From LEADER to CLLD: The Adoption of the New Fund Opportunities and of Their Local Development Options

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In the 2014-20 Cohesion Policy programming period, the Member States and regions are requested to address their specific territorial challenges and needs through targeted investments using an integrated approach to territorial development. Among the new delivery tools to support the implementation of this approach is Community-led Local Development (CLLD), which was introduced in the context of Cohesion Policy extending the already existing LEADER approach for rural development and fishery policy. Two relevant financial innovations characterise CLLD in comparison to LEADER: a wider financial support, including ERDF and ESF; and the possibility to integrate the available Funds in support of a Local Development Strategy.

The paper addresses this innovative dimension of the CLLD initiative, sketching an overview of its implementation using ERDF and ESF across the EU. It reflects on the adoption of the various options, and on its national and regional patterns. The investigation highlights the positive response across the EU, even if the potential innovation that the CLLD initiative could have unleashed in terms of integrated local development strategies does not appear to be fully exploited. Resistance towards innovation, technical and administrative aspects related to the rules, and specific national and regional attitudes are presented as main factors for the mixed adoption.

I. Introduction

In the current EU programming period, Community-led Local Development (CLLD) was introduced in the Common Provision Regulation (CPR No 1303/2013) as a new tool intended to address local development. As explicitly indicated in its acronym, CLLD fosters an integrated approach to territorial development through the involvement of a large representation of local actors, and a wide financial support to the strategy implementation and related participatory process. Moreover, as mentioned in the “CLLD guidelines for local actors”, it should activate not only an empowerment process of local actors, but also seek additional multiplier effects on local development and mainstreaming programmes.

CLLD builds upon the previous LEADER programme, which is a well-established instrument in rural development that represented the flagship of a new rural development paradigm, with important

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innovation in terms of governance and policy arrangement. However, the previous financial support for LEADER initiative was limited to the European Agricultural Fund for Rural Development (EAFRD) or the European Maritime and Fishery Fund (EMFF), with a resulting limitation to rural or coastal areas and narrower range of eligible interventions, making it a sort of niche in EU regional development policy. In line with a more encompassing approach to local development, CLLD extends the LEADER method to two other European Structural and Investment Funds (ESIF), the European Regional Development Fund (ERDF) and the European Social Fund (ESF). As a consequence, CLLD’s range of actions grows along two potential lines in comparison to the previous LEADER instrument: broader thematic scope due to the eligibility of more thematic interventions under different Funds, and thus potentially more integrated actions; and diversified area of intervention, which can go from urban neighbourhoods to remote mountain valleys.

The effective financial configuration of CLLD at local scale and the characteristics of the Local Action Groups (LAG) in charge of the strategy depend on an articulated chain of decision-making taking place at different scales. According to the shared management principle of Cohesion policy, several framing decisions are made at national and regional level by ministries and Managing Authorities: the financial support available for CLLD, which ESI Funds and (operational) programmes participate, the broad territorial and thematic scope of the instrument and whether multi-funded strategies are possible.

The results at local level are therefore strongly framed by decisions mentioned above and have a wide range of options. On the one hand there is a conservative approach, i.e. mono-fund CLLD using only EAFRD or EMFF – i.e. the former LEADER setting. It is important to underline that the regulation indicates that a minimum of 5% of the EAFRD budget should be spent through CLLD, and this is the only Fund with an earmarked allocation for CLLD. On the other hand, there is a more experimental approach that allows CLLD with a variegated combination of eligible Funds.

Since the CPR set the deadline for the selection process of the LAGs and their strategies at the end of 2017, it is possible to undertake a first stock-take of CLLD implementation. The aim of the paper is therefore threefold:

a. Present a stock-take of CLLD implementation under the new financial arrangements;
b. Understand the main characteristics and trends of the approved LAGs programmed under ERDF and ESF, articulated per country and per theme;
c. Reflect on the main findings, spotting interesting dynamics, challenges and potential limits.

