

Report on the State of Play of Axis 4 in the Member States: May 2010

Introduction

The introduction of Axis 4 for the “*sustainable development of fisheries areas*” within the European Fisheries Fund (EFF) has marked a radical step within EU fisheries policy, introducing a territorial emphasis to a programme that has traditionally been aimed at sectoral support. This departure from previous operating norms has implied a significant challenge to National Administrations and fishing communities alike as they have had to adopt a completely new approach to using EU fisheries funds allocated to this priority axis.

Managing Authorities have been under pressure to incorporate new targets and strategies into their operational programmes and undertake a process of selecting eligible areas for this specific support to local development - and action groups capable of delivering results on the ground. The fisheries sector is being required to think in territorial terms for the first time, a change which implies local fisheries actors engaging with sectors of their community with whom they often have no history of working. And finally, local development actors have had to become familiar with the fisheries sector, the specificities that shape it and the challenges it faces.

The following document offers an overview of progress to date in the different Member States (MS) vis-à-vis the implementation of Axis 4. This includes the different processes MS have used to select their “fisheries areas” and fisheries local action groups (FLAGs); measures put in place to support this process and that of developing and implementing local strategies; and details of how those FLAGs in place function in administrative and financial terms. It highlights the challenges being faced by the fisheries sector throughout Europe and compares some of the trends that are emerging across the different MS implementing Axis 4, both in terms of implementation processes and solutions envisaged. The report consists of an introductory overview and analysis of the state of play, followed by a summary of the situation in each MS implementing Axis 4 (see country factsheets).

Given significant delays in certain countries with the implementation of Axis 4, information on the selection process, the groups and their strategies does simply not exist or is still subject to significant change. In these cases, the information presented in the country factsheet is restricted to the context in which Axis 4 is being implemented, in other words the state of the fisheries sector and the challenges faced by those living and working in fisheries areas.

Data sources

Information used to compile the report has been based on data from the respective National Operational Programmes (OPs), email and telephone interviews with Managing Authorities (MAs), National Networks (NNs) and FLAGs, along with data from DG Mare.

This study of Axis 4 has been set in the context of the characteristics of the fisheries sector in each country and we have favored the use of data sources that presented consistent data sets across all EU Member States for this contextual component so as to allow for comparison. More recent information is sometimes available on an ad hoc basis, and in particular in the national OPs, but unfortunately does not allow for EU-wide comparison.

The consumption figures, for example, published by the FAO in 2008, are the latest EU consistent data available, although they are 2005 figures. These figures are calculated using the net supply methodology and are expressed in live weight equivalent. The net supply is one of the two main methods of estimating consumption levels (the other being consumer surveys) and uses macro-economic flows, related in turn to the size of population.¹

¹ More precisely the calculation is the national production of the fisheries sector minus the export of fish products plus the import of fish products (plus or minus stock variations). This figure, divided by the number of inhabitants of the country, gives an estimate of the consumption per inhabitant in the country.

The production figures come from the latest dataset published by Eurostat in 2008 and presenting figures from 2007. Again, more recent figures are available from some national sources but, the Eurostat dataset was favored in order to ensure readability across the EU.

For employment figures the most recent EU-wide information available was a DG FISH 2004 report, finalized in 2006 but presenting data from the year 2002-2003². In the interest of comparability we have used figures from this report, however, in many cases we have supplemented these figures with more recent ones provided at national level.

With regards to the country maps, for this first year's report we have used an external source³ for the maps which offered a consistent data source of maps with sufficient geographic and maritime perspective. However, these maps will be replaced in year 2 on identification, or creation, of a more adequate map source. Maps showing the distribution of FLAGS in each country are based on information provided by Member States and often created or re-worked by the FARNET Support Unit (SU). In year 2 we plan to homogenize these maps.

Overview and analysis

Context

The fisheries sector has come under increasing pressure over the past few decades due to a combination of environmental, economic and social factors.

Fish stocks have been declining dramatically over the past 40 years with possible causes including overfishing, poor resource management and environmental changes. The smaller catches which result from this, added to the instability of the oil prices - one of the main supply costs for fishing activities (e.g. fuel and nets) - has made profitability of operations very uncertain for many fleet segments.

