address the weaknesses and threats which are identified in the area.

4. The Local Development Strategy should aim to foster competitiveness through innovation, should comply with the principle of sustainable, climate and environment friendly economy and create opportunities to improve the well-being of the population.

5. The LDS priorities must arise from a detailed analysis of the current situation and lessons learnt from the 2014 – 2020 programming period. This can be achieved through a detailed SWOT analysis. The LDS must be clear about what it aims to achieve, how it is going to achieve it, and what can be done to measure the extent to this achievement.

6. The LDS should therefore identify what will be done, why it will be done, by whom, by when and from which budgets. This could be reflected in an action plan with SMART (Specific, Measurable, Attainable, Relevant, Time-bound) targets or descriptions of what the partners (or applicants) are going to do.

Engaging the Local Actors

Local partners, organisations and communities should contribute to ensure that the Local Development Strategy can reflect their needs and aspirations.

Inclusivity: The leaders who are developing the LDS should meet with various authorities, organisations, businesses and individuals, hailing from as many different backgrounds, areas and sectors as possible.

Mutual Respect: A culture of mutual respect, openness and dialogue should be adopted. An effective strategy will emerge from listening and responding to many needs and points of view.
Communication: The strategy, especially its main elements, should be accessible to people from all walks of life. Stakeholders need to be aware of the strategy, how they can benefit from it and how they can influence it. A Communications Plan must be included as part of the LDS.

Structure and Content of the LDS

This section aims to provide a template which includes the minimum requirements which every Local Development Strategy has to include. Local Action Groups should elaborate on these points and add any further suitable information and details.

The following therefore sets out what the EAFRD Managing Authority expects to see addressed in the LDS and the structure it should follow.

1. Definition of the territory and of the population

The LDS must set out the area and population which are covered by the Local Action Group. This section must therefore include a list of rural localities, together with their populations. LAGs must follow the definition of 'rural area' as described in the Common Agricultural Policy Strategic Plan for Malta 2023 – 2027. No locality can form part of more than one LAG.

2. Analysis of the Territory

This section shall analyse the development needs and the potential of the area, including an analysis of strengths, weaknesses, opportunities and risks.

A thorough SWOT (strengths, weaknesses, opportunities and threats) analysis of the region has to be carried out. This analysis may take the format of focus group session/s to which various stakeholders from the various sectors need to be present. At this stage it is important to attract a mix of stakeholders, some of whom have been involved in the 2014 – 2020 programme and some who have not yet participated.

From the SWOT analysis, the needs of the region can be extracted and eventually, the LDS should assess and describe how the strengths of the region can be used to overcome the threats and how the opportunities can be developed further to address the weaknesses.

The ultimate scope of a Local Development Strategy is to identify the needs of the region and design Actions to address these needs.

This section should include outcomes of discussions held with different stakeholders, their understanding of their respective sector, their ideas and their suggestions. It is highly important to extensively minute such sessions in order for them to be included in this section.

3. Description and objectives of the strategy

This section shall describe the objectives of the LDS and the integrated and innovative features of the strategy, a ranking of objectives, including measurable targets.

This section shall therefore include detailed information regarding each intervention which is being proposed by the Local Action Group.

For every intervention proposed, the below information should be provided:

1. Title and code for the intervention
2. Aim and Scope
3. General description of the intervention including:
    a. Description of the type of operation
    b. Type of support
    c. Action intervention logic, its link to the need/s of the Region as identified in Section 2, its contribution to CAP SP 2023 – 2027.
    d. Contribution to cross cutting objectives of the CAP SP (innovation, climate, environment)
4. Eligible beneficiaries
5. Eligible and non-eligible costs
6. Principles of Selection criteria
7. Applicable level of support, including applicable capping and also the applicable aid intensity)
8. Budget allocation towards the intervention
9. Targets and clear, adequate indicators to measure the success of the Action
10. Risks in implementation and mitigation factors
11. Overall assessment and relevance of the Action

4. Description of the process for engagement in LDS preparation and implementation

This section of the LDS shall include a description of the process to involve the local communities in the development of the strategy.

