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The Local Economic and Employment Development Programme (LEED)

The LEED Programme of the Organisation for Economic Co-operation and Development (OECD) specialises in:

- Decentralisation and local management of employment and training policies.
- Entrepreneurship, self-employment and job creation.
- Local strategies and partnerships to combat unemployment and social exclusion.
- Partnership and cooperation with the private sector, sub-national organisations and Outreach activities with non-Member countries.

The LEED Programme is funded on a voluntary basis by 24 countries, the European Commission’s Directorate General V, and 44 partners.

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The LEED Programme is part of the Territorial Development Service (TDS) of the OECD.
Monitoring the decentralisation process of employment and training policies and its implications for ministries concerned;

Organising audit reviews of local economic and employment development policies, partnerships and territorial pacts for employment. This also includes the Programme’s focused surveys;

Identifying and assessing innovations in job creation, entrepreneurship and local development;

Policy-advising Member countries on new trends and innovative experiences, e.g., a forward-looking approach to youth employment and youth entrepreneurship;

Designing study missions aimed at broadening knowledge on policy implementation in the field and building networks among practitioners;

Establishing trans-continental links, through the LEED Partners Club, with private and non-profit sectors as well as national and sub-national bodies dealing with enterprise creation and job generation at local level;

Transferring and adapting OECD know-how and experts to non-Member countries. This will provide a platform for practical interactions and co-operative initiatives;

Assisting bi-lateral co-operation between Member countries on policy development.
FOREWORD

This publication is the result of a study carried out by the OECD Local Economic and Employment Development (LEED) Programme between July and December 1998 on good practices and transferability in local development policy in less developed regions. The study was undertaken in partnership with the Italian agency for the promotion of youth entrepreneurship and local development, Imprenditorialità Giovanile (IG), at the request of Carlo Borgomeo, Vice Chair of the LEED Directing Committee. IG sought to draw on the expertise of the LEED Programme to examine how to put into place effective local development initiatives to tackle the problems of underdeveloped and depressed regional economies, such as those with which the organisation works in the south of Italy. To this end, a review of recent policy developments was undertaken, three detailed case studies were carried out of local development policy experiences and an experts seminar convened in Paris to draw out lessons for less developed territories in the OECD.

The book identifies the strong potential of the local development approach to help regenerate the economies and societies of less developed regions and to bring greater local participation in the decision-making and actions that underpin restructuring. It is important that the local development policies put into place respond to emerging challenges and take into account innovations and lessons from elsewhere. This book reviews some of these challenges, innovations and lessons and provides some practical examples that will help local actors to make informed decisions on the policy strategies, structures and actions to apply in their own areas.

It is argued that a strategic approach and solutions tailored to local circumstances are fundamental to successful local development policy. This can be achieved by creating clear frameworks, taking into account local problems and opportunities, consulting locally, exploiting endogenous resources, seeking external linkages, focusing on sustainable development, integrating different instruments and funding streams and building in flexibility and feedback. Whilst the institutional structures and policy mechanisms of local development must also be adapted to different local circumstances, the book identifies a number of elements that successful local development structures are likely to stress, such as partnership, capacity building and local empowerment.

One of the strengths of the book is that it goes beyond broad guidelines to examine some of the practical aspects of how successful local development policies have been created and unfolded in three case study areas, Ballyhoura in Ireland, Serra do Caldierão in Portugal and Jerez in Spain. The book examines the strategies they have pursued and the structures and actions they have put in place and seeks to understand what it is about these initiatives that has contributed to their success and what might be transferable elsewhere.

In the past local development efforts have sometimes failed to achieve the anticipated results because they sought simply to transplant an approach from one area to another without paying enough attention to differences in local context. One of the key messages of this book is that it is not possible simply to replicate an experience. Instead the process of transfer requires much more interaction between areas and careful adaptation to local circumstances. Thus the book does not seek to provide rules or a template, but rather to put forward ideas and practical examples that policy-makers can draw from and adapt to their own needs.
The report was prepared by Jon Potter, of the OECD Secretariat. The original drafts of the three case study chapters and Appendix A were written by Professor Jim Walsh (Department of Geography, National University of Ireland, Ireland), Hugues de Varine (ASDIC, Lusigny sur Ouche, France) and Fernando Barreiro (CIREM Foundation, Barcelona, Spain). Important ideas and assistance were provided by Alistair Nolan (OECD), who managed the Jerez site visit, and Jean-Pierre Pellegrin (OECD), who contributed greatly to the discussion of transferability. Sergio Arzeni (Head of the LEED Programme) and Paul Cullen (Chair of the LEED Directing Committee) provided guidance for the project. Genevieve Lecamp, Martin Forst and Sylvain Giguere from the OECD Secretariat also gave their assistance, as did Xavier Greffe from the University of Paris and all the experts that took part in the Paris seminar on October 27-28 1998. We would like to acknowledge the invaluable support provided for this study by Imprenditorialita Giovanile (IG) and Carlo Borgomeo (President of IG and Vice-Chairman of the OECD LEED Committee). Thanks are also due to the local development agencies and other participants from the case study areas for their time and the information they supplied.
CHAPTER 1: INTRODUCTION

Local development policy has become increasingly important in recent years as governments across the OECD have sought to address the persistent problems of depressed and underdeveloped areas by supporting locally-based, bottom-up approaches that complement mainstream national programmes. The increasing globalisation of the economy and changing technologies have opened new markets and new competition to which local development policies can offer a response, for example through their promotion of entrepreneurship and innovation. Local development initiatives first emerged strongly in the 1980s and have been increasingly taken up in Europe and elsewhere in the OECD. They comprise measures introduced by individual regions, cities and localities, as well as many national government programmes designed to allow local flexibility and decision-making and to provide policy support through partnership with local agencies. In the United Kingdom, for example, local actors are responsible for delivery of national programmes to combat unemployment and exclusion under the ‘Single Regeneration Budget’, ‘Employment Zones’ and the ‘New Deals’. In France, local actors are responsible for the ‘Contrats de ville’, ‘Comités de bassins d’emploi’ and ‘Plans locaux d’insertion par l’économique’. In Ireland, local actors are involved in the ‘Community Development Programme’, the ‘Local Enterprise Programme’ and ‘Area Based Partnerships’. In Italy there are ‘Territorial Pacts’ and ‘Area Based Contracts’. There are many other examples across OECD countries.

The European Union (EU) has also become active in local development by introducing the local development concept into the operation of the Structural Funds and certain Community Initiatives. Thus the 1992 reform of the EU Structural Funds increased the emphasis on partnership building in the delivery of Community aid and sought to encourage as wide a range as possible of local actors in the design and monitoring of Community programmes. Structural Fund support for Objective 1, 2, 5b and 6 areas is distributed to local partnerships responsible for designing and implementing local development policies on the ground. EU pilot actions for local development in the early 1990s included the ERGO programme, which supported experimental local policies to combat long term unemployment, the LEADER initiative for innovative rural development programmes and networks and the LEDA initiative, which aimed to apply and test a methodology for local employment development. More recently, local development has featured in EU Community Initiatives such as LEADER II, URBAN and INTEGRA. Evaluations of these programmes have shown the value of the local development approach and the concept has been extended through the programme for Territorial Employment Pacts, introduced in 1997, and the incorporation of local development measures within the second pillar of the European Union employment strategy, for entrepreneurship.

Although many local development initiatives were only introduced for the first time during the course of the 1990s, a large stock of experience has already been built up at the local level. There is a strong demand for exchange of this experience, in order to help localities where policies have yet to be introduced and to help others to increase the scale and effectiveness of their initiatives. Policy-makers and practitioners seeking to create or reinforce local development programmes are faced with a number of issues that this study seeks to explore:

- What is the rationale for local development policy?
• What is the range of activities and methods that can be employed?
• How is local development policy evolving to meet emerging challenges?
• What co-ordination is needed between different local actors and with regional, national and international levels of government?
• How effective is local development policy?
• What are the lessons that can be learned from existing experiences?
• Can successful approaches be transferred from other areas?

Local development is not just seen here as a range of different micro-initiatives operated locally, or as a set of policies that seek to exploit endogenous resources. It is also a means of integrating different policies and programmes at a local level, thus releasing synergies and improving co-ordination, and as a means of improving local governance through involving local people and networks in the formulation and delivery of policy. Indeed, many local development initiatives have their origins in a grass-roots movement of local people and organisations, responding to issues of immediate local concern. Furthermore, it is not necessarily the case that local development only involves very small territories. The size of the territory concerned depends on the functional context i.e. where institutions and people can most easily form networks to tackle commonly perceived concerns.

The focus is on local development problems and methods and Objective 1 regions of the EU. These are ‘less developed regions’, where Gross Domestic Product (GDP) per head is generally less than 75% of the European average. They currently contain some 25% of the total population of the EU, or around 92 million people. They are concentrated in Greece, Ireland, Portugal, Spain, eastern Germany and southern Italy, with smaller pockets in parts of Belgium, France, the Netherlands, Austria and the United Kingdom (Figure 1.1). The low GDP per head of Objective 1 regions reflects their poor performance in terms of maintaining and generating high value added activities in the context of their increasingly open regional economies. This in turn reflects underlying weaknesses (see, for example, European Commission, 1994) such as:

• Poor infrastructure, including transport and telecommunications links, waste and water supply.
• Weak human capital, characterised by low education and training levels.
• Sectoral imbalance in terms of over-dependence on low value-added agriculture or in some cases a debilitated industrial sector.
• Weak entrepreneurial culture, insufficient small and medium sized enterprises and poor capacity to innovate.
• Peripherality to core markets and production and service centres.
• Weak institutions and social capital in terms of a lack of networks of firms, organisations and individuals and poor public sector capacity to implement local development solutions.

In addition to these typical problems, each Objective 1 region, and each local area within it, has a number of special features which determine the precise nature of the policy response required.
It is part of the fundamental logic of local development policy that many of these problems are reversible, through measures such as infrastructure improvement, small business development, modernisation of agriculture and stimulation of tourism. In doing so, policy can release supply-side improvements in the local economies in question that help to develop the national economy rather than result in zero-sum game type losses in other areas.