In addition, the image of the fishing industry with the broader public has suffered from several high profile crises linked to the state of the resource such as the collapse of the Canadian cod fishery, the Bluefin Tuna crisis, salmon farming pollution issues and eel and anchovy collapses.

Employment in the sector has been falling steadily in parallel with the decreasing number of boats and the increasing concentration of fishing power on larger units, leaving some coastal communities deprived of their traditional source of income. Still, the remaining boats are reporting difficulties in attracting competent and reliable crew, the sector having lost its appeal to younger generations.

Along with the diminishing economic and social importance of the fisheries sector, the increasing use of the marine environment for other professional activities (maritime transport, gas and oil exploitation, renewable energies parks...) or recreation (pleasure sailing, recreational fishing, diving...) has contributed to further marginalizing the fishing sector in local communities.

Fish, on the other hand, has become increasingly popular to the European consumer in recent years due, largely, to its nutritional characteristics. Indeed, the European Union has become the largest market for fish products in the world. And yet, the EU fleets and fish farms can meet less than 30% of this demand, and its capacity to do so continues to decrease. The EU consumer's appetite for fish has therefore to be met increasingly through imports, leading to fierce competition between local and imported products on the European market.

The combination of these issues leaves the fisheries sector in a difficult situation on economic, environmental and social levels and brings into question the sustainability of the sector itself over the years to come. Axis 4 of the EFF attempts to find new ways to address these challenges, including a more integrated approach to the use of Europe's inland and coastal waters and a stronger role for local communities in managing the development of their area and promoting cooperation between different economic and social sectors.

Implementing Axis 4

² Employment in the fisheries sector: current situation (FISH/2004)

³ CIA World Factbook

With this context in mind, 21 out of the 26 countries receiving money from the EFF took the decision to allocate part of this budget towards the “sustainable development of fisheries *areas*” – in other words, rather than concentrating funds exclusively on traditional methods of supporting the fisheries sector they have undertaken to direct this part of their budget towards area-based local development strategies drawn up by actors on the ground. However, among these 21 MS, approaches to implementing Axis 4, and progress to date, vary significantly.

Country	% of EFF allocated to Axis 4	EFF invested in Axis 4/ €	Total public expenditure allocated to Axis 4 ⁴
Belgium	11.04	2 900 000	5 800 000
Bulgaria	15.00	12 001 456	16 001 941
Cyprus	5.07	1 000 000	2 000 000
Germany	12.47	19 438 000	33 584 000
Denmark	9.32	12 461 279	24 922 558
Estonia	22.80	19 281 513	25 708 684
Spain	4.36	49 336 048	77 747 123
Finland	9.14	3 606 000	8 412 000
France	2.64	5 699 644	11 235 580
Greece	16.02	33 300 000	45 000 000
Ireland	3.55	1 500 603	7 200 603
Italy	4.00	16 973 714	33 947 428
Lithuania	12.23	6 693 770	8 925 428
Latvia	23.13	28 911 476	38 548 635
Netherlands	10.27	4 987 125	9 987 125
Poland	32.00	234 909 624	313 212 832
Portugal	7.06	17 403 406	23 935 917
Romania	32.51	75 000 000	100 000 000
Sweden	15.00	8 199 720	16 399 440
Slovenia	10.00	2 164 029	2 885 372
UK	8.42	11 598 450	21 126 088
Total	13.18	567 365 857	826 580 353

Budget Allocations

In terms of budget allocations, some MS, such as France, Italy and Ireland, have responded rather more cautiously than others, allocating less than 5% of their EFF budget to Axis 4. Other countries, such as Romania and Poland, have allocated an ambitious 32% of their budget to this priority axis, implying an Axis 4 budget of €75 million and €235 million respectively. This is before national co-financing and private match funding. In total, €567 365 857 of EFF money has been set aside for the sustainable development of fisheries areas across Europe, 13% of the EFF budget.

Selection Process

Europe’s fisheries areas vary significantly, both in geographical and socio-economic terms and, as

such, in the challenges they confront in the current and difficult climate within the fisheries sector. However, two overarching and opposing trends stand out in particular in Europe’s fisheries areas:

On the one hand, many small fishing communities are facing rural depopulation and an aging population. This is particularly true in Scandinavia where many villages have almost no fishermen left, young people are moving to the cities to take advantage of better educational and employment opportunities and many residential properties have become seasonal holiday homes. However, a similar trend is seen in many countries, including northern Portugal and northwest Cyprus, in those areas most removed from the larger urban centres. The result has been a downward spiral in both the local economy and service provision.

