

CAP Consultative Conference 4th July

The Department of Agriculture, Food and the Marine hosted a CAP Consultative Conference 4th July 2018. ILDN take part in this initial discussion on the new CAP and are happy to continue to feed into the CAP discussions and the development of the next Rural Development Programme post 2020 on behalf of its membership.

It is understood that it is very early in the development of the new CAP and that the Commission and member states have much work to do before the final shape of the new CAP and the potential of the LEADER Programme are fully realised. However as in previous iterations of CAP and the development of the National Rural Development Programmes in Ireland, ILDN are happy to bring its collective knowledge of over two decades of LEADER Programme delivery to the table to help ensure that the LEADER element of the next RDP effectively delivers on key policy areas of 'Project Ireland 2040' and the 'National Development Plan 2018 - 2027' and continues to effectively deliver for rural areas across Ireland.

At this initial Consultative Conference, a number of broad but interesting questions were raised under the Rural Enterprise and Community Development working groups and stakeholders were encouraged to consider these questions in relation to the future RDP. ILDN would like to provide some initial observations based on the questions posed but acknowledge the limited information available to its members on the new CAP at this time.

The questions posed by the Department and initial responses from ILDN are as follows:

Q1 How can the new CAP better support enterprise development and sustainable employment, including through agri diversification and other rural based businesses?

In general terms, LDCs should in principle be provided with access to all 'priorities' of the non-conventional farm RDP funding. In the current programme LDCs are limited to the Social Inclusion priority (P6) while not being utilised in the other five priorities that were judged closer to the conventional farmer.

The 9 main priorities of the new CAP legislative proposal (Figure 1 at end of this document) outline the main priorities to be addressed in the new CAP. It is difficult to provide support for rural businesses and farmers through diversification when some of the main tools available to facilitate an integrated approach to such supports are not made available through LEADER. The New Rural Development Programme should provide greater flexibility for LEADER to be used and resourced in other areas of the CAP (see Figure 1 at end of this document) where the LEADER methodology can add real value to achieving the 9 common objectives.

A common theme across all these objectives is the need for effective local engagement with rural communities to achieve the key enabler outlined (Knowledge & Innovation). LEADER implemented as a bottom-up approach to rural development has significant potential to harness local knowledge and bring renewed innovation to achieving these 9 CAP common objectives in a more integrated way.

ILDN notes DG AGRI comments¹ around a more integrated CAP going forward, “Both CAP Pillars would be more closely linked in a streamlined common plan, short but with sufficient strategic information to describe how Member States will implement the CAP”, suggesting a less rigid adherence to separate Pillar approaches with greater opportunities for a more integrated approach and greater use of the LEADER method.

We also welcome Commissioner Hogan’s² intention to simplify the new CAP, stating “We currently have 6 priorities, 18 focus areas, contributing to 3 CAP objectives and 11 Thematic ESIF objectives. It sounds unnecessarily complicated and it is my impression that this is the case”. The Commissioner also acknowledged the important role of networks, stating that “networking will play an increasingly important role in policy design and implementation. Networking across borders and pillars is a positive sum game; it is crucial for ensuring mutual learning and knowledge exchange and it allows us to develop solutions and schemes together.”

ILDN welcomes the intention to simplify the next CAP pillar structure and bring forward a more integrated RDP. This will provide significant potential for LEADER to deliver on a broader range of supports in the RDP for both farmers and rural dwellers.

LEADER has to date provided important supports to our farming community around diversification and potential of complementary rural business. This has included mentoring through the LEADER animation process and funding for eligible projects. While this has been broadly successful, in Ireland access to farm diversification supports under LEADER have been more constrained than in other parts of the EU. This has been due to member states concerns about double funding the farm enterprise with the LEADER Operating Rules making it problematic to fund a farm family to establish an alternative farm enterprise. For example, the LEADER rules have allowed the funding of equipment for a farm shop, but not the shop building itself. In addition, limitations around funding of road-going vehicles has also presented particular constraints to alternative farm enterprises. We need to be much more ambitious in supporting our farming community in broadening their local enterprise footprint, shortening the food supply chain and supporting their entrepreneurial capacity. LEADER is the ideal vehicle for this to be achieved, subject to the Operating Rules facilitating this in the new CAP.