In tackling the questions of good practice and transferability, the study has aimed to be policy and action oriented. Its aim is to help local areas to create and implement effective local development policies by presenting guidelines and practical examples of successful approaches. The two central components of the study are a review of current thinking on good practices and a detailed examination of policy strategies and implementation processes applied in three case study localities, chosen from less developed, EU Objective 1 regions. They represent experiences where policy is widely perceived to have been applied successfully and that can serve as a model for policy development in other lagging areas. In this way the experiences of proven policy approaches to employment and economic development problems can be shared.

The specific objectives of the study are to:

- Outline the local development concept and approach.
• Review recent policy trends and current thinking on good practices.

• Describe policy in the case study areas in terms of their development strategies, operational structures and actions and how they are intended to meet identified problems.

• Examine the impacts of policy in the case study areas and consider the aspects that are perceived to have been the most strongly associated with success.

• Illustrate the ways in which good practice has been applied in the case study areas and how this has helped contribute to policy success.

• Provide guidelines on strategies and structures and practical examples of actions that can effectively stimulate local development.

This study does not seek to provide a cost-benefit evaluation of EU policies, but to make a broader assessment of how local areas within Objective 1 regions have combined EU support with other local, regional and national programmes to influence the long term development of their areas. Following this introduction, Chapter 2 sets out the study programme and methodology and describes the process of selection of the case studies. Chapter 3 then provides an overview of the concept of local development exploring the logic for local development policy, recent policy trends, current thinking on good practice guidelines and issues for consideration in terms of transferability. Chapters 4 to 6 present the case study reviews for each area, covering the socio-economic context, the policy strategy, methods and actions, the policy impacts, factors associated with success and potentially transferable actions. Chapter 7 provides a synthesis of the policy lessons from the case study experiences and an assessment of how they illustrate good practice ideas. Chapter 8 presents the conclusions of the study in terms of OECD LEED Programme recommendations and proposals for areas seeking to create or improve their local development policies. Finally, following the bibliography, technical appendices set out:

• potentially transferable actions from the three case studies

• contact details of programme organisers who can be contacted for further information and exchange.
CHAPTER 2: THE STUDY PROGRAMME AND SELECTION OF CASE STUDIES

The overall study approach was to select three case studies of successful policy experiences in EU Objective 1 regions (less developed regions) and to examine in detail the policy strategies and implementation processes that have been put in place in these areas. The key strength of the case study approach for the assessment of local development policy is that it can help us to understand the complex processes involved in local development success stories. Case studies provide detailed information about how policy has been effective, why it has been effective and what mechanisms were involved and can thus induce substantial learning effects for other areas. The case study work was combined with an assessment of recent trends in local development policy and of current thinking on good practices. This chapter starts by describing the different stages in the study programme. It then outlines the two part process by which case study areas were selected, giving brief descriptions of the areas involved.

The study programme

There were the following four main stages in the study programme:

1. Review of approaches to local development

Desk research was carried out to identify the current state of the art in local development approaches, including recent policy trends and current thinking on success factors, through an analysis of available literature and policy documents. In writing this overview we have drawn on the experience of the OECD LEED Programme in analysing and advising on the implementation of local development approaches over a number of years. The review (presented in Chapter 3) helps to identify the logic for local development policy, methods that can be applied, trends in local development policy over the last 10 years, good practice guidelines and issues for exchange of policy ideas and transfer. The good practice guidelines are then explained and illustrated through the detailed case study analyses.

2. Selection of case studies

Investigations were carried out using the LEED network of partners, national delegates and experts to identify potential case study areas where policy has been applied in a way that could offer lessons for other localities. The case studies were selected according to how well they met the following criteria:

- Policy is perceived externally to have been successful in improving local economic performance, quality of life and capacity for future development.

- There are significant policy innovations or examples of good practice in terms of strategy, implementation mechanisms or actions.
• The local economic and social context is typical of less developed regions supported by Objective 1 of the EU Structural Funds.

Ten potential case study areas were identified from which three were selected for full examination.

3. Fieldwork and case study papers

Site visits were undertaken by the OECD Secretariat and consultants in order to gather information, reports and data on the three selected case study experiences. The site visits relied critically on interviews with key actors in the local development process, focusing on managers and operational staff in the major funding organisations, strategic bodies and agencies responsible for implementation. Information and documents were gathered on the following themes:

• Characteristics of the case study area
  − socio-economic context and the nature of the problems that policy is seeking to overcome

• Description of policy mechanisms
  − the chosen development strategy and rationale
  − the nature of the actions undertaken and planned, including innovative actions
  − operational structures and methods, including innovative methods
  − problems faced in policy design and delivery and solutions attempted

• Policy impacts
  − the impact of policy on improving local performance and overcoming underlying problems
  − the impact of policy on building the local institutional capacity to design, implement and fund economic development solutions
  − the types of actions and implementation methods associated with the greatest success

• Transferability
  − identification of transferable approaches
  − assessment of the conditions required for successful transfer
  − views on methodologies for transfer.

From this evidence consultants provided an ‘expert paper’ setting out their judgements on each key theme, giving their conclusions on the achievements of each area and the factors in their success and giving practical examples of successful or innovative methods and actions that could be adopted in other areas.
The OECD Secretariat commented on these papers and made further inputs where appropriate. They are included as Chapters 4 to 6 of this book.

4. Collective analysis, guidelines and examples

The final work stage involved a collective analysis of the conclusions of each case study to draw out the common policy lessons. The aim was to identify the aspects of the case study approaches that have the greatest exemplary value for other areas and that are most likely to be transferable. In order to help with this exercise an experts seminar was held in Paris, bringing together the OECD Secretariat, the study consultants and some 30 external experts.

The process of selecting case studies

The OECD LEED Programme carried out an extensive exercise to identify case study areas. The search focused in particular on the countries of Ireland, Portugal and Spain, where Objective 1 funding is extensive and where a number of examples of successful local development policies were known to LEED Programme experts.

The most crucial factor in the selection of the case study areas was that they should be associated with policy success. Success can incorporate many factors, depending on the objectives of the programme. Three key aspects were taken into account for the purposes of the case study selection. Firstly, the effects on local employment, incomes and value added, for example through new firm start-ups, people entering self-employment and increased sales and exports by local enterprises. Secondly, the effects on local quality of life including community and social provision and factors such as improved training, provision of community facilities, physical regeneration and environmental improvements. Thirdly, the effects on local capacity for long term and sustainable development. This involves improvements in human capacity, for example the development of new capabilities and competencies amongst local people, improving local confidence and increased mobilisation of local people in support of local development initiatives. It also involves improvements in institutional arrangements, for example by introducing effective new organisational arrangements such as partnerships and networks. Critically, the success of policy is viewed in terms of the extent to which it has contributed to overcoming the problems of the area that policy is seeking to address. These benefits should have been achieved at reasonable cost.

As highlighted in the previous section, two further criteria were that the case study areas should include significant policy innovations or examples of good practice in terms of strategy, implementation mechanisms or actions, and should have an economic and social context typical of less developed regions supported by Objective 1 of the EU Structural Funds.

In the first stage of case study selection, local development experts were contacted for each of the three target countries and asked to identify the best potential case studies at sub-regional level according to these criteria. In this way a total of ten potential case study areas were selected. In stage two of the selection process these ten potential case studies were narrowed down to three, one in each of the three countries targeted. The final choice was influenced by the need to ensure a reasonable spread between different local socio-economic contexts (e.g. urban/rural) and different types of delivery approach (e.g. single agency/broad partnership).
Description of the potential case study areas

This section gives a brief description of the ten potential case study areas that were identified by OECD LEED Programme experts as best meeting the selection criteria.

IRELAND

1. Ballyhoura

Ballyhoura is an area in south west Ireland that has been heavily reliant on agricultural production and milk processing. It has suffered in recent years due to the decline in economic returns from dairy farming following the reform of the EU Common Agricultural Policy (CAP). The area has experimented with farm diversification measures and sought to promote alternative activities such as rural tourism and small manufacturing enterprises in an effort to provide employment. It would generally be considered as remote rural.

A broadly based partnership has been established in the area, co-ordinated by a local development organisation called Ballyhoura Development Limited. There has been a lengthy learning period, but now the group is widely acknowledged as one of the best in Ireland in terms of making partnership work, promoting soft support interventions, and its overall commitment to strategic planning. It has also developed positive working relationships with local government authorities and others who have a role in the area. The partnership is running a number of different funding programmes at present including LEADER II and a special Local Development Programme to tackle disadvantage.

2. County Kildare

County Kildare is an accessible rural area to the west and south west of Dublin city. Part of the county has come very much under the metropolitan influence of a sprawling capital city. It is also the location of investments by some very large multinational corporations such as Intel and Hewlett Packard. There are, however, some problem areas in the county due to weak farming structures in some parts and the decline of traditional industries.

Local development is promoted in the county under the LEADER programme and also under the Operational Programme for Local Urban and Rural Development. The latter has major components: a) a subprogramme for microenterprise development which is delivered by the County Enterprise Board, and b) a subprogramme for overcoming socio-economic disadvantage which is implemented by partnerships in two parts of the county. The Local Authority has also played a very active role in guiding and supporting local development initiatives. Among the challenges that have had to be addressed are those of making the partnerships work and ensuring co-ordination across the different partnerships. Kildare is a good example of a place with a number of strengths but also weaknesses in regard to prior experience of local development where the participants have had to learn quickly. Kildare County Enterprise Board has placed a lot of emphasis, more than most, on soft supports including the PLATO management enhancement programme.

3. Limerick city

Limerick city located in the Midwest region of Ireland has a population of about 75,000. It shares all the problems of a socially divided late twentieth century city. Extensive parts of the city are characterised by
very high levels of unemployment, poor housing quality, low levels of formal education and many other indicators of social disadvantage.

