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COVER NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	European Court of Auditors' Special Report N°10/2022: LEADER and community-led local development facilitates local engagement but additional benefits still not sufficiently demonstrated - <i>Presentation</i>

Delegations will find attached the presentation by the European Court of Auditors on its Special Report No 10/2022: LEADER and community-led local development facilitates local engagement but additional benefits still not sufficiently demonstrated, which will be presented at the Working Party on Financial Agricultural Questions on the 12 October 2022.

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12 October 2022

Special Report N° 10/2022:

LEADER and community-led local development facilitates local engagement but additional benefits still not sufficiently demonstrated



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Why did we do this audit?



What questions did we ask?



How we carried out the audit?



What did we find?



What do we recommend?



Why did we do this audit?

LEADER is the EU's participatory and bottom-up approach



It seeks to **facilitate local engagement and empowerment**

...but



it entails **extra costs and risks**, in particular compared to mainstream (top-down) EU spending programmes

(LEADER running costs are capped at 25 %)



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**...and we published a Special Report on Leader
in 2010**

More than a decade ago we found weakness in:

- project selection procedures
- application of the bottom-up approach
- local action groups' ability to develop local solutions
- monitoring and evaluation



**Already, at that time, we recommended
an evaluation of LEADER**



What questions did we ask?

Has LEADER/community-led local development delivered benefits that justify its additional costs and risks?

We analysed:

- **the costs of the LEADER approach**

(total EU funding planned for 2014-2020 amounted to €9.2 billion)

- **the benefits of the LEADER approach**

(e.g. facilitation of local engagement and project results)



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How we carried out the audit?

Audit scope:

- we covered the 2014-2020 period
- we examined ten Member States, covering two LAGs in each Member State
- we assessed information on 95 projects, selected on the basis of their costs (low, medium, high), the sectors concerned and the EU funds used
- this audit also follows-up on our previous audit



What did we find?



LEADER facilitates local engagement



The LEADER approach **involves extra costs**



The Commission has still **not evaluated** the benefits of the LEADER approach



There **is little evidence** that the benefits of LEADER outweigh its costs and risks



LEADER is **used to fund statutory tasks** of national, regional or municipal authorities or other activities **for which other specific EU and national funding programmes existed**



We found LEADER projects are standard project ... and it is used to fund the statutory tasks of EU, national, regional or local bodies





and the list of examples of such projects is long....

Project description	Type of project promoter	Total expenditure	EU contribution	ESIF
Construction of a cycling path in a village	Public authority	81 624.00	72 906.56	EAFRD
Purchase of agricultural machinery	SME	160 226.27	143 114.11	EAFRD
Purchase of equipment for a semi-subsistence beekeeping holding	SME	13 975.50	12 482.92	EAFRD
Purchase of equipment for a taxidermist	SME	1 047.31	935.46	EAFRD
Purchase of agricultural machinery (young farmer)	SME	84 574.13	75 541.62	EAFRD
Purchase of agricultural machinery (young farmer)	SME	27 951.00	24 965.83	EAFRD
Renovation of street lights	Public body	2 981.16	2 384.93	EAFRD
Reconstruction of freight containers for holiday homes	SME	29 152.85	23 322.28	EAFRD
Purchase of farm machinery (tractor)	SME	77 867.57	22 269.18	EAFRD
Purchase of farm machinery (loader and conveyor)	SME	62 725.56	24 086.62	EAFRD
Improvement of road infrastructure	Public Entity	580 000.00	517 302.00	EAFRD



We also found that:



Most Member States applied pertinent procedures to select and approve LAGs

...but



some Member States applied **less demanding quality standards** when selecting local development strategies



Administrative complexity - up to 8 steps in project selection process



Member States had completed and paid for **relatively few projects** (39 %) – e.g. Slovakia had not paid for any project



Women and young people were **under-represented** in local action groups





Overall conclusion



the LEADER approach facilitates local engagement

...however



there is still little evidence that the benefits outweigh the costs and risks incurred



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What we recommended:

The Commission should comprehensively evaluate both the costs and benefits of LEADER and assess the community-led local development including:

- quality of local development strategies
- reduction of costs and administrative complexities
- representation (e.g. women, young people) in local action groups
- additional benefits of LEADER projects, as compared to :
 - ✓ other EU spending programmes or
 - ✓ projects that are statutory tasks of local, regional and national authorities



THANK YOU

for your attention!

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