The concept of local ‘circular economy’ and the efficient use of by-product and waste at local levels is gaining interest across Europe currently. The bioeconomy sector encompasses the production of renewable biological resources and the conversion of these resources and waste streams into value added products, such as food, feed, bio-based products and bioenergy. It is operated by the sectors of agriculture, forestry, fisheries, food and pulp and paper production, as well as parts of chemical, biotechnological and energy industries. The sectors are worth EUR 2 trillion in annual turnover and account for more than 22 million jobs and approximately 9 % of the workforce (2012). The biomass-producing sectors, i.e. agriculture, forestry and fisheries, tended to be the most labour-intensive sectors of the European bioeconomy with capacity for local employment (i.e. forestry, agriculture and the manufacture of bio-based textiles). LEADER can be used to promote bioeconomy-related innovation in agriculture and forestry and the concept of the circular economy in general. This has the double policy objective of stimulating local rural jobs and addressing environmental targets.

¹ Christina Borchmann, European Commission, DG AGRI https://enrd.ec.europa.eu/sites/enrd/files/w23_performance-based-rd_report.pdf

² https://ec.europa.eu/commission/commissioners/2014-2019/hogan/announcements/speech-commissioner-phil-hogan-new-cap-delivery-model-event-enrd-rural-development-managing_en

ILDN also notes the Commission's statement³ in the new CAP proposal that "There is a potential for employment opportunities in rural areas for legally staying third country nationals, promoting their social and economic integration especially in the framework of Community-led Local Development strategies", including through LEADER.

The European Commission policy brief 14977/17 - AGRI 654⁴ stated that "The bottom-up, locally led approach LEADER has proven to be an effective means to local capacity-building and to promoting social inclusion, poverty reduction and job creation in the local economy," and "Moreover, through its rural development arm, the CAP can play a role in helping to settle and integrate legal migrants, refugees in particular, into rural communities. Experience shows that Community-Led Local Development/LEADER is particularly apt for this".

There is scope in the new RDP for the MSs to take a more pragmatic and innovative approach to the LEADER rules around what can be supported for the farming community around the funding of alternative farm enterprises (i.e. Farm Shops, Cooperative efforts to shorten local food supply chains, Monetising Public Goods products). LEADER is effective at promoting potential for local collaboration and innovation, this could include a new sub-theme for circular economy and addressing the potential of the local bioeconomy as well as the broader areas of the RDP

➤ **What role might the proposed lump sum for business start-ups play?**

ILDN has limited information about the lump sum proposal at present.

Q2 Should the LEADER programme continue to be delivered under very broad local and community development themes?

- **Could it be better aligned with specific needs identified at national level to further complement other funding programmes?**

The LEADER programme has historically responded to a broad range of needs identified through local consultation and articulated in the Local Development Strategy. This approach has been broadly successful in keeping with the principles of LEADER and in demonstrating local responsiveness. LDCs believe that LEADER has in the main also addressed specific needs identified at national level and that in delivering LEADER LDCs have worked to link the bottom-up with the top-down in a way to ensure maximum coordination of policy. There is a danger in being too prescriptive and narrow in a policy focus for LEADER, as this may be seen by local communities as pandering to political agendas and not allowing local stakeholders the autonomy to articulate and address their specific local needs.

ILDN notes the EU policy focus on Smart Villages (SV) and rural areas through greater use of digitisation and social innovation. DG AGRI describes SVs as being about "People –Passion –Projects, (on-and off-line)" and that "it is an objective rather than a method". The research on SVs to date suggests that the approach "should not be restrictive but rather aim to inspire and aspire". The DG

³ CAP Regulation proposal, COM(2018) 392 final, https://eur-lex.europa.eu/resource.html?uri=cellar:aa85fa9a-65a0-11e8-ab9c-01aa75ed71a1.0003.02/DOC_1&format=PDF

⁴ Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director. Ref: COM(2017) 713 final, p21, <http://data.consilium.europa.eu/doc/document/ST-14977-2017-INIT/en/pdf>

also points to the “potential for LEADER to support the SVs concept, pointing out that SV strategies are broader than digitisation and also cover social innovation, which is a key element of LEADER.

LEADER CLLD method including the multi-fund potential of using all ESIF funds to achieve more integrated use of EU funding for development of rural areas should be key to channelling these funds into rural areas. We welcome statements by DG Regio⁵ that “the Common Provision Regulation (CPR) has been simplified and these territorial tools (ESIF) like CLLD, ITIs, alongside CAP interventions can all be used” to support SVs. This sets the way for the Managing authorities in Ireland to ensure the multi-fund method is utilised to its full potential in the next programme period.