The paper draws on the results of an expert assignment dedicated to the analysis of the LAGs using ERDF and ESF commissioned by the two Directorate-Generals in charge of these two Funds (DG REGIO and DG EMPL). Carried out in the period July-October 2017, it involved all the Managing Authorities (MAs) who mentioned the use of CLLD as Territorial Delivery Mechanism in their ERDF and/or ESF Operational Programme. The MAs were asked to answer a detailed survey about the approved LAGs, in particular concerning the following elements:

– The financial structure and the Lead Fund in case of multi-funded strategy;
– the characteristics of the LAG and the number of inhabitants of the pertinent territory; and
– the specificity of the strategies, which included the main territorial focus, the thematic themes and the social targets.

Due to the late availability of information, a second independent round of inquiry took place in 2018 updating the first investigation. Additionally, some of the data were complemented by direct contact with MAs, DG REGIO staff, and key contacts in the European LEADER Association for Rural Development (ELARD). Even if minor changes may still be possible due to ongoing administrative procedures in each Member State, the state-of-play presented in the paper can be considered up to date till June 2018.

II. The CLLD Implementation in the EU

The overall picture depicting the CLLD state-of-play in the current programming period, made possible
through the combination of different sources, indicates that the overall number of LAGs is about 3,318 in the EU.\footnote{The various sources are the following: own expert assignment about ERDF and ESF CLLD; ELARD and FARNET websites about mono-fund and multi-fund EAFRD and EMFF CLLD; and direct contacts to the interested Managing Authorities, with the support of the Polish representative in ELARD Mr. Krzysztof Kwateira, for updated overview of LAGs.} This is already a significant outcome, considering that the LAGs established in the previous programming period numbered 2,200\footnote{Miller, S. (2014). Emerging Trends and Challenges in Community-Led Local Development (CLLD), European Structural and Investment Funds Journal, 2(4), 302–307.}. This increase in 50\% of LAGs indicates a recognition of the validity of the bottom-up approach, and a wide spreading of this specific local development approach across the Member States. It offers a valuable portfolio of experiences across the EU, combining an EU framework with national and regional administrative approaches, local traditions and planning cultures.

More in detail, it is possible to calculate that from the total number of LAGs 2,201 are mono-funded EAFRD, 263 mono-funded EMFF and 66 multi-funded EAFRD-EMFF (own elaboration). These three types of LAGs continue the LEADER tradition of financial support to rural and maritime development strategies. The remaining 788 LAGs, on the contrary, use ERDF and ESF in a plurality of financial combinations, which could go from mono-fund, over multi-fund between the two, to a combination with EAFRD or EMFF.

The overall application of the new funding opportunities of CLLD (Fig. 1) – i.e. the use of ERDF and ESF in different forms – in 18 Member States can be considered a successful implementation. At the same time, it presents a diversified geographical distribution, which shows a general good uptake of these funding opportunities in most of the EU13 Member States, and a certain reluctance in the EU15 Member States. In the former, the Czech Republic, Slovakia and Hungary stand out with the highest number of LAGs, followed by Slovenia, Bulgaria and Lithuania. Concerning the latter, it is interesting to note that most of the countries have only few regions implementing CLLD with ERDF and ESF, such as Tirol
(AT), Sicily and Apulia (IT), Sachsen-Anhalt (DE) and a few Greek regions. Within this broad picture, there are some outliers. Poland is the only country among the EU13 in which only 2 regions have applied the new possibilities, while the other ones preferred to stay on the conservative side and implement mono-funded LAGs. At the same time, Portugal and Sweden are those of the EU15 in which all the regions have experimented the use of the newly available Funds.

Of notice is the presence of a single case of an urban LAG in the Netherlands funded solely by ERDF, and one in the Apulia Region (IT). The latter, which is a rural LAG that was already in place since the previous programming period, is the only regional experiment of a multi-fund configuration in which ERDF has been added to EAFRD. Ultimately, a special mention should be dedicated to the four cross-border LAGs along the Italian-Austrian border (CBC AT-IT). They are supported by ERDF and they bring together existing LAGs along the border in an additional cross-border structure. In this way, every national LAG has its own management, and they share a cross-border coordination and some joint initiatives in the CBC LAG.

