Analysis of Legal Changes to the CLLD and LEADER Instruments in the 2028-2034 Financial Framework and Their Consequences for Local Action Groups

I. INTRODUCTION – REORGANISATION OF THE EU FINANCIAL FRAMEWORK AND THE BACKGROUND TO FUND INTEGRATION

1. The new European Union budgetary programming horizon for the years 2028-2034 brings a fundamental transformation of the existing structure of funds. On 16 July 2025, the European Commission, by presenting legislative proposals COM(2025) 565 and COM(2025) 560, proposed the consolidation of numerous separate financial instruments under the common umbrella of the European Fund for Economic, Territorial and Social Cohesion, Agriculture and Rural Areas, Fisheries and Maritime Economy, Prosperity and Security. The most significant institutional innovation of this reform is the replacement of the current multi-programme operational framework with integrated National and Regional Partnership Plans ("**NRP Plan**"), one for each Member State.

This far-reaching integration, based on the concept of a **single rulebook**, was also intended, among other objectives, to eliminate the traditional division of the Common Agricultural Policy ("**CAP**") into two separate pillars financed from independent funds (the EAGF and the EAFRD).

2. At the same time, the proposed regulations envisaged other changes to the support instruments applied to date, including the Community-Led Local Development ("**CLLD**") instrument. The role of Local Action Groups ("**LAGs**") was redesigned, the guarantee of earmarking a specified share of CAP funding for CLLD (the so-called **ring-fencing**) was abandoned, and the catalogue of potential beneficiaries under the instrument within the CAP was radically, and seemingly without deeper reflection, narrowed by limiting eligibility exclusively to active farmers.

The first version of the provisions presented by the Commission was characterised by a certain degree of inconsistency. In particular, it was not possible to establish unequivocally the relationship between concepts such as LEADER (within the CAP) and CLLD, which had previously been clear. Furthermore, despite declarations concerning simplification and harmonisation, the draft regulations assumed, among other things, that certain solutions would apply only within the CAP. As a result, LAGs implementing strategies not exclusively focused on "*agricultural*" themes would have been required to apply two different models for financing operations.

3. The initial draft regulations raised significant concerns among LAGs, led by the European LEADER Association for Rural Development ("**ELARD**"). It was argued that the new architecture created a risk of "*urban dominance*" and the marginalisation of the specific needs and characteristics of rural areas in favour of centrally planned large-scale infrastructure investments. It was also argued that the proposals abandoned solutions that had proven effective in previous programming periods without offering meaningful substitutes.

4. In the months following the publication of the draft regulations by the European Commission, comments were collected and alternative proposals developed by various

stakeholder groups. In recent weeks, within the ongoing legislative process, the European Parliament has proposed a number of amendments to the Commission's drafts. Some of these amendments constitute a response to concerns raised by ELARD and are intended to safeguard the financial and legal autonomy of LAGs and to revitalise the bottom-up approach.

II. SUBJECT OF THE ANALYSIS

5. The subject of this opinion is an analysis of the amendments proposed by the European Parliament in May 2026, as set out in the following documents:

1) *DRAFT REPORT on the proposal for a regulation of the European Parliament and of the Council establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509* (COM(2025)0565 – C10-0179/2025 – 2025/0240(COD));

2) *DRAFT REPORT on the proposal for a regulation of the European Parliament and of the Council establishing the conditions for the implementation of the Union support to the Common Agriculture Policy for the period from 2028 to 2034* (COM(2025)0560 – C10-0169/2025 – 2025/0241(COD));

to the legislative proposals presented by the European Commission last year and set out in:

1) *Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509* (hereinafter referred to as the "**Regulation Establishing the Fund**");

2) *Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the conditions for the implementation of the Union support to the Common Agriculture Policy for the period from 2028 to 2034* (hereinafter referred to as the "**CAP Regulation**").

The analysis will be carried out from the perspective of the provisions relevant to LAGs and the CLLD instrument.