A successful broadly based partnership has been built over recent years. Much of the emphasis here is on predevelopment activities and on the maximising the impact of the partnership. It has successfully secured resources to implement a number of programmes financed by the EU and the Irish government.

**PORTUGAL**

1. **Vale do Ave**

This concerns an area of approximately 1100 km², with a population of 500,000 people (450 people per km²), bounded by the slopes of the Ave river (province of Minho, in the north of Portugal, between 30 and 80 kilometres north of Porto). It comprises the towns of Vila Nova de Famalicao, Guimaraes, Sto Tirso, Fafe, Vila do Conde, Povoa de Lanhoso, Vieira do Minho and Povoa de Varzim.

These towns, of which the first three are industrial centres for textiles and footwear, have been associated for around ten years with a local development organisation, Associação dos Municípios do Vale do Ave – AMAVE. The organisation is concerned with industrial restructuring initiatives that respond to the difficulties experienced by family owned small firms adversely affected by technological progress and globalisation. Local development in the area has a number of other aims including organising local actors (industrialists and retailers), involving the University of Minho (Guimaraes campus) in local development, improving the environment and controlling pollution, protecting natural, agricultural and craft heritage, linking urban and rural development, promoting tourism, modernising houses and improving human resources.

All these issues are tackled according to a regularly revised programme (rolling planning) where locally elected councillors are the main actors. International co-operation has also been developed, going beyond the procedures of the European Union. In particular a charter of textile towns was launched at the initiative of Vale do Ave, with other towns in Belgium, France and Italy, and an integrated development programme has recently been added.

A full development support mechanism has been put in place, with the semi-permanent advice of a planning consultancy in Porto, "Quaternaire Portugal". This consultancy is responsible for planning and evaluation. In addition, a small economic development consultancy, "Sol do Ave", has been created by young graduates from the university to help bring forward development within the area.

2. **Serra do Caldeirão, Algarve**

Serra do Caldeirão is a semi-mountainous area in the south of Portugal that forms a natural frontier between the provinces of Algarve and Alentejo. The area is highly dependent on subsistence agriculture and forestry as well as pluri-activity based on the proximity of the tourist areas of the Algarve. It is one of the most deprived areas in Europe, with very strong out-migration and population ageing. Local development in the area has been supported by IN LOCO, the development agency for the Algarve, which undertakes animation, training and organisation.

Local development programmes in the area started from a base of local audits and consultations carried out in 1985 that led to the grouping of four villages and the selection of two major themes for local initiatives, childcare and training for self-employment. In 1991 IN LOCO prepared a more comprehensive local plan
Development of the area is characterised by the following basic principles:

- Integrated development - linkage between different aspects of policy (economic, social, cultural, educational and environmental) and linkage with other levels of area (regional, national and international).
- Local participation.
- Inter-institutional co-operation as a method of ensuring an interdisciplinary and synergistic approach.
- Permanent feedback between action and planning.

3. Trote Geres, Parque Nacional de Peneda-Geres

The National Park of Peneda Geres is located in the north of Portugal on the frontier with Spain and in the north east of the province of Minho. It contains the second highest mountain in continental Portugal and is characterised by an extremely traditional agriculture based on stock rearing and wheat. Some villages are still self-sufficient and the artisan or craft sector is still very rich.

Some years ago a Portuguese doctor and his French wife created, in the heart of the only Portuguese National Park, Trote Geres, a rural tourism enterprise offering leisure products, sporting activities, gastronomy and accommodation for independent visitors or groups. Gradually this enterprise has taken on great importance for the region compensating for weak activity by the National Park authority, which has concerned itself primarily with passive protection of the environment. Going beyond its original objectives, Trote Geres today plays the role of an engine of endogenous development as a real development agency concerned with the organisation of tourism and the promotion and commercialisation of the artisan or craft sector. The process has been heavily financed by European Union programmes and Trote Geres is often asked to intervene in local economic development conferences.

SPAIN

1. Maestrazgo de Teruel

This concerns an area of approximately 1000 km2, with a density of 3 people per km2, in medium sized mountains. It is in the Aragon province of Teruel, in the sierra that separates central Spain from the Mediterranean coast (provinces of Tarragone, Cataluna and Valenciana).

The local development history of this area starts with an initiative taken some 15 years ago by the community of Molinos (400 inhabitants), with both economic and cultural aims. The creation of the ‘cultural park of Molinos’ was then extended to all of the area, in order to revive the territorial and cultural identity of the former Maestrazgo. This notion of a cultural park has been taken up by the regional government of Aragon that created an institution of the same name. A highly organised development centre was created with its headquarters at Molinos. Two successive LEADER programmes have enabled this action to be based on adequate funding. Among the most notable aspects of local development in this area are:
• Long term planning and the extremely tight control of programmes by the local development organisation.

• The simultaneous use of natural, cultural and economic factors, taking care to always balance tourism with other sustainable programmes.

• The practical and theoretical training of local actors and the creation of a permanent training centre.

• A permanent and contractual co-operation with the universities, research and training institutions of Aragan (Teruel and Saragosse).

• The concern for a cultural awareness on the part of the inhabitants, both individually and collectively (voluntary efforts, participation in the regeneration of cultural heritage, organisation of events and festivals etc.).

• A mechanism for economic support for direct investment and risk taking by project initiators (more than 100 firms created, with a minimum support from own funds of 65%).

• A communication system strongly based on the Internet, video-conferencing and multimedia, with very decentralised networking.

2. Jerez

Jerez (located in the province of Cadiz, in the Region of Andalucia) is a town of 190,000 inhabitants within an underdeveloped region which has the highest levels of unemployment in Spain. Historically, Jerez has been highly dependent on wine making, and over the last ten years there has been an important decline in employment in this sector (from 10,000 workers in 1992 to 3,000 in 1998). Overall unemployment had reached 19,000 people in 1992 but has been reduced to 11,000 within six years.

Policy has strongly promoted local economic and employment development. A strategy has been pursued of economic diversification, attraction of inward investment (in agroindustry and services), promotion of tourism and support to enterprise creation. All possible measures (an integrated strategy) have been used. Partnerships also operate. The institutional base includes an Economic and Social Council, a joint public-private promotional enterprise named Local Management of Economic Development, and a Municipal Institute of Promotion and Development of the City. Jerez has one of the most active city authorities in the Region of Andalucia, and one which has obtained positive results in local economic development.

3. Vigo

Vigo is an industrial city of 300,000 inhabitants in the region of Galicia, one of the more successful regions of Spain. Galicia has achieved significant economic and social progress over the last 7-8 years that has permitted it to diversify its economy away from previously high dependence on agriculture and fishing.

In the mid-1980s Vigo and its surrounding area suffered important economic shocks which strongly affected such sectors as shipbuilding, fishing, automobiles and others. A Citroen factory is located in the city. In response, the "Pro-Vigo Foundation" was created in 1990 to promote a strategy of economic revitalization. The Foundation has succeeded in involving the business sector, academia, financial entities and others, with the lead role taken by the city municipality.
Many measures and instruments for local development have been used, and positive results are evident. The development of the city represents an interesting case of private-public co-operation. Vigo is also close to the border with Portugal and interesting cross-border co-operation activities have also been undertaken.

4. Sierra de Bejar

The Sierra de Bejar is a rural zone belonging to the province of Salamanca in the region of Castilla-Leon. It is a typical case of integrated rural development promoted by the European programme LEADER II, and one of those which has achieved the best results.

The areas selected for full examination

Of the ten areas presented above, the following three were selected for full examination with a view to their potential as models of good practice and the need to ensure a reasonable spread between countries, policy structures and socio-economic context. This section summarises why each case study area can be considered as a successful and interesting model for other areas, by way of introduction to the detailed case study chapters that follow.

IRELAND

Ballyhoura

Ballyhoura is an inland rural area with a population of approximately 55,000 people spread over about 1,440 square kilometres in a relatively inaccessible part of the Midwest of Ireland. Like several other rural communities in Ireland it has suffered from serious rural decline - a shrinking agricultural economy, restricted farm incomes, high out-migration leading to population decline, and consequently a withdrawal of essential services such as shops, post offices and schools and in their place an increasing level of village dereliction.

Despite these problems, the local development agency, Ballyhoura Country Local Development, has put in place what is seen as one of the most successful local development experiences in Ireland. Its recent achievements include:

- Stimulation of 60 major self-funded actions between 1995 and 1998 arising from the agency’s animation activities.
- Creation of 23 new businesses during 1996 and 1997 with 81 associated jobs.
- Creation of 113 jobs by entrepreneurs undertaking local training programmes and 27 jobs by entrepreneurs accessing local employment grants between 1996 and 1997.
- Stimulation of a more proactive local development strategy in a manner that can be accessed by a dispersed rural population. Positive demonstration effects on local government authorities in the area.

As a potential transferable model it has much to offer with regard to innovation and good practices in the processes of participation and partnership, strategic planning and animation and capacity building:
It has created a strong sense of local identity, a clear vision and genuine local participation. It has developed an efficient partnership structure guided by ‘win-win’ strategies based on delegation of specific tasks to lead partners. A manageable Board structure is limited to key participants but complemented by the establishment of additional task forces and sub-committees where appropriate.

It has developed integrated, multi-dimensional, multi-sectoral, sustainable and market-led strategies. Resources are carefully targeted to actions that will have long-term impacts and will help to enhance the quality of life of those most in need.

It has prioritised capacity building and support for entrepreneurialism through soft supports. It has adopted a brokerage approach to levering additional resources in order to maximise impact.

PORTUGAL

Serra do Caldeirão

The Serra do Caldeirão is a mountainous area located in the south of Portugal, between the coastal tourist zone of the Algarve and the agricultural plateau of the Alentejo. It is an area of small farm holders and craft workers with a population of approximately 74,000 persons spread over nearly 3,500 square kilometres. It has suffered from depopulation and the decline of forestry and agriculture even though Portugal as a whole has witnessed rapid social and economic expansion.

The local development agency for the area, In Loco, is one of the most highly regarded in Portugal. Some of its recent achievements are:

- Creation of some 250 jobs in new and small enterprises between 1991 and 1994, through training, soft support and investment grants, particularly in tourism agro-food and craft industries.