### III. CLLD with ERDF and ESF: Financial Structure and Territorial Focus

The articulation of the LAG financial structures provides interesting information along two lines. First, there are LAGs using only ERDF and/or ESF (and no EAFRD or EMFF), which constitute a new opportunity of this programming period. This seems to re-vamp an EU local development agenda for urban areas, especially for small and medium-sized towns. However, this new option has only been taken up by a few Member States. Second, and complementarily, the combination of the newly available Funds with EAFRD and EMFF constitutes a broadening of the existing LEADER instrument for a place-based approach for rural and maritime areas. The wider application of this approach through an established instrument by the Member States and their MAs indicate the appreciation of this innovation in continuity with the LEADER approach.

About the first point, Table 1 shows that the LAGs exclusively supported by the newly available Funds are about one third of this specific sub-total. Within this group, there are a few mono-fund LAGs (either with ERDF or ESF) mainly in Lithuania, in the Polish Kujawsko-Pomorskie region, and one in the Netherlands and Greece. However, the most frequent approach is a combination of the two, with a high presence in Hungary (99 LAGs) and a significant presence in the UK and the Polish Podlaskie region. These are all LAGs with an urban focus, mainly targeting small and medium-sized urban areas, or urban neighbourhoods, as in the Dutch LAG and in a number of UK ones. Even if never indicated by the European Commission, CLLD seems to revitalise the legacy of the former URBAN (with ERDF) and EQUAL (with ESF) initiatives, which would be interesting to be further investigated in the future.

The other two thirds of the LAGs are multi-fund with ERDF and/or ESF combined with one of the other two Funds, EAFRD and EMFF, showing an interesting variety of approaches. The most recurrent combinations are those with ERDF and/or ESF combined with EAFRD, and to a minor extent with EMFF. Additionally, the all-in use of the four ESI Funds can only be observed in a few Swedish cases and by one LAG in Kujawsko-Pomorskie Voivodeship (PL).

The substantial number of these integrated LAGs and the large diffusions in several areas and Member States constitute a significant result. It shows the will of fostering an integrated approach in sub-regions through experiments with new financial configurations. Even if the result is not so prominent with the EMFF, the overall result is in line with the expectations of the European Commission\(^7\), which put forward the idea of enriching the LEADER approach with a wider variety of eligible interventions. This allows for a more holistic place-based strategy in areas that are predominantly rural, in which the necessity of addressing interventions in small urban areas and of addressing specific social issues was previously hindered by the strict ineligibilities in mono-fund financial schemes.

The above interpretation of the territorial foci of the LAGs in relation to the new financial opportunities is supported by the result of the investigation with the MAs about the contents of the LAGs’ Local

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\(^7\) European Commission (2013). Common guidance of the European Commission - Directorates-General AGRI, EMPL, MARE and REGIO on Community-Led Local Development in European Structural and Investment Funds, draft version 10 January 2013.
Development Strategies. The result presented in the chart of Figure 2 shows that, albeit using ERDF and ESF, a predominant rural focus characterises the majority of these CLLD strategies, two thirds of which were described as rural development. It is plausible that a considerable portion of the approved LAGs already partially or entirely existed in the previous programming period, and they took the chance to increase the range of thematic interventions, integrate regional development and/or social inclusion measures in their new strategies. This is not the case of the LAGs in Czech Republic, Slovakia and few other countries, in which LEADER was not extensively used. Nevertheless, it is also worth highlighting the significant presence of an urban development focus, in particular in the UK, Lithuania, Romania, and Hungary, in which multi-funded ERDF-ESF LAGs are predominant.