We understand that there may be a result indicator for Smart Villages included in the new CAP. ILDN has a number of members which have been actively involved the SVs workshops at European level and welcomes the opportunity to work with the Department in ensuring the LEADER programme methodology can be effectively brought to bear in furthering the Smart Village objectives.

If Smarter Villages is an objective of the new CAP, then LEADER is the obvious delivery vehicle. ILDN would like to see more ambition in the use of CLLD multi-funds being levered in the future LEADER programme and in developing the concept of Smart Villages in Ireland under the next CAP period. Practical orientations about how to utilise and integrate these funding tools which are available at EU level are critical if the policy objective of Smart Villages and countryside's are to be realised.

At least 30% of rural development funds from the new CAP are to be devoted to environmental and climate protection. A significant amount of local capacity-building and upskilling will be required to enable farmers and rural communities to play their part in achieving targets. Training, awareness-raising, networking and cooperation through local groups have in the past been useful approaches in furthering good environmental practices. LEADER could play a big part in the local processes to achieve more ambitious targets in this area.

Given LEADER's local connections and reach, it can add significant value to promoting the RDPs environmental agenda, by securing buy in through a broader set of rural stakeholders.

The European Council's new CAP Regulation states that it is “fundamental to address structural problems in rural areas such as lack of attractive employment opportunities, skill shortages, underinvestment in connectivity, infrastructures and essential services, as well as youth drain”, and the need to “strengthen the socio-economic fabric in those rural areas through job creation and generational renewal, by bringing the Commission's jobs and growth agenda to rural areas, promoting social inclusion, generational renewal and the development of ‘Smart Villages’ across the European countryside.

Given the broad scope of this CAP agenda, the menu of LEADER interventions is necessarily broad also, depending on the needs of specific areas, therefore LEADER needs a level of flexibility in order to be an effective endogenous policy intervention tool for rural areas.

⁵ Eleftherios Stavropoulos (DG Regio), ENRD Thematic Group on Smart Villages, 4th meeting 12th June 2018. https://enrd.ec.europa.eu/sites/enrd/files/tg4_smart-villages_meeting-highlights.pdf

➤ **What should be the priority themes and target groups for the new LEADER programme?**

Basic Services for rural communities has traditionally been an important theme for LEADER in responding to local needs. It is also an important tool for engaging with local communities for a broader range of themes i.e. environment and biodiversity, renewable energy and conservation. However there has been a fragmenting of Community funding in recent years causing potential for confusion among communities and a sense of incoherence of policy objectives (REDZ, Town & Village, CLAR, Rural Recreation etc). While all additional funding for rural areas is very welcome, it needs to be coordinated in order to avoid duplication and to maximise its impact for rural communities.

LEADER methodology is very strong in community consultation and in responding to rural needs through a defined Local Development Strategy (LDS) for an area. Ideally there should be one Local Development Strategy for a geographic area for a 5-year period. All additional funding into rural areas could be aligned with this strategy and delivered using the LEADER methodology through the established delivery structures. This would provide greater policy coherence on the ground leading to more effective use of public funds and would give local communities a greater sense that their consultation was being delivered on in a coherent and meaningful way. Essentially this would provide a 'one-stop-shop' approach to community and rural development making it easier for communities to engage with the funding. Utilising the traditional LEADER structures and methodology build up over last two decades in Ireland for this one-stop-shop approach would realise significant economies of scale and scope in the delivery of funding into rural communities. Opportunities to utilise LEADER and make it more applicable for the small to medium vulnerable farming sector should be explored (see Q3 below).

In addition to Basic Services, the current set of LEADER Themes and sub-themes appear to be serving the needs of rural communities well. However, adequate funding needs to be made available for to meaningfully address these themes and local needs.

How funding is made available to rural communities and their capacity to accessed it is very important. Animation support for rural communities and enterprises is a critical enabler for the effective drawdown and use of all available funding, LEADER Animation needs to be adequately funded to effectively support sound project ideas to flourish from within communities. Fragmented funding streams leads to grant shopping (and hopping), confusion, inefficiencies and duplication. This can be avoided through the use of the LEADER methodology as the rural funding framework through a single LDS for an area and through a one-stop-shop approach to delivery of rural & Community Development.