- Creation of four new community facilities for childcare and two telecentres.

- Demonstration of a successful local development approach to partners and other agencies, which has been adopted by others outside the area.

The Serra do Caldeirão experience also demonstrates a number of aspects of good practice and innovation in strategy, implementation methods and actions:

- Its strategy attempts to integrate the different constituents of development - economic, social, cultural, educational, environmental - in each project. It starts from the ground and concrete problems through careful observation to identify potential opportunities and approaches.

- Implementation rests on the active participation of local agencies, individuals and groups, and in particular women, at all the stages of the projects and development processes.

- In addition, a formal partnership has been negotiated and maintained with all institutional players, whether they be political or technical, in order to bring out the maximum cooperation.

- Every action seeks to balance the three strands of animation, training and organisation. Action and assessment are combined in a permanent interaction.
SPAIN

Jerez

Jerez is a town of 190,000 inhabitants within the Andalucia region in the south of Spain. The town is famous for the manufacture and distribution of the specialised wines of Jerez but this industry went into crisis at the end of the 1980s leading to a serious collapse in the main economic base of the town. In 1998 only 3,500 people worked in these wine establishments compared with more than 10,000 at the beginning of the 1980s. In 1991 Jerez had one of the highest rates of unemployment in Europe at around 42% of the active population. Its strategies for economic diversification offer potential for transfer.

Led by the local government authority for the town, local development policy in Jerez is one of the most remarkable and active initiatives in the south of Spain and there is general consensus on the quality and durability of this experience.

- In absolute terms unemployment has fallen from 19,000 unemployed people in 1991 to 11,000 in 1998, representing a reduction in unemployment of nearly 40% in seven years.

- A large municipal effort in collaboration with entrepreneurs from the sector has brought rewards in the field of tourism. The number of visitors has increased significantly and this has had a very favourable knock on effect on the hotel trade and on local commerce. Some 120,000 people now visit the wine establishments each year.

- Local government efforts to promote training and the integration of the unemployed in the labour market are very powerful and well organised. Between 1995 and 1997 18,000 people benefitted from municipal projects for training and social inclusion.

- Some 4,600 jobs have been created in small and medium sized enterprises as a result of a range of local government measures: grants, workforce training, facilities for start-up and the offer of industrial sites.

Examples of innovation and good practice in strategy and implementation methods in Jerez include:

- The drawing up of a Strategic Plan for the municipality and other local actors.

- The re-establishment of good relations between the municipality and the business sector following a period of general stand-off between the two.

- The creation of decentralised management for all departments within the local government authority, permitting operation with flexibility and efficiency.

- The linking of urban planning and infrastructure development to economic development and the use of the municipality’s own budget for investments in major projects.

Notable actions include a range of support for small and medium sized enterprises, measures for tourism promotion, a municipal mechanism for training and employment, the creation of a business school, measures for urban renewal and the creation of a freight transport zone.

Overall, local development in Jerez demonstrates the role that local government can play as leader and promoter of economic development and employment creation in an area.
CHAPTER 3: AN OVERVIEW OF THE LOCAL DEVELOPMENT APPROACH

This chapter aims to provide an overview of the current state of the art in local development approaches through a review of recent literature and policy documents and a synthesis of the experience of the OECD LEED Programme in promoting international policy transfer. The chapter starts with a brief discussion of what is meant by the local development approach, including a description of its concept and methods. The second section then provides an overview of recent trends, exploring how local development policies are responding to changing socio-economic and political contexts. The third section outlines some current key ideas on good practice methods. The final section then focuses on the task of transferring policy ideas and approaches between different local areas. It outlines some different models of transfer, identifies the sorts of problems and issues that can be encountered and discusses some basic conditions that need to be met if transfer is to be made to work.

The local development concept and methods

Local development is a wide ranging concept that can best be seen as a process through which a certain number of institutions and/or local people mobilise themselves in a given locality in order to create, reinforce and stabilise activities using as best as possible the resources of the territory (Greffé, 1989, 1990, 1993). It can be seen as an bottom-up attempt by local actors to improve incomes, employment opportunities and quality of life in their localities in response to the failure of markets and national government policies to provide what is required, particularly in underdeveloped areas and areas undergoing structural adjustment. Local development policies can also contribute towards the goal of strengthening local participation and democracy.

There are many different public and social actors involved in local development policies. The public actors comprise local and regional authorities and offices of central government. The social actors include employers, community and voluntary organisations, trade unions, co-operatives, development agencies, universities and so on. The mix of actors involved and their relative influence varies from country to country and from area to area. However, the involvement of networks of local people and agencies is a key defining feature of local development approaches. To an important degree this type of approach is associated with the notions of self-help, leadership, participation, co-operation and trust.

OECD (1993a) identifies a number of central characteristics of the local development approach:

- There is an emphasis on the notion of ‘development’ (broad, structural and qualitative) and its capacity to generate new activities (in contrast to purely quantitative growth).

- It is based on the idea of highly differentiated processes and paths in different local areas due to the diversity of economic and historical conditions.

- The local territory provides the focus for the development process, for its decisions and actions, and constitutes a pool of potential resources to be tapped. Initiatives have a clearly
local content, responding to local problems and objectives, to be initiated and carried out by local people.

- It involves a plurality of local actors who design, develop and implement these schemes or strategies, people and institutions which have often been ignored by past policies.

- The local approach attempts to build up the processes of development over the long term by emphasising the economic and social dynamics and the behaviour of actors and improving local capacity to take the initiative in response to events.

Part of the logic of local development policies is that by using these approaches local actors can add value to economic development and social policies designed and implemented by national governments. Firstly, the mobilisation of local actors through local development initiatives helps to generate additional proposals for action and resources and competencies to help achieve them. Local development policies enable local actors to act as catalysts for development and draw on the ideas, energy and commitment of local people. Secondly, local awareness of needs and opportunities and local involvement in strategy development helps to tailor policy solutions towards the distinct requirements of each area and provides feedback on the effectiveness of the actions that are undertaken. Thus local development policies adapt responses to local need. Thirdly, local development structures provide a forum for an integrated approach to policy delivery in which various instruments and funding streams are combined for maximum effectiveness. This can lead to better co-ordination of policy, which is important given the multiple causes of unemployment, poverty and social exclusion for example.

Local development initiatives generally proceed initially from an examination of local needs and make use of a range of strategies, operational structures and actions in meeting these needs. In seeking to create effective local development approaches it is therefore necessary to consider each of the following aspects:

**Strategies:** Local economic development strategies provide a framework and logic for programme spending and the actions undertaken. They are normally built on an assessment of the nature of the economic and social problems affecting an area and the manner in which policy can help to alleviate these problems.

**Operational Structures:** A range of operational structures can be employed in order to deliver policy, including intervention by local and regional government, locally targeted measures operated by central government and partnerships that combine the role of different locally based bodies.

**Actions:** A very wide range of actions may be undertaken by policy. These typically include improving indigenous company competitiveness and exports, stimulating entrepreneurship and new business creation, attracting inward investment and tourism, improving skills and knowledge, reducing social exclusion, improving the physical business infrastructure and strengthening the institutional framework of the area.

The precise development approach chosen depends on area characteristics, local preferences and objectives and the resources available. However, one of the most pervading concerns is job creation (Bartik, 1991). On the one hand local initiatives for job creation include schemes to encourage self-employment and the creation of new micro-enterprises, particularly amongst groups who have had little prior experience in this area such as unemployed people, women, young people and minority groups. On the other hand there are schemes to strengthen the competitiveness of existing firms through networking, the development and diffusion of technological innovations, finance, premises and marketing support. In addition many areas have programmes to attract inward investment.
As an example of the sorts of areas where local initiatives can create jobs, the European Commission (1995, 1997, 1998) has highlighted 19 fields with exceptional potential for local job creation in niches where there are unmet social needs. The 19 fields are:

- **Services of community benefit**: Better housing, security, local public transport services, refurbishment of public facilities in urban areas, local shops, waste management, water management, protection and maintenance of natural areas, energy management.

- **Cultural and leisure services**: Tourism, audio-visual services, cultural heritage, local cultural development, sport.

- **Personal services**: Childcare, home help, support to young people in difficulty.

However, local development activities are not limited to job creation. There are also many examples of initiatives for combating social exclusion and integrating unemployed and marginalised people in the labour market, for example through social enterprises and intermediate labour markets, training schemes, job search and placement. Equally, the many initiatives to improve the quality of life in the community include improvements to the provision of social services (e.g. childcare, home help, transport and mobility), the provision of cultural and leisure activities and improvements to the local physical environment (e.g. through conservation of the natural environment) or infrastructure (such as housing, transport and communication, social facilities).

A critical feature of local development initiatives is the ability to link and develop these activities in a coherent way through the formation of suitable institutional structures, often based on local networks of support agencies, and the drawing up of a broad and agreed local strategy. Thus local development does not just promote new initiatives but it also helps to identify and make the best use of available resources and to co-ordinate previously scattered initiatives.

**Recent trends**

It is important to take stock of recent trends in local development policies as they respond to changing economic, social, institutional and political pressures if we are to identify methods that are suited to these emerging conditions. This section highlights some of the main new trends and innovations that have emerged during the last ten years.

**Endogenous development**

One of the most important trends in recent years, and one that is linked to the emergence of the local development approach itself, has been a reorientation of economic and social policy away from ‘top down’ sectoral instruments towards ‘bottom-up’ local development strategies (Bennett and McCoshan, 1993; Demazière and Wilson, 1996; Pecqueur, 1989; Stöhr, 1990). ‘Top-down’ instruments to create new physical infrastructure (such as transport and communications facilities and industrial sites and premises), to implant externally-owned investments or to support declining sectors have often failed to lead to the anticipated trickle-down and growth in lagging areas. By contrast, it is increasingly recognised that ‘bottom-up’ support for endogenous development can be highly effective in supporting long-term development through measures such as support for entrepreneurship, developing human capital, spreading innovation and building local institutions and firm networks. The shift towards ‘bottom-up’ and endogenous development strategies is linked to new conceptions of the process of economic development and in particular new theories of the importance of local environment to the competitiveness of firms.
Thus it has been argued that, in the current context of rapidly changing markets and technologies, the success of firms depends on the quality of their local environment, which provides the context in which they operate, the physical infrastructure, the business support services, the labour supply and the technological base (Porter, 1990, 1998).