As the same time, some fisheries areas, in particular many of those with a Mediterranean coastline but also parts of southern France on the Atlantic and more urban areas along the Baltic Sea like Klaipeda in Lithuania, are experiencing rapid development and, as such, increasing pressure on the resources of the coastal area. In these areas, local fishermen often struggle to compete for resources with the growing number of more profitable industries, including tourism. Moreover, this growth in industry and population often places intense pressure on the natural coastal and marine environment.

Member States have had to balance the various needs versus the opportunities for development in their coastal and inland fisheries areas and the result has been a diverse range of selected areas:

⁴ EFF and national public co-financing

some still heavily dependent on fisheries activities like many of those in Galicia; others e.g. Mediterranean France with the challenges of reconciling their touristic potential with a sustainable fisheries sector; and yet others e.g. Denmark where offshore wind farms are already providing new economic opportunities for coastal communities. Inland fishing communities present yet another dimension to the types of Axis 4 areas. These range from communities of subsistence and part-time fishermen along the Romanian and Bulgarian Danube River to huge lakes such as Lake Peipsi in Estonia or Poland's numerous aquaculture lakes used for carp production. Some of these areas have been defined at national level, others proposed in partnership by local actors and evaluated as part of their application to receive Axis 4 funds.

One stage selection process

Where sufficient experience existed and conditions on the ground permitted, National Administrations were able to carry out the selection and approval of groups and their strategies in a single stage. For example, in Finland where the fisheries industry is fairly evenly distributed throughout the country, the whole of Finland was considered eligible for Axis 4. As such, the Finnish Ministry of Agriculture and Forestry opened a single, nation-wide call for tenders for FLAGs and their strategies with no delimitation of areas. From the 11 applications received, it selected eight groups for an initial period of 2008-2011.

Other countries carried out a preliminary phase of defining the eligible areas before publishing a call for proposals. This was the case in France, for example, where eligible areas were restricted to the coast. In other countries, e.g. Spain (Andalusia and Cataluña) specific areas were singled out by the Administration based on additional criteria before a call, directed solely at those selected areas, was published. Calls for proposals were generally preceded by important information sessions to ensure relevant and potential actors were aware and prepared to respond to the call.

Two stage selection process

A number of countries, however, felt it necessary to split the selection process into two stages: one stage to select and approve the groups and a second phase to approve the strategies. As in the one stage approach, the areas were either defined in advance by the National Administration or, having been narrowed down to eligible areas, were based on the proposals in the applications received.

The initial phase in which the groups were selected generally involved a declaration of interest on behalf of each group and a period of capacity building throughout which seminars and training for local actors was provided. The declarations of interest were effectively proposals including the local actors that would make up the groups' partnerships and a description of how the groups planned to prepare their strategies and run the group. In some countries, e.g. Estonia, Lithuania, Romania and Bulgaria, those groups selected at this stage based on their declaration of interests were able to access funding to pay for staff and sometimes external experts to work on developing the local development strategy. Technical Assistance has also been mobilised to put on training for potential FLAG members on how to develop good local strategies.

The second selection phase was therefore the assessment of the strategies. Groups were given between 6 and 12 months to prepare their strategies and those approved would then start to put them into action.

In both the above approaches some countries completed the selection process cycle just once for all groups, others have chosen to concentrate on selecting a smaller number of groups in an initial round, and then repeat the process to select a final round of groups.