Q3 Is there potential within the new CAP to develop more innovative approaches to addressing cross cutting objectives such as generational renewal, farm diversification, protection of environment, business development and improved local services?

The Generation Renewal agenda in farming articulated in the new CAP could be supported through LEADER. The CAP outlines renewed supports for Young Farmers under a range of supports i.e knowledge and Innovation supports, instalation grants up to €100,000, retirement planning, farm

partnerships and cooperation. The LEADER Programme across Europe has often been accused of not doing enough for local farming communities. Small to medium farms in particular are very vulnerable, from pressures on farm income, weaknesses in productivity and competitiveness and imbalances in the food value chains. We would highlight points already made in Q1 response about potential of LEADER addressing a broader range of Focus Areas across the Priorities of the RDP.

Research by the European Commission⁶ points to some structural weaknesses and behavioural biases among the farming community: including a *"lack of appropriate leadership within groups of farmers sometimes precludes the setting up of formal collaboration networks"* and *"Farmers are often reluctant to engage in joint initiatives such as POs, mutuals, income stabilisation tool"*. The research also found a *"lack of trust, lack of social capital, along with lack of communication and mutual understanding between farmers have been shown to discourage farmers from engaging in collective actions"*. The research also found that *"the Farm Advisory Service (FAS) only covers a limited proportion of the advisors able to foster innovation and in several Member States, the Agricultural Knowledge and Innovation System (AKIS) is not functioning well."*

Local Development Companies are rooted in rural communities and already support micro enterprise creation through SICAP, LEADER, and other supports, so are well placed to promote this CAP agenda with local small to medium farmers on behalf of Dep and EU. We have been supporting unemployed people who have an entrepreneurial idea to start their own business through a DEASP scheme called BTWEA. This model has proven to be an effective policy response particularly during high levels of unemployment. A similar approach could be included in next LEADER programme to provide enhanced animation supports targeted at our small to medium farmers to address some of the above weaknesses, including succession planning, finance, social capital, leadership, and innovation.

This is also relevant in relation to above proposals around greater access to funding for alternative farm enterprises, as many of the entrepreneurial ideas will come from young farmers who may need facilitated support to access funding. In relation to farm grants, the research has found that *"The effectiveness of the grant in generating farm based growth potential may also be impeded by the lack of integration with business development advice."*

Commission research also found that *"The food distribution market is also highly concentrated. Food is mostly distributed through supermarkets, hypermarkets and discounters, which account for 54% of total edible grocery sales in the EU. In 2014, the share of the top five retailers exceeded 60% in 13 Member States."* Ireland is second highest at c 90% of its food being distributed through top 5 retailers. This highlights the importance of supporting local farmers in coming together to embrace opportunities to shorten food supply chains at local level. LEADER is well positioned to support local farmers to pursue this important policy objective of taking greater charge of how local food reaches citizens. This could include co-operative approaches.

Climate change is set to change production patterns and land use in some parts of Europe, introduce new pests and diseases and possibly increase the occurrence of catastrophic weather events. This is likely to have an impact on farmers' income, both negatively and sometimes positively (depending particularly on location) and may also affect the farm income and society in general. As custodians of the land farmers are very aware of the need to negate impact of climate change and for the protection of the environment. But rural communities are also important stakeholders for environmental issues,

⁶ MODERNISING & SIMPLIFYING THE CAP - Economic challenges facing EU agriculture, https://ec.europa.eu/agriculture/sites/agriculture/files/consultations/cap-modernising/eco_background_final_en.pdf017

around water conservation and biodiversity and renewable energy. Given the policy imperative of environmental issues for Ireland and the need to make a step change on reaching targets, LEADER should more proactively support environmental and renewable energy measures in next programme.

In order to help local farmers address these challenges and to further develop more innovative approaches to addressing cross cutting objectives such as generational renewal, farm diversification, protection of environment, business development and improved local services and food chains, the MA need to clearly and proactively signal such supports as thematically eligible under a specific Animation support in the next LEADER Programme. Supporting local approaches to addressing environmental and renewable energy issues should remain a sub-theme in new LEADER Programme.

Some specific areas of rural development require a high level of interaction with specific project promoters. These often require a greater level of motivation, coordination, capacity building or specialised support and engagement (i.e. renewable energy, environment or biodiversity, speciality areas of enterprise, youth etc). The ability to undertake an Animation Action to stimulate and support promoters in specific thematic areas to bring forward project proposals would be very constructive. This facility was available in previous LEADER programmes but appears absent from the current programme, resulting in more limited tools available in LEADER to address many important rural issues.