One of the key aspects of ‘bottom-up’ policies is the importance normally placed on the promotion of entrepreneurship. New company start-ups and self-employment can provide jobs and improve quality of life. They are also very often based on particular characteristics of the local environment, for example reviving traditional industries and crafts, supporting rural tourism or building on cultural heritage. Local and regional governments in OECD countries have developed an array of enterprise support programmes, especially in the most depressed areas. These include policies for finance, extension and information services, business incubators and science parks, promotion of business networks, one-stop shops and administrative simplification, skills and training and support for micro-enterprises (OECD, 1998b). In addition, much emphasis is often placed on the potential of the social economy and social enterprises to provide non-traditional routes into employment by meeting community needs that are not met, or are only partly met, by the public sector or the market.

A second crucial aspect of the endogenous approach is the process of building local innovation and human capital (OECD, 1996b). Thus it is increasingly recognised that the skills, ideas and competencies of local people is also a critical factor in supporting business creation and the expansion of local firms and in helping unemployed people to access jobs, as well as having beneficial social effects (OECD, 1993). Training and personal development measures are therefore also central to most local development programmes.

**Global-local linkages**

The notion of endogenous development has itself also been changing in recent years, reflecting an increased awareness of the importance of global-local linkages (Commission Européenne, 1994, Rallet, 1999). As trade flows and investment patterns have become increasingly globalised, there has also been an increasing understanding of the need to link endogenous development with the opportunities emerging through globalisation and to react to the challenge of external competition. Local development must therefore no longer be considered as an isolated process of a purely endogenous nature that seeks to optimise the use of endogenous resources, but as a process within an international context. Thus local development approaches now look to place endogenous projects within the global network by searching for activities that can exploit new and growing external markets, both nationally and internationally, for example in communications, cultural industries, leisure, tourism and high quality niche manufacturing (OECD, 1995). They also seek to transfer technology and know-how into the area and to exploit external investment potential, for example from emigrants and returnees ready to invest in their home area or from inward investments. In seeking to take advantage of external opportunities, many local areas have also stressed improving their communications infrastructure, including information technology and transport links.

**Sustainable development and durability**

The concept of sustainable development has attracted growing interest during the 1990s. Its overarching objectives can be defined as to maximise human welfare and provide a sound economic, social and environmental base for both present and future generations (OECD, 1998d). Local development policies can help to achieve this goal because they are based on facilitating structural adjustment and enabling economies and societies to adapt to changing conditions, combatting social exclusion and maintaining
social equilibrium, and making the best use of social, economic and environmental resources in the local area. Through the forward planning processes involved, local development policies can identify and put into place measures to promote a more sustainable pattern of development (Gorgeu, Jenkins and Gentil, 1997). Many local development strategies now build in an explicit long-term development objective and seek to avoid projects that respond only to immediate priorities and would not be adaptable or useful as priorities change. Furthermore, many economic and social problems are highly concentrated geographically and local development policies have a particular importance in helping address problems in these areas.

A first critical element of sustainable development is achieving a diversified and flexible economic base. Thus policies to develop a bed of viable small enterprises may be seen as preferable to policies to attract a single large firm investment.

Improving quality of life in social terms is a second critical element of sustainable development (European Commission, 1996a; Giloth, 1995; Twelvetrees, 1998). Thus community development is increasingly recognised as a key part of local development policy, for example improving local community facilities and services. Also important are measures to tackle inequality and social exclusion. Many areas also see preserving cultural heritage as an important element in achieving quality of life in social terms. Whilst social objectives as well as economic objectives have been a central part of local development programmes for some time, what is new is that the social is now seen not only as an objective in itself but also as a condition for future economic development.

Improving the quality of the environment and avoiding adverse impacts from activities supported by policy is a third critical aspect of sustainable development. It encompasses aims such as avoiding waste and pollution but also measures to improve the quality of buildings and protect landscapes. Protecting the environment and improving the local economy and social situation can often go hand in hand. Most notably, initiatives aimed at protecting the environment can also be important in generating new products and services, new businesses and new jobs.

A final critical element of sustainable development is good governance. Measures are more likely to be durable if they are built on consensus emerging through good governance and local empowerment (European Commission, 1999). Furthermore, local development policies operate within constantly changing circumstances and the structures they put into place must be flexible enough to adapt. Local development programmes built on networks of actors that are allowed to experiment in developing appropriate measures are more likely to be able to achieve this. In this respect, an important feature of local development is the degree of autonomy given to the agencies responsible for designing and delivering policy. Where there is close political control of a local development initiative there is also the possibility of a harmful discontinuity when central or local governments change, for example if they choose to replace certain agencies or structures with others. Local development bodies have often sought to obtain some independence and assurance of durability by accessing funds from various different sources and in particular by obtaining some commercial return from certain services.

Integration of different actors, policy instruments and funding streams

In recent years the persistence of severe and concentrated social and economic problems has been associated with a multiplication of agencies, policy instruments and funding sources aimed at combating these problems. For example there are agencies, policies and funds focused on specific sectoral themes (such as training for management development or provision of small business premises), on specific social groups (such as women entrepreneurs or disadvantaged youth) or on specific geographical areas or zones (for example the Zones Franches in France or Empowerment Zones in the United States). The response to
this increasingly complicated policy environment has been the development of increased inter-agency co-operation and area-based integrated responses that aim to draw out synergies, for example to co-ordinate different activities around common projects and combine local initiatives with external assistance (OECD, 1998c; Parkinson 1998). For example, in distressed urban areas local development helps integrate horizontally actions in areas such as education, employment and training, economic development, improvement of housing and the physical environment and community development. It also helps to achieve vertical integration, for example between European, national, regional, city and community level policy.

A critical task for local development programmes is how to access these funds from a variety of sources by gathering the appropriate information, finding complementary funding and putting together appropriate bids. The difficulties of doing this are illustrated by an under-utilisation of certain potential funding sources, as has occurred recently with certain EU Structural Fund allocations in France, Italy and the United Kingdom.

Partnership, co-operation and participation

Another key trend in OECD countries, which has emerged during the 1990s, has been towards the application of partnership approaches to design and delivery of local development programmes (Chanan, 1997; Geddes, 1997; LEDA-Partenariat, 1997; OECD, 1990, 1993b, 1996a, 1998a; Walsh, Craig and McCafferty, 1998). Partnerships help bring synergies between different actors operating within the local area, and a level of co-ordination between agencies and policies that was not achieved with nationally designed, segmented and sectoral policies. Such national programmes provided the same services in each supported area but did not have the flexibility to adjust to different local conditions or to react quickly when local conditions changed. OECD (1998a) documents how, for the area of employment policy, OECD governments have sought to increase effectiveness by involving partnerships of local and regional authorities, social partners, the private sector and the community in policy design and implementation.

A number of specific reasons for pursuing local partnership approaches can be identified (Humphreys, 1996):

- They provide a forum for consensus-building and promote the development of a strategic approach.
- They facilitate co-ordination in action realising benefits from avoiding overlap and duplication.
- They extend the scope of action and facilitate integration across policy fields.
- They enhance impact and effectiveness through combined and more efficient use of resources (e.g. co-ordination, integration and concentration on priorities).
- They allow and facilitate a ‘division of labour’.
- They should enhance the outcomes of the work of individual partners/organisations.
- They promote innovation.
- They promote more customer-orientation and pro-activity in the development and delivery of public programmes and links to local people.
They can establish a greater sense of local identity and community and the outcomes of their strategic interventions should improve local competitiveness.

Linked to the idea of partnership is that of participation from the actors of civil society, who help set agendas and take initiatives, and the corresponding notion of local development as a participatory political process is becoming more widespread (Friedmann, 1992; ADM, 1997; Chanan, 1997). Consequently, a number of mechanisms have emerged to help mobilise the participation of local people. These include consultation exercises, the establishment of facilities for meetings and social participation, the establishment of networks of people, for example, women’s groups, and the funding of local development workers to work actively with local people.

OECD (1996a) examines recent experiments by the Irish government to create urban and rural area-based partnerships aimed at addressing issues of long-term unemployment and social exclusion in a more flexible, decentralised and participative way. These partnerships exert a strong influence over a significant part of the local activities and expenditure of the agencies of national government (including training, welfare and enterprise promotion) and can tailor their activities according to local circumstances and insist on the provision of services they perceive as necessary.

The study found that the Irish partnerships have played an important role in drawing on local experience. For example, programmes for the unemployed were set up by local unemployed people themselves and enterprise creation programmes were built on the expertise of local businessmen. Similarly, national policies of social welfare provision have been directly affected by the activities of local development groups who have communicated their concerns about problems of targeting and emphasis to the central government. Representation of the community in local partnerships is an active form of citizen participation at local level and the study also examined this role. The Irish partnerships were found to have provided models for widening participation in processes of change within the economy and society. The partnerships act as conduits for local involvement in formulating strategies, channelling resources and implementing policies to deal with issues of local concern.

Partnership and participation is a major new trend in local development policy which promises to bring new resources, competencies, co-ordination and democratic involvement to public economic and social policies. Co-ordinating the efforts of the different partners and organising the representation of different groups of local people in decision-making processes are major challenges for local development initiatives.

**Decentralisation, deconcentration and accountability**

In recent years many OECD countries have sought to decentralise certain powers or deconcentrate administration to the regional and local levels, in line with the concept of subsidiarity (OECD, 1998a). Key reasons are to ensure strong and flexible regional and local economies, to support good governance and democratic participation and to increase the effectiveness of public expenditure. Overall, the trend may be seen as a response to the relative inflexibility of national organisations in responding to local needs and wishes. Decentralisation and deconcentration has been carried out in some form by most OECD countries during the last 20 years in the field of economic development. This has been an active trend in Australia, Belgium, Denmark, Finland, France, Italy, Mexico, Spain and the United Kingdom.