6. In order to structure this analysis, it has been divided into the following thematic areas, taking into account the proposals put forward by the European LEADER Association for Rural Development in relation to the draft regulations presented last year:

1) the extension of the catalogue of LAG competences, which was significantly reduced in the Commission's original proposals compared with the provisions currently in force;

2) the amendment of the definition of a beneficiary under the CAP in the context of the risk of excluding a broad range of entities from support under the LEADER instrument;

3) the expansion of the scope of support available under LEADER and CLLD so that various entities operating within the area covered by a local development strategy implemented by a LAG may benefit from the instrument;

4) ring-fencing, namely the safeguarding of a specified portion of CAP funding for the LEADER instrument;

5) the removal of uncertainties regarding the relationship between the CLLD and LEADER instruments;

6) the introduction of uniform solutions simplifying the financing of operations under LEADER, so that such solutions would also apply to LAGs implementing their local development strategies outside the CAP framework;

7) other issues relevant from the perspective of the implementation of the CLLD/LEADER instrument.

II.1. Extension of the Scope of LAG Competences

7. The original package of proposals presented by the European Commission contained a number of provisions directly regulating the functioning of CLLD and the LEADER initiative. An analysis of these provisions revealed an intention to standardise processes while at the same time introducing additional administrative burdens for LAGs (see, for example, the reporting obligations arising from proposed Article 63(1)(f)(i) of the Regulation establishing the Fund, discussed further below).

8. In the proposed Regulation establishing the common Fund (COM(2025) 565), the issue of integrated territorial development is to be regulated under Title IX, where Article 75 defines the framework for integrated territorial and urban development, while Article 76 is devoted entirely to CLLD. According to the Commission's original proposal, CLLD was to focus on subregional areas, in particular rural and coastal areas, and was to be designed and implemented by LAGs composed of representatives of local public and private interests. As in the current programming period, the provision expressly stipulated that no single interest group may control the decision-making process within a LAG.

9. Articles 76(2) and 76(3) of the Commission proposal specified that support from the Fund for CLLD would cover capacity building, preparatory activities, the development and implementation of operations under local development strategies ("**LDSs**"), as well as costs relating to management, monitoring, evaluation and community animation. The Commission reserved exclusive responsibility for LAGs with regard to tasks connected with the preparation of strategies, capacity building, the establishment of procedures for the selection of operations, the selection of operations itself, and monitoring and communication activities.

10. However, a comparative legal analysis demonstrated that, in last year's draft proposals, the Commission sought to limit the existing decision-making autonomy of LAGs. Under the current 2021-2027 financial framework, pursuant to Article 33(3) of Regulation (EU) 2021/1060, the exclusive catalogue of LAG tasks includes, inter alia, the preparation and publication of calls for applications (launching calls for proposals) and the selection of operations combined with the determination of the amount of support. By contrast, in the original COM(2025) 565 proposal (Article 76(3) of the Regulation establishing the Fund), the Commission completely removed the competence of LAGs to independently launch calls for applications and, with regard to project selection, removed the power to determine the amount of grant funding, leaving LAGs solely with the competence to "*select operations*".

This reduction in responsibilities prompted opposition from ELARD, as it effectively reduced LAGs to the role of a technical intermediary, transferring real authority over project budgets to the level of public administration (paying agencies and managing authorities).

11. An analysis of the amendments proposed by the European Parliament indicates that ELARD's demands concerning the competences of LAGs have not been taken into account.

Nevertheless, it should be noted that the Council of the European Union, in its General Approach adopted on 16 June 2026 (ST-10559-2026-INIT), suggested a more favourable position with regard to this demand and proposes the addition of a new point (ca) to Article 76(3), which restores to LAGs the exclusive competence to **prepare and publish calls for applications**. However, neither the Commission proposal, nor the Parliament's amendments, nor the Council's current position provides for a LAG competence to determine the amount of support, leaving the groups solely with the right to select projects.

12. It is also worth noting that the proposed provisions of the Regulation establishing the Fund governing the competences of LAGs (in particular Article 76(3)(c) and (d)) **may be potentially inconsistent with analogous competences of the Managing Authority** arising from Article 51(1)(a) of the draft Regulation. When these provisions are read together, it becomes apparent that they overlap.