Implementation Progress

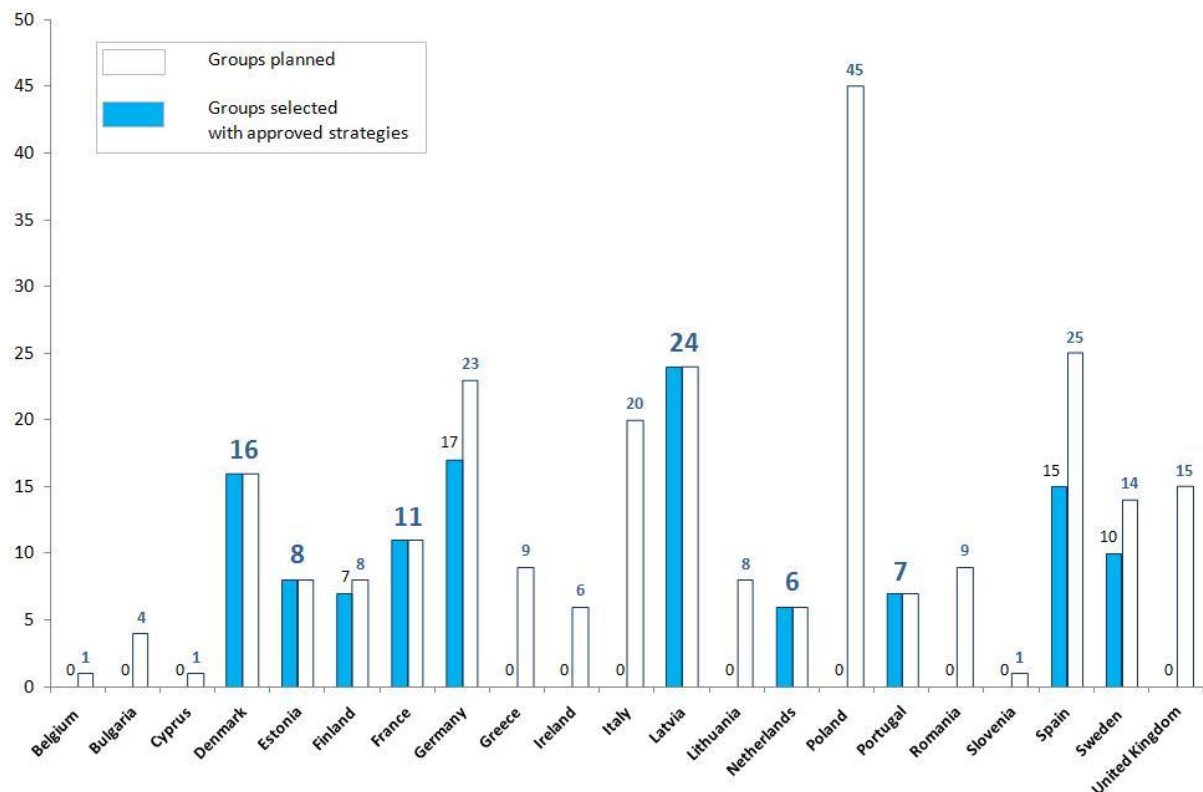
By early May 2010, 121 FLAGs have been selected and their strategies approved. However, the process has met with considerable delays and most of these groups are in the very early phases of being set up and starting work. Moreover, there remain approximately 120 more groups yet to be set up. The political challenge of restricting Axis 4 to priority areas and the fact that local development is very new to most national fisheries departments have been the main reasons for the delays. However, the economic crisis has added a further obstacle. Indeed, many of the most vulnerable MS have been severely hit, contributing to delays in being able to deploy Technical Assistance and implement the programme. At a project level, securing the necessary co-financing in such conditions also becomes

more difficult. Finally, changes in the National Administration in both Bulgaria and Romania have contributed substantially to delaying progress in implementing Axis 4. Another problem is the fact that the EFF is new and its management is fairly different from the former FIG. As such, obtaining the necessary agreement on the management and control system has delayed the whole programme (not just Axis 4) in many MS.

Some Member States, especially the Scandinavian ones, have been able to build on their experience with the Leader Community initiative to encourage similar structures to assist local development in fisheries areas. In fact, in some countries, e.g. Denmark and Finland, where rural and fisheries areas overlap, Leader local action groups (LAGs) have taken on the management and delivery of Axis 4 funds, albeit with separate partnerships that focus on fisheries issues. This has offered the advantage of a relatively fast start-up process and the possibility of sharing administrative costs. Other countries, however, despite strong Leader experience, have faced political and technical difficulties in harnessing the potential of their national expertise and existing structures. A dislocation between the national and regional level in those countries where funds are managed regionally has been at the root of delays in some countries – especially when funds from Technical Assistance have not been put aside at either level.