The results with regard to the financial structure and the territorial focus of the LAGs show also other distinct evidence: the driving role of Managing Authorities, in particular those at national level, which determine the financial structure of the LAGs. Most countries present LAGs with the same financial structure and similar territorial focus, except Sweden and a few regional cases. Even if the CLLD principle foresees the possibility that the LAG could choose its appropriate financial structure, Table 1 shows that in most of the cases that decision has probably taken place at Managing Authority level.

The tendency to have regional/national uniformity in the approach is also confirmed by the choice of the Lead Fund in multi-funded LAGs. The decision concerning the Lead Fund is usually driven by the wish to reduce the administrative burden and the need to cover the management costs. Figure 3 shows

<table>
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<tr>
<th>Fund composition</th>
<th>Local Action Groups per (National/Regional) Managing Authority</th>
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<tr>
<td>Only ERDF</td>
<td>Netherland</td>
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<tr>
<td>Only ESF</td>
<td>Lithuania Epirus (GR)</td>
</tr>
<tr>
<td>Only ETC</td>
<td>CBC, A-IT</td>
</tr>
<tr>
<td>ERDF/ESF</td>
<td>Hungary, Romania, UK, Nort (PT), Lisbon (PT), Alentejo (PT)</td>
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<tr>
<td>ERDF/ENRD</td>
<td>Slovenia, Slovakia, Czech Rep, Sicily (IT), Austria, Bulgaria, Sweden, Apulia (IT)</td>
</tr>
<tr>
<td>ESF/EMFF</td>
<td>Bulgaria, Greece (GR), Sweden</td>
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<tr>
<td>ERDF/EMFF</td>
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<tr>
<td>ESF/EAFF/EMFF</td>
<td>Cz, MACED, Epirus (GR), Sweden</td>
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<tr>
<td>ERDF/ESF/EMFF</td>
<td>Centro (PT)</td>
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<tr>
<td>ERDF/ENRD/EMFF</td>
<td>Slovenia</td>
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<tr>
<td>All 4 ESF</td>
<td>Sweden, Kavast-K-P. (PL)</td>
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<td>9</td>
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Table 1: ESIF Sources of LAG Funding
that only a few Member States have delegated the choice to the LAG level, as it appears that different solutions under the same programmes have been selected only in the cases of the two Polish regions and in Slovenia. The MA has a powerful framing role – and in some cases a top-down attitude – in setting the conditions in which LAGs are formed.

IV. Population, Territorial Theme and Social Target

This section shows the different aspects that characterise the CLLD strategies supported by ERDF and ESF. In particular, it presents the results in terms of population, territorial themes and social targets.

According to the rules defined by the CPR, the area covered by a CLLD strategy should be between 10,000 and 150,000 inhabitants, although derogations are permitted where justified. The distribution of LAG’s number of inhabitant per territorial focus, as reported in the graph of Figure 4, shows a consistent pattern. The urban LAGs tend to cover fewer inhabitants, while the LAGs with a bigger population are those focusing on coastal regions. In between, those that address the urban-rural linkage have a bigger population size in comparison to those prevalently rural, which indicate the presence of small and medium-sized urban areas.

The overview of the thematic approach and the social target presents varied results both in terms of distribution of themes and of regional/national characterisation. The aggregated distribution of themes is presented in figure 5 and the social targets in figure 6.

Concerning the former, two main thematic components appear predominant: economic development and social inclusion. This is in line with the philosophy of CLLD, which is dedicated to the development of territories (both urban and rural) through a tailored CLLD strategy based on the specific needs of the place (place-based approach), and therefore combining economic development and social inclusion trajectories. Moreover, it reflects the fact that CLLD
is usually programmed under Thematic Objective 9, which is dedicated to social inclusion.

The third most frequent category is access to services, which is a typical issue for large portion of territories characterised by small and medium-sized urban areas. The re-thinking of access to services in order to overcome territorial limitations, together with the seeking of demographic retention and support are recurrent themes in the CLLD strategies of these specific territories. They seem to confirm the idea that the addressed areas are often smaller than, or cut off from, functional labour markets and catchment areas.
for major public and private services (health, education, retail, business services and transport hubs).