It is therefore advisable to ensure that the relationship between these provisions is clarified. Similar doubts already arise under the current programming period (at least in Poland) concerning the scope of LAG competences. In particular, these doubts concern the extent to which the selection of operations and the determination of the amount of support by a LAG are final and exhaustive in nature, and the extent to which, for example, a Managing Authority may "*correct*" a LAG's assessment of expenditure eligibility affecting the amount of aid determined, or reject operations on the grounds that they fall outside the scope of support offered by a particular EU fund. It may reasonably be assumed that, if the competences of LAGs were curtailed in accordance with the Commission's proposal, these uncertainties would only deepen.

13. In addition, Article 75(3) of the Regulation establishing the Fund may also give rise to concerns in relation to the competences of LAGs. This provision governs various territorial instruments, including CLLD. Despite the concerns I raised a year ago, **the draft Regulation still contains a provision pursuant to which strategies should be implemented under the responsibility of the relevant territorial or urban authorities or bodies, which select operations or participate in their selection**.

The amendments proposed by the European Parliament to this provision (Amendment 434) do not address the fundamental concern, namely whether this provision introduces a dominant role for territorial authorities within LAGs. It is also difficult to reconcile this provision with the Regulation's requirement, which is fundamental to the CLLD instrument, that no single interest group may dominate decision-making within a LAG.

In my view, the provision concerning the implementation of strategies under the responsibility of territorial authorities should not apply to CLLD.

II.2. Definition of the Beneficiary

14. An analysis of the European Parliament's proposals indicates that **ELARD's request** not to limit the category of beneficiaries under the LEADER instrument implemented within

the framework of the CAP exclusively to farmers **has been taken into account**, although the proposed wording of the provisions may still require further legislative work.

15. In its original proposal, the European Commission adopted a uniform approach to CAP beneficiaries within the structure of the integrated Fund by subjecting them to the requirements of the definition of an "*active farmer*". Put briefly, only a farmer was to qualify as a beneficiary under the CAP, and the definition of a farmer was set out in Article 4 of the draft Regulation and was relatively narrow.

While such an approach could be justified with regard to other CAP instruments, it was incompatible with the very nature of the CLLD/LEADER instrument.

16. Amendments 41-43 of the European Parliament concerning the draft Regulation establishing the Fund (2025/0240(COD)) provide for abandoning the definition of a farmer in that Regulation. Under the revised approach, the provision continues to state that a beneficiary under the CAP is to be a farmer; however, with regard to the definition of that concept, the proposed Article 4(1)(2)(c) of the Regulation establishing the Fund would refer to the relevant provision of the CAP Regulation, in which the term will be defined in detail.

Consequently, in the draft CAP Regulation, the European Parliament proposed (Amendment 10, 2025/0241(COD)) the inclusion of a definition of "f*armer*", while at the same time providing that, under the LEADER instrument, a beneficiary may also be an entity other than a farmer (a natural person, a legal person, or an organisational unit without legal personality established or operating within the area covered by the relevant local development strategy).

This amendment therefore undoubtedly constitutes a success for ELARD, as the proposed wording of the provisions would make it possible for entities not connected with agriculture to obtain support under LEADER.

17. Nevertheless, despite the generally positive assessment of the proposed changes in this area, the amendments proposed by the European Parliament may be criticised for a certain lack of consistency. The Regulation establishing the Fund is intended to serve as the overarching legislative act for the new programming period. It will contain a definition of "*beneficiary*" applicable across all policy areas. As a result of the Parliament's amendments, however, the **provisions of that Regulation will still state that, under the CAP, the beneficiary is exclusively a farmer**, as defined in a specific provision of the CAP Regulation. It is only **the latter Regulation that provides that, contrary to the literal wording of the Regulation establishing the Fund, not only a farmer may qualify as a beneficiary under the CAP**.

This creates a degree of inconsistency between the provisions, disrupting the internal architecture of, and the relationship between, the two Regulations. If the Regulation establishing the Fund is intended to determine who may qualify as a beneficiary, that issue in my opinion should not subsequently be regulated again in another Regulation.

In order to eliminate this inconsistency, it would be appropriate for the Regulation establishing the Fund to provide that, as a general rule, a beneficiary under the CAP is a farmer as defined in the relevant provision of the CAP Regulation, while, under the LEADER instrument, a beneficiary may also be another entity defined in a separate provision of that Regulation.

There can be little doubt, however, that the direction of the proposed changes is positive. It confirms the territorial, rather than sectoral, identity of the LEADER instrument and restores its original broad social character.