Decentralisation and deconcentration can be seen as part of a process that divides powers and responsibilities and allows governments at different levels to be independent but co-ordinated within an overall framework. The precise nature of this territorialisation of policy depends on the country. In some cases local and regional authorities have been given responsibilities for raising their own funds and have
genuine local accountability. In other cases they simply have autonomy in the allocation of budgets. New local institutional networks and development agencies have been emerging as part of this process.

Putting budgets and policy decisions at the discretion of different local and regional agencies does raise certain issues for the management of local development policy and for relationships between central government and local development agencies (NAPA, 1996). Firstly decentralisation and deconcentration are associated with the possibility of differences emerging in the type of policy support offered in different areas. Where resources are available for a certain type of project in one area but not in another this can be perceived as unfair. The issue of inequity is also important where local areas are responsible for raising their own budgets, because without resource transfers those areas with weaker tax bases are likely to be less able to provide local development services than other areas. Secondly, there are issues of co-ordination that must be resolved between agencies at different levels of the territorial hierarchy to minimise duplication and maximise synergy. Thirdly, decentralisation and deconcentration also raise the issue of accountability where decisions are made by agencies or partnerships that are not directly democratically accountable. In these cases there is a balance to be struck between the autonomy of local development agencies to assess and respond to local needs and the need to have clear accountability for public funds. For these three reasons local development needs to be placed within a supportive national framework.

Good practice

Identifying good practices for local development is a challenging task. This is partly because of the large variety of initiatives put in place in OECD countries for raising endogenous local potential, encompassing fields such as entrepreneurship, tourism promotion, training and skills development, environmental management, agricultural diversification and so on. It also reflects the broad range of objectives of these programmes, covering different aspects of economic development, social development and long-term capacity building and the different criteria that can therefore be applied to judging success. Finally, it is challenging because the possibilities of what can be achieved by policy may vary between different areas and different times. Moreover, the very concept of local development is based on promoting local approaches that respond to local conditions. There is therefore no single model of how to implement local development or of what strategies or actions to adopt. Instead, this section puts forward a set of policy ideas and general guidelines that policy-makers can draw on and adapt to their own circumstances. The guidelines can also be viewed as factors that if followed with appropriate regard to local conditions are likely to contribute to the success of a local development initiative. Consequently they should be taken into account at all stages in the design, implementation and evaluation of policies. Many aspects of these good practices will be validated and illustrated by the detailed case studies that follow in subsequent chapters.

Strategy and actions

Development of a strategy

One of the keys to successful local development interventions is the careful development at the outset of a strategy or plan that explores the opportunities and challenges for the area and identifies priorities, actors and methods of intervention. The strategy should be built up by all the relevant partners so that there is a sense of a shared vision for the future of the locality. The strategy should also be reworked regularly to ensure that it adjusts to changing conditions.

Some key factors for successful strategies are (LEDA, 1991; Commission Européenne, 1997; Lorthiois, 1996):
• Choice of a relevant territory for the initiative. The area should be selected to enable the formation of partnerships, to mobilise the area for common projects and to draw on local assets of skills and know-how.

• Choice of a relevant time-scale for the strategy. The emergence of projects, the development of networks and the acquisition of new skills take time, at least 18 months in most cases. Sometimes five or six years are needed to transform attitudes.

• Attainment of commitment by those with the resources and the responsibility for the future development of the local area and its community.

• Identification of a planning group/development agency responsible for the strategy, with the resources, the expertise and the credibility amongst the local community to carry out the task.

• Completion of a strategic audit. This constitutes an analysis of the area’s strengths and weaknesses, including a review of its ‘hardware’ (e.g. natural resources, physical infrastructure, population trends) and its ‘software’ (e.g. technical skills, availability of finance, innovation, R&D, business culture).

• Development of types of action appropriate to the local area’s stage of development and local conditions, as identified by the strategic audit. In this way the development strategy can be designed to address local needs, capacity and circumstances.

• Setting of strategic goals that are clear, attainable and measurable. The specified objectives should endeavour to focus on the various dimensions of the problem and should not be over ambitious. Goal specification should also reflect a community’s capacity to realise these goals.

• Appropriate capacity building of individuals, organisations and development agents. This can be developed by increasing skills, encouraging new forms of organisation, stimulating new linkages between organisations and increasing flexibility and adaptation to a wide range of situations.

• While a strategic planning approach adopts a global perspective, there is no single strategy that responds to all aspects of an area’s development. Niche strategies complement global/overall strategies and are suitable as a means of filling in gaps in local development and in building on local strengths e.g. strategy for innovation, tourism etc.

• Local involvement and participation of all related parties. The utilisation of inputs from a variety of actors is essential for successful implementation. These inputs include knowledge, expertise and enthusiasm to be associated with successful actions and mechanisms on the ground.

• Emphasis on monitoring, evaluation, follow-up and subsequent enhancement/readjustment of the strategy. These post-implementation activities may enhance the understanding of the area’s problems and demonstrate important lessons both to the area itself and to other areas.

Blakely (1989) identifies some common pitfalls that community leaders should avoid when selecting economic development strategies:

• Depending too much on government programmes.
• Letting the tool(s) determine the strategy.
• Starting at the wrong end of the problem (for example by attempting job creation activities without adequate consideration of how local people will obtain the jobs).
• Following the fad (for example by focusing on high technology when the locality does not have the necessary attributes).
• Overlooking development capacity by failing to assess the area’s long term resources and competencies.

The previous section also offers important lessons for the content of local strategies. They should respond to recent trends by focusing on endogenous development, linking the local area with external markets and opportunities, emphasising sustainable development and durability and integrating different actors, policy instruments and funding streams.

**Evolution of strategy**

The need to regularly revisit strategy plans and adapt structures, methods and priorities is critical for sustainable local development initiatives but is often under-emphasised by local actors. The need to adapt to change is underlined by work from the EU LEDA programme which proposed a typology of ‘stages of development’ of local areas (Humphreys, 1996). Each stage was argued to require a different strategy:

• The foundation stage of ‘acquiring the know-how’ of local development normally occupies five or more years. Efforts should focus on a small number of flagship projects and on public awareness-raising.

• The second stage, ‘using the know-how’ takes place usually between the fifth and tenth years of the local development process. During this stage, the established core of people, institutions and infrastructure means that projects are initiated spontaneously, evaluation and targeting are improved and there is more innovation, exporting and inter-firm co-operation.

• If conditions are right, the area may then move into the stage of ‘self-sustaining development’. Continued action should then concentrate on plugging gaps in service provision, improving SME finance and exploring new opportunities.

As well as being able to evolve with time, strategies should be flexible enough to accommodate new actions that result from experimentation as long as they fit with the overall vision of the development programme. In particular project selection criteria should not be too rigidly defined.

**Identification of actions**

Areas for action should be identified by the strategy. Most programmes emphasise in particular measures for job creation and training as well as a range of other actions to improve incomes and quality of life. It is often beneficial to launch the implementation phase of a partnership with a specific ‘flagship’ initiative. The purpose of such an initiative is to offer a spectacular demonstration of commitment, dynamism and success and thereby to boost confidence. Such visible benefits will enhance the goodwill of stakeholders and sponsors. However, such strategies carry with them substantial risks and the failure of such an initiative can damage confidence in the local development partnership at a critical time (UK Employment
Furthermore, a possible error in local development strategies is to put excessive emphasis on public projects or funds with external financial dependence that can make them vulnerable to short term and external considerations (Greffe, 1990).

**Operational structures and methods**

**Partnership**

Partnership is one of the most important innovations in local development policy in recent years, contributing to the co-ordination of policies, the mobilisation of local resources and energies, the tailoring of policies to local needs and enabling the participation of local people. However, whilst partnership between different local agencies and groups is clearly one of the key characteristics of many local development initiatives, creating and maintaining local partnerships is far from straightforward. There is a growing literature in this area and several key policy guidelines can be distilled.

Critical factors for successful partnership include (LEDa, 1995; LEDA Partneriat, 1998a, 1998b, 1998c; Hutchinson and Campbell, 1998):

- Strong community support. Private individuals must be prepared to get involved in the resolution of problems.
- Recognised and legitimated roles for each actor. Each actor must have a clear idea of the benefits for them of this form of co-operation, and no one partner must be over-dominant.
- Results orientated partnerships. The partners should aim at defined goals. They should put their resources in ‘a pool’, accept a certain leadership and create a functional structure.
- A degree of autonomy for the partnership, despite their public funding element. Often partnerships will choose to adopt the form of a ‘separate legal entity’, a non-profit-making body managed like a private company.
- A permanent communication system between the partners.
- Networks of committed individuals, not merely networks of organisations.

However, successful local development programmes depend on these basic criteria being translated effectively into a working structure that will be substantially influenced by local circumstances. One of the most important factors in making partnership structures work is to identify the right partners and establish clear roles for them. The best partnership is not necessarily the most inclusive. By contrast, successful partnerships tend to be based around a limited set of core partners whose strategic involvement is essential and who offer major or strategically significant resources. Through appropriate and linked forums they are able to bring in other partners when they can contribute a particular resource or skill or when their support is desirable.

There are also ‘lifecycle’ elements to partnerships that need to be understood and managed so that partnerships can change with changing conditions. For example, whilst very broad participation by all sections of the local community may be desirable at the early stages of a programme, in order to establish and communicate an agreed vision and strategy for the area, broad partnerships in the longer term may make communication difficult and frustrate the achievement of consensus. As local development
programmes evolve, the role of individuals and partners should be reviewed periodically and may change. It is also important to review lines of communication to ensure that all partners are kept informed and involved, with good horizontal relationships between partners and good vertical relationships between leaders and managers (UK Employment Department, 1995).