This section should therefore describe the process which was adopted by the LAG during the design of the LDS. The LAG should have a clear plan on how the consultation process shall be carried out. Throughout the process, the plan may need to be amended, involvement of stakeholders will always require a certain amount of flexibility.

The LAG should list and describe which organisations were represented, what type of meetings/focus groups/questionnaires were used to consult stakeholders. This section should demonstrate how the inhabitants of the Region (including communities, NGOs, individuals, business, organisations, cooperatives, stakeholders etc...) were involved in the process of LDS development.

5. Transposing Needs and Objectives into Projects

This section shall describe the method used by the LAGs to transpose the objectives into projects.

For every Action which the LAG is proposing as part of its Local Development Strategy, the LAG must here describe the method used to transform the objectives of the strategy and needs of the region into Actions which will support beneficiary project. The rationale of each Action therefore has to be described.

Once the objectives of the strategy and needs of the Region have been identified, a set of 'Actions' which address them can be identified. A list of several 'Actions' which address these objectives and needs can then be drafted. These have to be assessed with their merits and risks and the best response to addressing the LDS objectives and needs of the Region should then be selected. The LDS should therefore explain why a particular type of response was chosen over another.

6. Implementation Plan

This section will include a description of the strategy management, monitoring, evaluation and control.

The LAG must set out an implementation plan, i.e. how all Actions will be implemented and when, what actions will be required for the launch of each action, information sessions, press releases, adverts, evaluation of applications, board meetings, contracting of beneficiaries, monitoring of project progress, site visits etc.

A plan of how the LDS can be monitored and evaluated also has to be included in the LDS. For every Action, indicators and targets must be set. The LAG must development a data collection plan which will enable it to collect the information required to calculate these indicators on a periodic basis. These indicators can be used to identify Actions which are lagging behind and objectives which are not being reached. Through this, the LAG can then react to ensure that implementation takes place in line with its objective targets. In this evaluation plan, the LAGs have to identify indictors, targets and respective data sources.

The Communication Plan should also form part of this Section.

7. Financial Plan

This section should include the financial plan of the strategy, allocated per major objectives of the strategy.

This section should take the form of a detailed table which outlines the objectives of the LDS, the needs of the Region and how the actions will contribute towards this.

Intervention	Objective 1		Objective 2	Objective 3		
	Need 1	Need 2	Need 3	Need 4	Need 5	Need 6
Intervention 1	€100,000		€100,000			
Intervention 2		€200,000				
Intervention 3				€50,000		
Intervention 4			€50,000		€50,000	
Intervention 5						€100,000
Intervention 6	€100,000					

Table 1 – Financial Plan

The example in Table 1 above has identified 6 Needs and 3 Objectives to address these needs. Objective 1 will address Needs 1 and 2, Objective 2 will address Need 2 and Objective 3 will address Needs 4, 5 and 6.

Intervention 1, to which €200,000 have been allocated, will address Needs 1 and 3. At this point, the LAG needs to state how the funds allocated to Action 1 will be divided to address these 2 Needs.

8. Set-up of the Local Action Groups

This section of the LDS should include a description of the local partnership set-up in compliance with the previously mentioned requirements.

The Local Development Strategy should assess and detail the set up of the LAG, including the composition of the Decision Committee. The composition of the LAG should be in line with the Guidelines to Local Action Groups on How to design and develop the Local Development Strategy and Leader Operating guidelines, which state that 51% of the DC should be made up of private entities. The statute of the LAG shall therefore be updated by a warranted notary and registered as required by National Law. A true copy of the original statute is to be annexed to the LDS.

9. The Implementation Capacity

The LAG needs to set out its organisational structure, the roles of the administrative staff, the Evaluation Committee, Decision Committee, contracted project managers etc. The roles of these individuals and bodies are set in the Leader Operating guidelines; however, the LAGs must show how and when these structures will be involved in the implementation process of the LDS.