II.3. Expansion of the Scope of Support Available under LEADER and CLLD to Enable Various Entities Operating within the Area Covered by a Local Development Strategy to Benefit from the Instrument

18. In the original draft of the CAP Regulation, the scope of the LEADER instrument was designed in a significantly narrower manner than in the current programming period. Proposed Article 18 of that Regulation restricted the scope of support under LEADER essentially to agricultural objectives and agritourism. Furthermore, Article 18(2) of the draft Regulation contained wording suggesting that the instrument was intended primarily for rural areas with specific needs.

In addition, the draft Regulation Establishing the Fund, in the provisions devoted to CLLD, did not link that instrument to rural areas. This situation indicated that "*rural*" LAGs would be limited to implementing projects related exclusively to agriculture and its surrounding activities. This approach was further reinforced by provisions restricting the category of CAP beneficiaries solely to farmers and by the assumption that LEADER and CLLD would operate as separate instruments.

19. The absence of any reference to LEADER's contribution to broader territorial development, the provision of local services, social innovation, youth engagement, cultural life or social inclusion, as well as the lack of any reference to the multi-sectoral and participatory approach that defines LEADER, raised concerns among LAGs. As a result, ELARD submitted comments on the proposed provisions in this area, in particular regarding Article 18 of the CAP Regulation.

20. The amendments under consideration proposed by the European Parliament envisage a return of LEADER to the characteristics known from previous programming periods.

Amendment 117 to the CAP Regulation removes, from Article 18(2), the wording suggesting that LEADER is dedicated exclusively to rural areas with particular needs.

Amendment 118 to the draft CAP Regulation, in turn, provides for an expansion of the category of projects listed in Article 18(3) compared with the original version of that provision. The amendment specifies that LEADER will support projects involving newly established enterprises and aimed at creating added value through processing activities, diversification of agricultural activities, including agritourism, direct sales of agricultural products, and innovation. It also provides that support may be granted to projects contributing to the mobilisation and activation of local communities.

In the context of this amendment, however, it should be noted that **ELARD's proposals to include, in Article 18(3) of the CAP Regulation, projects that may be of interest to the public sector, such as investments in local infrastructure, have not been taken into account.**

Similarly, Amendment 119 concerning Article 18(4) of the CAP Regulation provides for an expansion of both the subject matter and the categories of entities that should benefit from LEADER support. In its original form, the provision focused on ensuring that the support generated added value for farmers and forest owners. The European Parliament proposes

to amend the provision so that the scope of support is directed towards generating added value for rural communities, within which farmers and forest owners remain key stakeholder groups.

21. **The amendments to Article 18 of the CAP Regulation (Amendments 117-119) move in the right direction**, although it is difficult to avoid the conclusion that the number of words used by the drafters does not necessarily translate into better-quality legislation. At present, it is even more difficult than under the original version of the provisions to identify the distinction between the matters regulated by Article 18(3) and Article 18(4). The distinction is not based on a subject-matter versus beneficiary approach (for example, paragraph 3 regulating who may qualify as a beneficiary and paragraph 4 regulating the purposes for which support may be granted). Rather, both paragraphs appear to address essentially the same issues in very general terms, while relying on broad and non-specific wording.

22. In the context of expanding the range of projects that may be covered by strategies implemented by Local Action Groups delivering the LEADER instrument, Amendment 436 to the draft Regulation Establishing the Fund should also be assessed rather favourably.

    The amendment provides for the addition of a new paragraph to Article 76 of that Regulation. Under the proposed provision, Local Action Groups implementing LEADER would also be entitled to benefit from the support provided for under Article 76 of the Regulation Establishing the Fund.

    The difficulty, however, is that Article 76 does not specify any concrete scope of support, understood as a catalogue of operations eligible for implementation. Moreover, the amendment further complicates the understanding of the relationship between CLLD and LEADER, an issue discussed later in this analysis. For that reason, the provision should remain the subject of further legislative work.

23. A different assessment should be made of Amendment 435 to the draft Regulation Establishing the Fund. The amendment provides for the inclusion of urban areas within the existing list of areas on which the CLLD instrument should focus. While the underlying intention may have been justified, namely to open CLLD to other funding streams, it is difficult to avoid the conclusion that the instrument is now being designed for virtually every type of territory, which calls into question its purpose and objectives.