Overall, it should be recognised that there is no one model of partnership. Different models will be appropriate in different local conditions, depending on the characteristics of the problems, institutional environment, political factors, experience and culture.

Professional management and local development workers

Increased power and expenditure by local development programmes must be accompanied by trained management staff, clear rules for attaching spending to objectives and output targets and the introduction of performance monitoring and evaluation. In addition, local development projects need a team of ‘on the ground’ workers. These workers help prepare the strategy, mobilise the population and organisations to develop and support appropriate initiatives, build partnership and networks and monitor and evaluate performance. The recruitment, training and retraining of managers and local development workers is a key issue for local development programmes. People are required who are capable of negotiating, problem solving and putting the links together in the local network (UK Department of Employment, 1996).

A visible and autonomous structure

The creation of a functional structure, or local development agency, is likely to contribute to success. Such a structure will help establish an identity and visibility for the local development initiative and act as a vehicle for communication between partners and interest groups. This structure should be tasked with drawing up a long-term overall strategic plan and helping access finance for the implementation of projects. The structure should have stability and permanence, since few tangible results are achieved in less than five years and fundamental transformation requires at least ten years (Commission Européenne, 1994). It is also helpful if the structure has a degree of autonomy from political pressures so that it may develop a long-term strategy rather than be forced to respond to short term priorities. To achieve this, private sector or self-financing should be encouraged to gradually take over from government subsidies. Opening up to new partners can also contribute to finding new sources of funding/resourcing.

Leadership

One of the key elements in the success of local development programmes is the presence of an effective local leadership, able to unite and inspire decision-makers, win the commitment of the local community (or local government) and lobby higher levels of government (OECD, 1993). The individuals on such a group should be able to commit the necessary time to the local development programme, with appropriate support from managers and staff. Moreover, leadership should not become dominance by one partner or individual, but present opportunities for all to contribute and realise benefits from participation.

Mobilisation of the local population

Local development initiatives rest on local actors prepared and able to bring forward and carry through projects and one of the characteristics of successful projects is the way that they build on the initiatives of the local population. Local development agencies should therefore pay considerable attention to their links with local people. Ongoing consultations are one method of building awareness of the aims and
opportunities of the local development programme amongst the population and enabling local people to have an influence. Another important way of mobilising local people is through the creation and nurturing of networks of particular interest groups, for example small-scale farmers, retailers, young parents and so on. However, it should be recognised that this type of capacity building takes time because it involves changing attitudes amongst local people and developing their competencies.

Transferability

Challenges and issues

The aim of assessments of success factors and good practice in local development policy is to identify policy ideas and methods that can be adapted and applied in other areas with similar problems and needs. Many of the challenges for local development in Objective 1 and less developed regions are shared ones; weak entrepreneurship, lack of competitiveness and social exclusion. There are also many similarities in the broad principles of development and the organisational forms that different local areas subscribe to. Overall, local development is a very dynamic field and a very large stock of experience and knowledge has been built up at the local level in recent years. Indeed, one of the advantages of ‘bottom-up’ policy is that it multiplies the number of approaches and actors involved and thus enhances the potential for innovation and exchange. There are nonetheless a number of reasons why the exercise of policy transfer is difficult and must be undertaken with care (Meyer, 1993). Firstly, local circumstances are characterised by considerable diversity, for example in terms of political and institutional arrangements, in terms of cultural conditions, social and economic conditions, local capacities and so on. Thus success factors and good practices may vary between areas and it must be recognised that what works in one area will not necessarily work in another. Secondly, there is a natural resistance to change, particularly where this concerns mainly new methods which have not yet been fully tested and proven. Transfer activity needs to demonstrate credibility and relevance of solutions before other areas will take an interest. Thirdly, some places have weak institutional structures in place and these must be developed before activities can be transferred.

These difficulties do not mean, however, that the process of policy transfer should not be supported. Many areas are looking for policy advice and may benefit from the exchange of ideas. Being able to cite and identify with a local development experience that has been successful elsewhere can play an important role in motivating local people to act themselves and reproduce appropriate elements.

What is transferable?

It is possible to identify different levels in the components of local development practices that can be transferred (Box 2.1), with each level having a different degree of visibility as well as a different nature in concrete terms. Transfer programmes should recognise these differences and should be clear about their targets. At one end of the spectrum are ideas, principles and philosophies. These have low visibility, since they can be difficult for the outside to fully understand and specify. They are also difficult to transfer, because it can be difficult for others to make relevant to their own situation or use actively in their own context. At the other end of the spectrum are programmes, institutions, modes of organisation and practitioners. These tend to have high visibility and are relatively easy to understand. However, it can be a mistake to try and transfer these elements of local development practices since they also tend to be specific to particular areas. It is the components with medium visibility that it makes most sense to exchange; methods, techniques, know-how and operating rules.
Box 3.1 Components of local development practices and transferability

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<tr>
<th>VISIBILITY</th>
<th>COMPONENT FOR EXCHANGE</th>
<th>TRANSFERABILITY</th>
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<td>Principles for action</td>
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<td>Programmes</td>
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<td>Joint projects</td>
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How can experience be transferred?

It is useful to distinguish between two basic models of transfer, the ‘staged and planned model’ and the ‘trial and error model’. Under the ‘staged and planned model’ the exchange process is linear. It starts with an assessment of the nature of the problem. This is followed by a national or international search for other areas which have experienced the same problem and of the responses they have sought to put in place. The third phase is a comparison of the results of different responses, an identification of the most appropriate and an assessment of their most important characteristics (for example how they were created, what are their operational structures, what are their strategies). Finally there is the process of transfer of these responses, with technical assistance from consultants for example. It is a model that revolves very much around inviting people to visit successful areas and see what works and how it works (a passive demonstration). By contrast, the ‘trial and error model’ is characterised by an extended period of apprenticeship, exploration of possibilities in the recipient area and successive adjustments of the practices transferred, focusing increasingly on what works and abandoning what does not work. The experience of the other area is studied and understood and attempts are made to adapt it to another situation whilst retaining close contact with the promoter area. This is therefore a model that is far more proactive, in that time is spent trying to make similar project ideas work in another area. Whilst in reality exchange is likely to involve a mix of the ‘staged and planned’ approach and the ‘trial and error’ approach, it is important that
there should be a significant degree of interaction and a collective apprenticeship for the full potential of
exchange to be realised. Equally, whilst exchange of good practice can take place through a variety of
mechanisms, considerable contact is always required between the people who understand the process to be
transferred and the people who understand the conditions in the local area that determine the cause of the
local disadvantage and the possible solutions that might be adopted (European Commission, 1996b).

It is also important to consider who is involved in the process of transfer. On the one hand there are
transfer processes that are initiated by promoters, for example national agencies, seeking to disseminate
best practices. On the other hand there are processes initiated by receiver areas in response to a need that
they themselves have recognised. In most cases it is the second of these processes that is likely to work
best. Transfer also works best when the information exchange is between peers i.e. organisations of the
same type (for example local authorities to local authorities) and policy practitioners of the same level (for
example operation managers to operation managers and higher decision-makers to higher decision-
makers). In this way the learning can be directly applied and consolidated in the work of the recipient
organisation.

**Conditions for exchange and adaptation**

The positive exchange of local initiatives to a recipient area rests on three major levers (Greffe, 1990).
Firstly, the existence of enterprising and innovative individuals in the recipient area is critical. It is also
helpful if initiatives are supported by a combination of individuals, with complementary roles and
 capacities, rather than depending on one individual. Secondly, the existence of niches of viable activities is
also required. People in the recipient area can obtain inspiration from the objectives, principals and
methods of organisation but they should not necessarily follow the same economic or social field of
activity. For example in one area, media activities may be the base of a local initiative, in another it may
be construction, in another it may be cleaning services. Too often dissemination fails because the initiative
is not adjusted to the needs of the recipient area. Thirdly, there is a need for the existence of local
development networks that can provide the innovators with the resources and services required, for
example a network of services to small enterprises.

More specifically, agencies seeking to transfer policies should seek to ensure that each of the following
conditions are met before exchange is attempted:

- The recipients must be clearly identified.
- The recipients must be motivated and willing and able to innovate.
- There must be accessible communication channels and a mechanism for co-ordination and
  brokerage.
- There must be evidence of the validity of the experience (the extent to which it succeeded)
  and it must be possible to specify the key reasons for its success.
- The experience must be compatible with the circumstances and requirements in the recipient
  area.
- There must be mutual benefits from the process of transfer between each of the different local
  areas involved.
- Time must be allowed for the process of learning and exchange to take place.
The main lesson that can be learned from existing knowledge on transfer processes is that policy-makers should not attempt simply to transplant policy from one area to another in a passive and one-directional manner. This is unlikely to succeed. Instead, exemplary initiatives and experiments should be put together in a network to enable co-operation and exchange with other areas. The OECD LEED Programme is an ideal mechanism to bring potential partners together into a such a network and help to facilitate such exchange at international level. The detailed case studies of successful policy application presented in this report represent a source of ideas and an illustration of good practices for policy makers that can be followed up through further LEED activities.
CHAPTER 4: THE BALLYHOURA COUNTRY LOCAL DEVELOPMENT MODEL, IRELAND

Introduction

Ballyhoura Country is a small rural locality in the Midwest of Ireland. Local development there has been given a strong stimulus by the activities of the Ballyhoura Development Ltd. (BDL) local development agency. It is a company limited by guarantee with responsibility for promoting and facilitating socio-economic development within the area. The broad objectives of BDL are to diversify the economic base of the locality and to assist people living in the area to access resources that will enable them to improve the quality of their lives. Four broad themes are considered in this chapter: a description of the context within which BDL operates, the policies and actions undertaken in Ballyhoura, the impacts of policies initiated by BDL and successful methods and actions that may be transferred to other areas.