Meanwhile, a number of the new Member States are facing an entirely different situation. Little experience in bottom-up, territorial development, few existing structures capable of running a participative local development strategy and a lack of trust between local actors and the National Administration mean that the process that these National Administrations have been expected to set in motion has had to be worked through step by step. Indeed, they are laying the foundations for a complete culture change and the systems and procedures for managing such approaches must be put in place. Staff within the Managing Authorities are, therefore, undergoing an intensive learning process and the work of training local experts to train others on the ground has begun.

The State of Play for Europe’s FLAGs, May 1st 2010.



The Groups

The FLAGs that have been established are all slightly different in their make-up: FLAGs with smaller budgets tend to piggy-back off existing organisations such as Leader LAGs or local NGOs and those with larger budgets are tending towards self standing organisations – as in the case of Romania and Bulgaria. This is very often because those countries with the largest Axis 4 budget are also those with

the least history of local territorial development - however, not always. Galicia, with its wealth of experience in local development, has also chosen to develop its FLAGs completely independently from existing Leader groups.

All FLAGs include a partnership of different local stakeholders, ranging from fishermen and fishing committees to environmental and social organisations, NGOs, private entrepreneurs and local public bodies. The number of partners in the FLAGs range from around 30 members in some Finnish groups to over 130 in Galicia.

Representatives from a number of these different stakeholder groups sit on the decision-making body, or board, of the FLAG. Again, the number of people on the board also varies between FLAGs, for example in one Finnish FLAG there are just 6 people on the board, while one of the Galician FLAGs counts 28 board members.

The weight of these different stakeholder groups also varies significantly from one FLAG to another but especially from one country to another, with some MS putting in place specific criteria for the composition of the partnerships. Certain Spanish regions, for example, insist that at least 50% of the decision-making body is made up of fisheries sector representatives – with the outcome being that exactly – or just over – 50% of the board do indeed come from the fisheries sector. In Estonia, the same criterion is in place but here the result has been that some of the partnerships actually count on the fisheries sector for almost 80% of their members. The Scandinavian countries, on the other hand, encourage more balanced partnerships, generally split evenly between the fisheries sector, the public sector and other private sector and non-profit organisations. It is usually the board that selects projects – although in some cases, e.g. Estonia, the selection committee may be adapted depending on the specificities of the project presented so as to ensure the necessary expertise.

Administrative and financial procedures

As a general rule the FLAGs have put administrative procedures in place whereby upon selection by the decision-making body, a project is referred on to the Managing Authority, Paying Agency or, in the case of countries with a regional system, the Intermediate Body, for an eligibility check. In most countries, the Paying Agency will then deliver the funding directly to the beneficiary. This is the case for countries such as Finland, Denmark, Galicia and Catalonia in Spain, France, Portugal and Sweden. It has the advantage of removing a certain amount of financial risk from the FLAG and freeing up resources which can therefore concentrate on local animation and advice. However, there are risks of extra delays and duplication and the eligibility checks can interfere with the decision making powers of the FLAG.

In Andalusia and Asturias (Spain) and Greece, however, the FLAG budget is transferred to the FLAG account at the beginning of each year and, as such, upon receiving approval from the Managing Authority they can make the payment themselves directly to the beneficiary. This lends the FLAG significant flexibility and authority as they are seen by potential applicants as genuine development agencies with the financial means to directly support projects.

Given the huge variations in funding made available in the different MS for Axis 4, the FLAGs have very different budget sizes, ranging from just €1 million⁵ for the whole programming period, e.g. France and Denmark, to €10 million in two of the Spanish Galician FLAGs. Some of the eastern European countries such as Romania and Poland can also expect significant budgets. This budget has naturally dictated the number of staff the FLAGs can employ, with the smaller budget FLAGs often having just one part-time employee, increasing to 3 full-time employees in the largest FLAGs.

In terms of receiving proposals for local projects, FLAGs in most countries have been given the flexibility to choose whether they accept applications all year round and assess projects as they come in, or if they prefer to open calls for proposals at specific intervals.

Those that select projects on an ongoing basis include the Swedish, Danish and French FLAGs, along with some of the Spanish and Estonian groups and one Portuguese FLAG. In practice, these projects will be considered at the board meetings which tend to take place 3 - 6 times per year. In Denmark, projects must be submitted at least two weeks before the board meeting to give the board members time to study the project proposal, including very often a site visit. In Andalusia, Spain, the board will

⁵ total public budget

convene whenever they have received a “critical mass” of projects to evaluate. In France, so as to accelerate the process and save time for the FLAG, applicants are encouraged to present their projects to the Paying Agency for an eligibility check before presenting them to the FLAG board. The advantages of ongoing project selection include its simplicity and light administrative burden.