    In my view, the effect of Amendment 435 will not be so much to provide LAGs with new opportunities for action as to provide cities with an additional instrument for financing their needs, an instrument whose very DNA is not suited to implementation in large urban agglomerations, as it is founded upon small communities, interaction, and a participatory approach. **I therefore assess this amendment negatively.**

    In my opinion, this change dilutes both the purpose that CLLD is intended to serve and the distinctive characteristics that define the instrument.

II.4. Ring-Fencing – Safeguarding a Specific Portion of CAP Funding for the LEADER Instrument

24. The original versions of the draft Regulation Establishing the Fund and the CAP Regulation did not provide for any mandatory EU-wide expenditure target for LEADER. This represented a step backwards compared to the current programming period, under which such guarantees of funding for LEADER are in place. It is therefore unsurprising

that the LAG community drew attention to this issue and advocated for legislative solutions that would be more favourable to their interests.

25. An analysis of the European Parliament's amendments supports the conclusion that the interests of LAGs have been taken into account in the proposed changes to the legislation.

In particular, Amendment 243 to the Regulation Establishing the Fund provides for the addition of a further subparagraph to Article 35(4) of that Regulation, according to which at least 5% of the total amount allocated to rural development, as referred to in Article 10(2)(a)(ii)(b), is to be reserved for LEADER. This would amount to 5% of the sum of EUR 106,410,000,000 (see Amendment 93 to the Regulation Establishing the Fund). This allocation would apply at the level of the CAP as a whole, rather than to individual Member States and their respective NRP Plans.

26. Additional confirmation of ring-fencing for LEADER is contained in Amendment 116 to the CAP Regulation. It is this provision that effectively "*transfers"* ring-fencing from the level of the Fund as a whole to the level of individual Member States and their NRP Plans, setting it at 5%.

Unfortunately, at this stage I am unable to determine precisely to which amount this percentage refers, due to an inaccurate cross-reference contained in the draft provision. Clarification is required as to whether the purpose of Amendment 116 is to ensure that, within each NRP Plan, at least 5% of the funding allocated to rural development is earmarked for LEADER, or whether a different mechanism is intended. It must be recalled that, without a provision requiring each Member State to apply this percentage within its own NRP Plan, the guarantee of ring-fencing at the level of the Fund alone would be largely illusory.

Therefore, despite the positive direction of the proposed changes, **LAGs should closely monitor the further development of this provision and any amendments to the provisions directly associated with it**, in particular the provisions determining the financial amounts to which the 5% threshold will apply.

II.5. Removal of Uncertainties Concerning the Relationship Between the CLLD and LEADER Instruments

27. The European Commission's original proposals did not allow for an unambiguous assessment of whether the LEADER instrument is merely a specific designation of the CLLD instrument, retained because of its historical tradition within the CAP, or whether it constitutes an entirely separate instrument intended to operate in rural areas. The proposed provisions lacked equivalents of Recital 30 of Regulation (EU) 2021/1060 and Article 3(15) of Regulation (EU) 2021/2115, both of which clearly endorsed the former interpretation.

28. In the original draft of the Regulation Establishing the Fund, the Commission departed from the traditional identity of LEADER and CLLD, dividing the instrument into two entirely separate Articles:

1) Article 76, governing the general instrument of Community-Led Local Development (CLLD);

2) Article 77, dealing exclusively with Support under LEADER.

29. Despite **ELARD's comments, this issue has not been resolved in the amendments proposed by the European Parliament.** Nor is it resolved by the previously discussed Amendment 436 to the Regulation Establishing the Fund, which provides that Local Action Groups implementing LEADER may benefit from support under Article 76 of that Regulation. On the contrary, the wording of that amendment itself suggests that **LEADER is something distinct from CLLD**, and that only by way of an exception has the legislator allowed LEADER to benefit from opportunities available under CLLD.

Similarly, Amendments 160 and 166, relating to the wording of Article 22(2)(b) of the Regulation Establishing the Fund, maintain the existing drafting approach under which LEADER and CLLD are listed alongside one another as examples of two different territorial instruments.