Animation of a LEADER strategic Action or objective of the LDS (outside of conventional animation) should be allowed in LDSs where it is demonstrated that higher levels of engagement and capacity building are required with specific sectors / groups in order to effectively implement a particular element of the LDS.

➤ **Can the co-operative measure assist in this regard?**

The cooperative measure has potential when employed through the bottom-up approach and has in the past been embraced in the LEADER method at local level. It must be acknowledged however that in the current LEADER Programme 2014-2020, that the cooperative ethos of the local development process has been undervalued. This well-established model had utilised the partnership and cooperative principles backed up by statutory and voluntary sectors in the delivery of LEADER for the last two decades. Cooperatives and farmer representative bodies were key architects of this Local Development Company model. However, following restructured governance arrangement in the current LEADER programme, many Boards of LDCs feel opportunities for cooperation and innovation are more limited and that they have been distanced from LEADER decision-making processes, feel disenfranchised and less relevant in the rural development space.

There is identified scope for greater collaboration between LEADER and the EIP, in particular in supporting the establishment of more Operational Groups (OP) in farming for the purposes of utilising the bottom-up approach to addressing important farming issues through innovative approaches.

A return to the cooperative / partnership approach for the delivery of LEADER is necessary if we are to fully embrace the bottom-up rural development methodology and the key principles of LEADER. Utilising LEADER to support other policy areas across the RDP where local actors can add real value should be explored.

General Observations

The importance of 'Animation' in LEADER needs to be better understood. According to an ENRD Working Group on Innovation in LEADER⁷, throughout its successive stages – the Community Initiative of LEADER, LEADER II, LEADER+ and from 2007 LEADER 'mainstreamed' under Pillar 2 of the Common Agricultural Policy and as Community-Led Local Development from 2014 – local innovation has remained an integral part of LEADER.

“However, after its mainstreaming in 2007 the administrative and reporting requirements related to the implementation of LEADER projects and the operation of the LEADER local action groups (LAGs) are perceived to have increased – from a local development approach, LEADER has become an EAFRD measure. This has influenced LEADER’s innovation potential through reducing the amount of time and local resources available for local animation and project development and increasing LAG time and resources allocated to running the LAG, reporting, and administration.

In a recent survey implemented by the ENRD Contact Point (ENRD LAG Survey 2017), when asked about various aspects of LEADER implementation, 84% of Local Action Groups across Europe either agreed or strongly agreed that their ability to implement LEADER was constrained by bureaucracy and administrative burden. According to 69% of LAGs, administrative and reporting requirements limit their capacity for animation and local development”.

The financial support for the LEADER programme was never more important in the context of rural Ireland policy and the need to address socio-economic regional imbalances. The anticipated budget reductions in the RDP as a result of BREXIT are a real concern to rural areas. In this regard, ILDN welcomes the Commission’s statements in the Proposed Regulations for CAP⁸ which states *“For rural development, it is proposed to rebalance the financing between the EU and Member States’ budgets. In line with what is foreseen for the European Structural and Investment Funds, an increase in national co-financing rates will allow keeping public support to European rural areas largely unchanged.”*

ILDN notes the Commission’s stated intention to keep *“at least 5 % of the total EAFRD contribution to the CAP Strategic Plan as set out in Annex IX shall be reserved for LEADER”*. We would urge the Irish government to be even more ambitious than this and allocate 7.5% considering its ambitious current rural policy agenda and the requirement to have 30% of RDP funds focused on environmental issues which will require a strong community input.

In addition, the Irish government should work to minimise any impact of these reductions, in particular, LEADER should be co-funded by the Irish State at the same level as other parts of the RDP.

Innovation is a critical element of the LEADER approach. But for innovation to flourish, adequate time for effective local 'animation of the territory' is required. The new CAP offers greater levels of autonomy for MSs through more “basic requirements for implementation and controls”. In this context the managing authority must promote greater appetite for risk taking in LDSs and work to minimise unnecessary levels of administration in LEADER and avoid 'gold plating' of CAP Regulation.