Many FLAGs, however, prefer to use a system of regular calls for proposals (e.g. the Netherlands, Spain, Latvia) which tend to be published twice a year. Most FLAGs working in this way organise their own calls. However, in Galicia, the Regional Government has taken on the task of publishing these calls for proposals – potential beneficiaries then apply directly to the FLAG in their area. On the one hand, the Galician method means less control over the process for the FLAG. On the other hand, it relieves them of a significant administrative burden. The advantages of periodic calls for proposals tend to be that a fixed deadline generates strong activity around time of the call, it allows a practical way for the FLAG to manage its time and also means that the FLAG has a larger number of projects to compare at any one time, thus allowing them to select those that best fit their strategy.

Strategies

The FLAG budgets, along with the specific challenges of each area, have also impacted on the types of solutions the FLAGs are putting forward for improving the socio-economic situation in their local fisheries area.

In cases where budgets are particularly low, the strategies tend to be considerably sectorally based, concentrating on activities that either improve the basic conditions of primary production or add value to fisheries products. One French group, for example, proposes to work on waste collection around port areas as well as on small scale sustainable anchovy fishing. However, small scale diversification projects are also envisaged by some of these groups while others have seen this budget more as seed money to lever in funds for larger projects or pilot projects, or to fund side activities and meetings of larger projects.

It is interesting to see that the partnerships in the countries with relatively low budgets generally show a good balance of actors from within the fisheries sectors and outside of it as their reliance on existing organisations means strong pressure for their objectives to fit with a larger territorial strategy for the area. On the other hand, despite a generally high representation of the fisheries sector in the FLAGs with larger budgets, their strategies tend to move away from merely adding value to fisheries products and towards diversification into tourism and other sectors such as renewable energy as well as activities that strengthen links between fisheries and the area’s natural and cultural heritage. These activities often imply expenditure on small scale infrastructure which is only possible with these larger budgets. Indeed, groups in Galicia (Spain) have been able to envisage the promotion of cultural and marine tourism, developing the local gastronomy as well as building leisure facilities such as diving and sailing schools.

In terms of implementing their strategies, by May 2010, only Denmark, Finland and Germany actually have Axis 4 projects under way. At present, these range from €1 000 to €60 000 and include, for example: funding towards the costs of setting up a cooperative for fishermen who use the harbour and processing hall in Veskonieni (Finland) and reconstruction of an old fish farm in Denmark to combine organic production with a demonstration centre for schools, families etc. Visitors to this fish farm will be able to see how the fish are caught and prepared, learn about the different species of fish and get the opportunity to “catch”, prepare and eat their own fish. Galicia and Catalonia (Spain) have also published their first call for projects where the FLAGs are finalising selection of their first round of Axis 4 projects. FLAGs in Estonia, the Netherlands, Latvia, France and Sweden are also in the process of selecting the first round of Axis 4 projects.

National FLAG Networks

The work undertaken to date has in some cases been supported by a National Network (NN) and in some cases directly by the Managing Authority. Estonia, Finland, Denmark, Spain, Latvia and Lithuania have all taken steps to set up a NN – in some cases (e.g. Spain) these are more formal than others (e.g. Finland), while in Denmark, support for FLAGs has been taken up by the existing rural network which organises specific activities for the FLAGs as well as joint activities where Leader LAGs and FLAGs can learn from each other. Other countries, such as France, Portugal and Germany have accepted that a NN could certainly be beneficial and are studying options for putting support frameworks in place.

Conclusion

The state of play of Axis 4 at the end of the FSU's first year indicates a huge amount of potential for interesting work to be undertaken in Europe's fisheries areas. 121 local partnerships are in place around the EU and are in a unique position to demonstrate, at a local level, ideas for responses to the serious difficulties that the fisheries sector is facing. However, the delays experienced in implementing Axis 4 have made apparent just how much support and resources are needed at all levels (EU, national and local) to put in place a system so radically different to past programmes. As the policy debate on the CFP reform steams ahead, an important challenge will be to generate enough evidence of what can be done through local development to improve the lot of Europe's fishing communities.