30. The very fact that LEADER has been placed in a separate Article within the Regulation Establishing the Fund, rather than being left exclusively within the CAP Regulation, suggests that, from a systemic perspective, these are two distinct and competing instruments, rather than synonymous concepts.

More importantly, Article 77, even in the version proposed by the European Parliament, continues to impose highly specific operational arrangements on LEADER (for example, simplified costs for Local Action Groups and lump-sum financing for small projects) that do not apply to CLLD in general.

It must therefore be concluded that the Parliament's amendments do not resolve the issue raised by ELARD.

31. It is worth noting, however, that this matter has been addressed more effectively in the General Approach (10559/26) published by the Council. The Council amended the wording of Article 76(1) by expressly adding the phrase:

"Community-led local development, ***including LEADER****, shall…"*

This constitutes a direct and formal confirmation that **LEADER forms part of CLLD**. With Article 76 drafted in this manner, even the aforementioned Amendment 436 to the Regulation Establishing the Fund takes on a different meaning, one that is consistent with ELARD's position and objectives.

II.6. Implementation of Uniform Solutions Simplifying the Financing of Operations under LEADER, so that They Also Apply to LAGs Implementing Their Local Development Strategies Beyond the CAP Framework

32. The issue described in Section II.5 of this opinion is also linked to the fact that Article 77 of the Regulation Establishing the Fund provides for a number of financial mechanisms (simplified cost options and lump sums) that would apply exclusively within the framework of LEADER.

33. Even if it were assumed that "*rural*" LAGs could benefit from support financed from other funds, the current wording of Article 77 would make it more difficult to implement local development strategies providing support in a broader scope than that covered solely by the CAP. LAGs would be required to bear the administrative burden associated with applying different rules to operations of a similar nature. This solution stands in clear contradiction to the repeatedly proclaimed objective of the Commission and the European Parliament to harmonise and simplify the rules governing the granting of support.

34. Unfortunately, despite the proposals submitted by ELARD, **neither the amendments proposed by the European Parliament nor the General Approach (10559/26) adopted by the Council provide for any changes in this respect**. No general principle has been introduced under which Article 77 would apply to **CLLD** as a whole, rather than exclusively to **LEADER**.

Because the Regulation Establishing the Fund continues to contain two separate Articles (Articles 76 and 77), there is a justified concern that national managing authorities and paying agencies will develop **two parallel systems of guidance and control**: one for projects implemented under the "*CLLD*" label (for example, financed from cohesion policy funds such as the ERDF or ESF+) and another for "*LEADER*" projects (financed under the CAP).

This would undermine the European Union's promises of simplification and of operating under a "*single rulebook*."

35. It is also worth noting that retaining Article 77 in the Regulation Establishing the Fund appears to be inconsistent from a legislative perspective. Article 77 currently relates exclusively to the CAP. If other amendments proposed by the European Parliament are intended to transfer provisions concerning only the CAP into the CAP Regulation, **it is difficult to understand why Article 77, in its current form, remains within the Regulation Establishing the Fund.**

From a systemic perspective, the continued inclusion of Article 77 in the Regulation Establishing the Fund is difficult to justify when its subject matter concerns solely a specific sectoral policy. This legislative choice further contributes to uncertainty regarding the relationship between CLLD and LEADER, while at the same time weakening the coherence of the overall regulatory architecture proposed for the 2028-2034 programming period.

II.7. Other Issues Relevant to the Implementation of the CLLD/LEADER Instrument

36. A controversial aspect of the Commission proposal COM(2025) 565 that has so far received little attention is Article 63(1)(f) of the Regulation Establishing the Fund. This provision imposes reporting and data collection obligations on Member States and directly on LAGs.

Under this provision, LAGs are required to collect and report, twice a year, detailed information including:

- **the number of LAG members broken down by category, as well as the demographic and gender composition of the decision-making body, including the degree of youth participation in decision-making processes;**
- the number of operations implemented, broken down by type of beneficiary and territorial area, with a specific indication of operations of an innovative nature;
- the precise amounts of Union contribution committed and paid for capacity building, community animation, management, monitoring and evaluation of strategies;
- the detailed scope of support provided by LAGs for regional development, employment, social policy, community development, coastal community development and aquaculture.