⁷ [Innovation in LEADER delivery chain – a summary based on the LEADER Innovation Practitioners Working Group discussions and meetings.](#)

⁸ [Commission proposal for CAP, COM\(2018\) 392 final, Brussels, 1.6.2018](#)

Adequate funding for LEADER for the next CAP period is critical if LEADER is to fulfil its important objectives of supporting 'balanced territorial development' and the need to stimulate rural economies.

The issue of State Aid has been contentious for LEADER and should be clarified in advance of the launch of the next LEADER Programme. A block exemption of the LE should be sought by the Irish authorities and built into the new Rural Development Programme submission to Europe post 2020.

The Interterritorial element of the Cooperation funding in the LEADER programme is proving problematic and unnecessarily complicated. The requirement that all participating LAGs must simultaneously process the project EOI and application leads to duplication and unnecessary delays. Cooperation projects are by their nature slow to implement, therefore all other opportunities to streamline and fast-track the process should be availed off.

ADER Programme activity from the State Aid rules

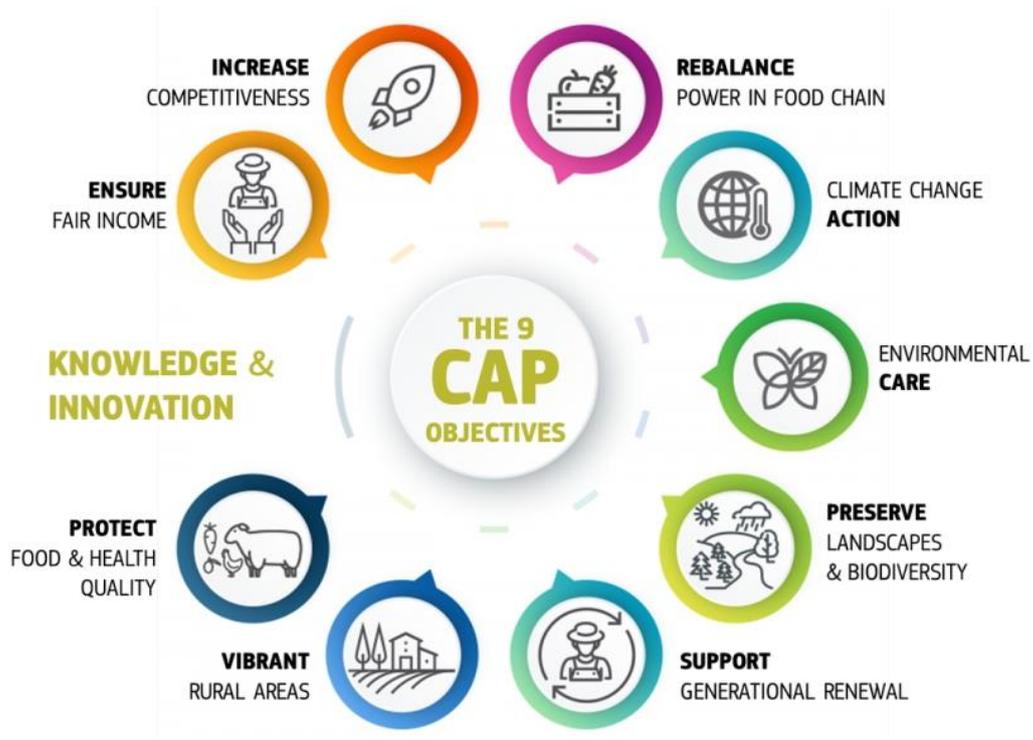
The option in the CPRs for managing authorities to delegate the approval of cooperation projects to LAGs themselves should be utilised. For Interterritorial cooperation projects, the application process needs to be streamlined. 'Memorandum of Understanding' could be utilised, the lead LAG could simply get agreement from all participating LAGs agreeing to participation in the project. Each LAG would be kept informed on progress from the lead LAG and would have to give their formal approval for all payments from their LAG.

Training has traditionally been an important intervention in LEADER for rural communities. It is critical for the development and building the capacity of local communities and in responding to identified rural needs. A review of the 7 core principles or features of the LEADER approach (below) highlights the critical importance of training to build the capacity of rural communities and to ensure these essential and unique features of LEADER as a developmental programme are maintained. Training is all the more important in light of new CAP priorities i.e. Smart Villages, Environment and support for vulnerable farmers.

The 7 Core Features of LEADER



Figure 1: Areas of intervention for RD in the new CAP legislative proposal



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