Finally, the environmental dimension and the need for protection or restoration appears less prominent but still present, together with strategies to retain population. Also worth mentioning is an intensive use of the alternative category ‘other’, for which a specification was requested. In these cases, the role of cultural heritage and sustainable tourism emerges as relevant. When articulated per country or region, the mix of thematic approaches – and in particular between economic development and social inclusion – appears equally distributed, while a singular focus characterises only Lithuania (social inclusion) and the Portuguese Region Centro (Economic Development).

The presence of ESF among the possible Funds makes also the focus on specific social groups relevant. Figure 6 shows a pattern somehow similar to the territorial thematic approach. The CLLD strategies devote equal attention to enterprising communities and social exclusion and unemployment, albeit a larger share for the latter. This is in line with the predominant combination of economic development and social inclusion thematic focus of figure 5. The

Figure 5: Thematic Approach of the Local Development Strategies per Country/Region
The results are based on the multiple-choice questions of the survey. The given options did not follow the Thematic Objective categories or other established lists of items for identifying the thematic content of the CLLD strategy in order to avoid the impression of an evaluation process. The data about Greece are partial – only about the Epirus region. ‘x R’ indicates that only a limited number of regions in the Member State is concerned. The regions are mentioned in the note of Figure 1.
Figure 6: Social Target of the LAGs per MA
Data on Slovakia is missing and Greece only covers the Epirus region.
‘x R’ indicates that only a limited number of regions in the Member State is concerned. The regions are mentioned in the note of Figure 1.

Social exclusion and unemployment issues appear to be the most widespread target, both for LAGs in predominant urban areas and for those in rural areas – the only exception constituted by the LAGs in the Central region of Portugal. At the same time, it is interesting to note a significant focus on migrant/refugee integration in Sweden, Lithuania and Austria, and on marginalised communities in Sweden, Poland and Bulgaria. Healthy communities appear as relevant theme only in some German and Swedish cases.

V. Conclusion

The result of this first stock taking about CLLD implementation under ERDF and ESF shows a broad but geographically varied uptake of this new CLLD approach. A total of 44 ERDF and ESF programmes in 18 Member States mentioned CLLD as Territorial Delivery Mechanism for an estimated amount of €1.8 billion in the current programming period\(^8\) (Jasińska-Mühleck, 2016). This will support almost 800

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LAGs in different financial combinations. About 200 of these LAGs will be financed by ERDF and ESF alone, which constitutes a new feature of this programming period.

Given that the use of CLLD in this programming period is optional under ERDF and ESF, we can qualify this uptake as a success. It also confirms the consistent expansion of the CLLD (former LEADER) approach over the consecutive programming periods, both in financial resources and in supported LAGs. The numbers also show a remarkable success of the multi-fund approach of CLLD. The opportunity of activating multiple Funds, including the newly available ERDF and ESF, has been well-received in several contexts, hereby strengthening the integrated, place-based and bottom-up approach of Cohesion policy. However, the distribution of CLLD across Europe sees important differences between the EU13 and the EU15 Member States, and it is plausible to point to a few potential causes.

A first reason could be that the successful tradition of the LEADER approach in the EU15 has paradoxically impeded financial and thematic innovation. Several regions and countries might have adopted a conservative choice of maintaining the existing EAFRD mono-funded LAGs, leaving the experimentation of an integrated approach to other Territorial Delivery Mechanisms such as Integrated Territorial Investments and Integrated Sustainable Urban Development. In this respect, the French region Brittany is an interesting case. The region is entirely covered by CLLD and ITI, but its rural LAGs are mono-funded by EAFRD, its coastal LAGs by EMFF and the ITIs by ERDF.