These requirements, combined with the automatic transmission of data to the Commission, create an administrative burden that is contrary to the stated objective of simplifying the implementation of Union funds. It is also difficult to understand why public authorities would require regularly updated information concerning the number of LAG members or their organisational structure. This appears to be yet another example of information being collected for a vague and unspecified purpose ("*it may prove useful one day*"), which is inconsistent with the values promoted by the Commission in other legislative instruments, including the principle that personal data should not be collected excessively, whether by private entities or public authorities.

37. Another issue worthy of attention concerns the provisions providing for a moderate departure from the centralisation of the fund implementation system.

The European Parliament has sought to address the risk that the management of Union funds could become excessively centralised in the hands of national governments under a single NRP Plan. Its principal instrument for achieving this objective is the introduction, into the Regulation Establishing the Fund, of a new Article 9a. This provision establishes a new horizontal condition entitled "Respect for Partnership and Multi-Level Governance" (*partnership horizontal condition*).

The provision requires Member States to ensure that decisions are taken as closely as possible to citizens, through a place-based approach, and that competences are exercised at the most appropriate level.

In addition, Amendment 275 (concerning Article 49(1a) of the Regulation Establishing the Fund) expressly requires the involvement of regional and local managing authorities in the design, implementation, monitoring and evaluation of the territorial chapters of the NRP Plan. Regional managing authorities are granted the right to maintain direct working contacts with the European Commission, bypassing the central "*coordinating function*". This reduces the risk of Union funds being steered directly by central government authorities.

The position of monitoring committees has also been strengthened. Amendment 320 to the draft Regulation Establishing the Fund provides for the establishment of a single national monitoring committee operating through dedicated regional and thematic subcommittees, including a dedicated subcommittee for the CAP and territorial development. **This should facilitate the direct involvement of LAGs in the monitoring of, and modifications to, the objectives of CLLD/LEADER.**

38. In the financial sphere, the European Parliament has introduced amendments that make territorial programmes, including CLLD and LEADER, more attractive from the perspective of national budget planners.

- **Financial reservation for LEADER:** the European Parliament's amendments (Amendment 116 to the draft Regulation Establishing the Fund) introduce a mandatory requirement that **at least 5%** of the total allocation for rural development (which, under Amendment 93, has been set at **EUR 106,410,000,000**) be reserved exclusively for the financing of the LEADER programme;

- **CLLD co-financing premium:** Amendment 133 to the Regulation Establishing the Fund, relating to Article 20(3a) of that Regulation, provides for the possibility of reducing the minimum national contribution rate by **10 percentage points** for projects

implemented under Article 75 (Integrated Territorial Development) and Article 76 (CLLD);

- **Preferential rate for LEADER:** Amendment 248, concerning Article 35(4a)(b) of the Regulation Establishing the Fund, establishes the minimum national contribution rate for LEADER at **20% of public expenditure**. In practice, this means that a Member State is required to provide a lower level of national funding for projects implemented by LAGs than for standard cohesion-policy projects, where the national contribution amounts to 40% in transition regions and as much as 60% in more developed regions.

The financial mechanisms described above protect **LEADER** from budget reductions at national level and create incentives for governments to make broader use of territorial forms of support.

III. SUMMARY

From the perspective of CLLD, the package of amendments proposed by the European Parliament to the draft Regulation Establishing the Fund and the CAP Regulation should be assessed positively, albeit with significant reservations.

First and foremost, the amendments safeguard the continued operation of this instrument and provide a financial guarantee within the framework of the CAP for the continued implementation of LEADER, which was one of the key demands advanced by the Local Action Group community. The amendments also provide for an expanded definition of beneficiary and a broader scope of support available under the CAP through the LEADER instrument, thereby making it possible to preserve the current multi-sectoral character of that support. Positive developments may also be observed with regard to the provisions governing the competences of LAGs, although the Parliament's amendments do not restore the power of LAGs to determine the amount of support to be granted.

However, it remains unclear how CLLD is intended to function outside the CAP framework and what its relationship with the LEADER instrument will be. There is also still a genuine risk of a dual-track implementation system for CLLD. In practice, although this will already be the third multiannual financial framework in which the European institutions have entered under the banner of harmonisation, including within the CLLD framework, the draft provisions appear not only to fail to deliver improvements in this respect but, in fact, to represent a step backwards.