A second reason might be programme-technical, and has to do with the more limited financial support in combination with a stronger thematic concentration in the EU15. More developed regions need to allocate 80% of their ERDF resources to Thematic Objectives 1, 2, 3 and 4. This leaves only 20% of these already smaller budgets to all other 7 Thematic Objectives. This includes Thematic Objective 9 – Social Inclusion, under which CLLD is programmed. Therefore, it leaves very little financial room for more developed regions for CLLD experimentation under this Fund.

A third reason is the almost inevitable bigger administrative burden when combining multiple Funds, and some of the ERDF or ESF MAs might have been sceptical of implementing the LEADER method also for their Fund of competence. Even in the CLLD setup where a lot is done to reduce complexity for the LAGs, administrative struggles have been pointed out by the interviewees. However, some multi-funded ways of implementing CLLD by Member States and regions appear particularly innovative. The Swedish and the Tirolian Managing Authorities adopted a so-called ‘one-stop shop’ approach, which implies the establishment of a single access point for the LAGs even when different Funds are involved. It is important to make these approaches visible and to further investigate the challenges and the adopted solutions. They could become references for those countries that will consider the multi-fund option for the next programming period.

When looking at the contents of the CLLD strategies we can observe that one third of the LAGs has a sole and explicit urban development focus, while two thirds are addressing areas prevailing rural, but with the additional capacity to address also smaller urban settlements and social targets. Therefore, if the capacity to address the urban dimension is the major novelty of the 2014-20 programming period, the inclusion of these two ESI Funds has brought benefit also for strategies addressing rural areas, which can benefit from integrated resources to address urban-rural linkages and social exclusion. In this perspective, the rural and the urban dimensions of the local development strategy are no longer distinguished, and have the possibility to activate mutual synergies. This is confirmed by the strong investment in access to services of general Interests, which is a typical vulnerability of many territories characterized by small settlements.

Some of these LAGs, especially in Member States with a long tradition with LEADER initiatives, may be a reconfiguration of former local partnerships, with retailoring of the pertinent area and few new actors and new institutional interactions. Those CLLD strategies that combine a mix of rural and urban development initiatives tend to target marginalized communities and local entrepreneurs and address several themes among which social inclusion, environmental issues, access to services and reinforcement of territorial attractiveness for sustainable tourism. The presence of themes such as integration

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of migrants and refugees, marginalized communities, but also sustainable tourism, shows the receptivity of these territories, whose potential is high both in terms of residents (migrants and refugees) and of visitors, albeit having their specific fragilities. All these topics are highlighted in the 7th Cohesion Report\textsuperscript{10}.

From an EU policy perspective, the introduction of CLLD constitutes an interesting change of direction, upscaling the LEADER approach from a rural development niche to a broader method of integrated local development. The bottom-up nature and the capacity to gather crucial stakeholders of tailored territories for coherent integrated development actions are part of an exceptional method that has been applied in some pilot initiatives in the past with different fortunes, but that has faded away in the last programming periods. The new methodological opening seems to bring back the possibility to reconnect the LEADER method with the experiences of the URBAN initiative supported by DG REGIO and the EQUAL initiative supported by DG EMPL.

Furthermore, CLLD can offer an interesting answer to the demand for new democratic participation and direct involvement of local groups. The bottom-up form of governance triggers new ways of approaching the territory, often overcoming the isolation of individual municipalities and laying the foundations for a shared development strategy. It creates the conditions to pursue social innovation, not only tackling well-known problems, but also determining procedures that lead to the identification of unexpressed needs and innovative development strategies. In this regard, it is important to overcome the resistance towards innovation in the Member States and their Managing Authorities, showing the importance of this specific instrument.

For the next programming period, the use of multi-funded strategies should be strongly facilitated and encouraged. Obviously, several problems and bottlenecks should be addressed in order to make the innovative character of CLLD more appealing. There appears to be scope for simplification and streamlining of regulations. Mutual learning between LAGs and between MAs should be one of the main supportive actions of the European Commission. In particular, some good practices should be flagged up, in order to become models for national and regional management approaches. This would allow for an even better exploitation of the innovative potential of CLLD in fostering bottom-up and integrated initiatives across Europe.