Description of Ballyhoura Country

Socio-economic profile

The area known as Ballyhoura Country, named after a local mountain range, is an inner peripheral district located in the mid-west of Ireland where it straddles two administrative areas both at county and regional levels (Figure 4.1). It is a predominantly rural area with a population of approximately 55,000 persons spread over an area of about 1,440 square kilometers. Population density is low at 38 persons per sq. km. and widely dispersed. In some of the remoter parts the density is less than 10 persons per sq. km. The two largest settlements with populations of c.3,100 and c.2,650 are located at the eastern and western edges of the area. The nearest large urban centres are the cities of Limerick (pop. c.80,000) and Cork (pop. c.180,000) which are approximately 40 km and 60 km respectively from the headquarters of the district at Kilfinane.

1 This chapter was originally written by Professor Jim Walsh, Department of Geography, NUI, Maynooth, Maynooth, County Kildare, Ireland. This version takes into account comments and revisions made by the OECD LEED Secretariat. It is based on case study work and site visits carried out by Professor Jim Walsh in conjunction with the LEED Secretariat. Jean Meldon contributed to the analysis and drafting.
Figure 4.1: Location of Ballyhoura, Ireland
It is also important to keep in mind the broader regional context of Ballyhoura Country. Most of the area is located in the southeast periphery of the Midwest region. The average per capita GDP in 1995 in the Midwest was a little under (94%) the average for all regions in Ireland. When compared to all EU regions the per capita index for the Midwest was 87% of the EU average.

The Midwest region is unique in Ireland in having its own regional development agency, Shannon Development. The agency has grown out of initiatives taken in the late 1950s to promote additional activity at Shannon international airport. It has a broad range of responsibilities which are focused around the promotion of indigenous manufacturing enterprises and tourism.

Agriculture based on dairy farming is the main source of employment in Ballyhoura Country. Recent estimates suggest that 67 per cent of the local workforce are either directly or indirectly dependent on the agricultural sector. Until relatively recently the area would have been regarded as having a thriving agricultural sector. However, the impact of the 1992 EU Common Agricultural Policy (CAP) reforms and the earlier introduction of quota restrictions has accelerated the rate of decline among low volume producers. Until the mid 1980s the CAP encouraged an approach to agricultural production based on intensification which had associated with it tendencies towards greater specialisation and concentration of activities at farm and regional levels. There has been a significant decline in the number of low volume dairy producers which has accelerated following the introduction of the milk quota regime in 1985. Apart from the curtailment of output by quota restrictions many small producers have been unable to comply with the more stringent regulations concerning hygiene and quality at point of production.

As a consequence, increasing numbers are now heavily reliant on direct income supports - already over two fifths of the value of net agricultural output in the area is in the form of income transfers. It is now estimated that two-fifths of farm households in the area are at risk in relation to their economic viability. Over one-third of farms are dependent on some source of off-farm income. The decline in farm-based activity has contributed to the decline of many other sectors, most notably the local construction industry.

The problems in the area are compounded by a lack of diversity in the rural economy. The main industrial employers are the central processing facilities of large dairy co-operatives. Almost three-quarters of all industrial employment in the area is in the food industry. Until recently the only other major manufacturing employers were three branch plants of multinational companies providing relatively low skilled employment. However largely as a result of Shannon Development’s small business development activities, there are a number of small indigenous firms dispersed throughout the area. These include an engineering company, a furniture manufacturer and a leather craft manufacturer.

While over recent years there has been a major expansion in employment and output from manufacturing and internationally traded service companies operating in Ireland most of the additional activity has taken place in the larger urban centres. Very little of the new employment created in the 1990s is located in rural areas. These location patterns have increased the disparities between on the one hand remote rural areas such as Ballyhoura and on the other hand the larger urban centres.

The lack of diversity in the rural economic base is the kernel of the rural development problem in Ballyhoura. It manifests itself as a vicious circle of rural decline which has three dimensions. The decline in the traditional economic base has contributed to high levels of out migration which over time has resulted in significant population decline. This has impacted heavily on the demand for services leading to the closure of shops, pubs, post offices and schools often leaving behind clear evidence of dereliction in the landscape.

The second dimension of the rural problem is a general deterioration in infrastructure provision. Much of the local road network is in need of upgrading and better maintenance. Public bus services have been
substantially reduced. Effluent treatment plants serving the towns and villages have very little spare capacity which imposes a restriction on the potential for industrial development, particularly for food related industries.

The deterioration of local physical infrastructure contributes to the third dimension: namely a decrease in the quality of life of Ballyhoura residents. The quality of life in the area is important for those who reside in the area at present and, perhaps, even more so as an inducement to encourage more young people to remain in the area. There are economic, social, cultural and environmental dimensions to the quality of life in the area which need to be addressed in order to break the vicious circle of rural decline. There are several social problems which manifest themselves in a variety of ways among different groups in the local population. They are usually related to the low incomes that are frequently associated with unemployment (especially long-term male unemployment), disadvantaged women, lone parents, young people at risk, the elderly, travellers and other minorities. Even within the Ballyhoura district there are significant local contrasts in the geographical distribution of the extent of the problems to be overcome.

The challenge for the residents of Ballyhoura Country is to devise a strategy over which they have some influence and which will result in a more effective harnessing of the full range of the natural and social capital in the area. Fortunately, unlike some other parts of rural Ireland there is a long history in Ballyhoura Country of community and statutory bodies participating and co-operating in economic development.

In many respects Ballyhoura Country is fairly typical of EU Objective 1 areas, with the characteristic problems of low incomes, declining agriculture, poor structural adjustment and underdeveloped infrastructure. It is however less peripheral than other localities in Ireland, especially those in the west and north west coastal regions and also differs from other area in terms of its institutional capacity.

Institutional and Policy Context

The need for strong local organisational structures is particularly important in Ireland where the institutionalised administrative systems are highly centralised and hierarchical in the manner in which they operate. The institutional support systems for promoting socio-economic development are extensive but weakly co-ordinated and frequently bewildering to the clients who are seeking assistance to initiate projects.

All of the Republic of Ireland has been regarded as an Objective 1 region for the purpose of accessing EU funds. In the current round of funding, 1994-1999, the funds are used to finance nine Operational Programmes, each of which impacts on rural areas. Each of the programmes is designed and implemented in a sectoral manner with very limited co-ordination or integration. The distribution of benefits from the programmes between rural and urban areas is uneven due in part to the absence of regional/spatial policies. Following some pilot initiatives the current Community Support Framework covering 1994-99 includes a separate Operational Programme on Local Development. In addition, the EU LEADER II programme is implemented by Local Action Groups throughout the country.

In the Midwest region some rural development programmes are delivered as national programmes by the Department of Agriculture, Food and Forestry while others are organised nationally but delivered through a plethora of regional agencies with responsibilities for, inter alia, manufacturing industries, training and advisory services, and tourism. Additionally there are a number of programmes operating at county and sub-county levels, all of which are broadly concerned with promoting development from the bottom up.
The challenge for Ballyhoura has been to develop strategies that can be successfully implemented through participation in the local development programmes, including LEADER, and also to devise approaches to brokering resources from other agencies that are funded under the mainstream Operational Programmes.

The complexity of the institutional support system in the Ballyhoura area is compounded by the fact that the area is peripherally located at the intersection of two regions (for which there are separate regional agencies dealing with tourism, manufacturing and service industries, training); it also overlaps the boundaries of three Local Authorities and three County Enterprise Boards. In almost all cases the administrative headquarters of all the agencies that impact on the socio-economic development of Ballyhoura are located outside the area. The area also suffers in terms of political representation in that it again is subdivided across four electoral constituencies; furthermore in each case the Ballyhoura part is on the periphery of the constituency area.

The challenge for the representatives of the Ballyhoura population is to devise an organisational model that facilitates co-operation and co-ordination of activities across the multitude of statutory bodies and which also provides a mechanism for inputs from representatives of the local communities and the local private business entrepreneurs. A significant part of the challenge is to overcome traditional attitudes and work practices that have been characteristic of top-down administrative systems and to provide mechanisms to enable local community and enterprise representatives to influence the manner in which socio-economic development occurs in the area.

Policy structures, strategies and actions

Background: 1964 – 1991

The need to diversify the local economic base has been recognised in Ballyhoura for quite some time. The background to the approaches that have been adopted in recent years is set out briefly as it will help to elucidate the difficulties that may be encountered in the predevelopment phase of local planning and how they may be overcome. This will be followed by a detailed outline of the Ballyhoura model as it has evolved over the past decade.

The origins of the bottom-up approach to local development in Ballyhoura go back to 1964 when a small group from the parish of Kilfinane in south-east county Limerick came together to form a Development Association. With assistance from Limerick County Council and Shannon Development the first initiative in diversifying the rural economy was in rural tourism. It was product focused with very little local community participation and very limited explicit environmental awareness. However, it did identify the need for local representatives to engage with statutory agencies such as Shannon Development - this has been a feature of the Ballyhoura approach throughout its history.

For most of the two decades following the establishment of the Development Association progress was very slow despite significant levels of activity by a small number of key actors (for example efforts to encourage new employment opportunities and also attempts to generate an awareness of the need for co-ordinated actions). Efforts to engage the statutory agencies were confined to a few (Shannon Development and County Limerick Vocational Education Committee) and at a more general level, there was no support in the form of resources from the state for local development. A review in 1985 identified the level of reliance on local volunteers and the absence of local development institutions as major weaknesses.

One of the early lessons from the 1985 review was that the problems of Kilfinane were not unique and secondly that in order to have any chance of succeeding any new initiatives would have to be based on a somewhat larger critical mass of local resources. A tourism co-operative, Ballyhoura Failte Society (BFS)
Ltd, representing three parishes was established in 1986. Modelled on community based agri-tourism initiatives in Austria, France and the UK, it had very close links with the farming population and their representative organisations.

At this stage rural tourism was very unsophisticated. Ballyhoura did not have any developed attractions apart from an outdoor education centre located in a former second level school. The Director of the centre and the chairperson of Kilfinane Development Association were founding members of the tourism cooperative. With very limited resources and experience BFS in 1986 pioneered the development of rural tourism by catering for the first group of visitors from outside the state. The first two years were a critical learning phase during which a co-operative ethos was established among local tourist interests. But the project remained under-capitalised and short of resources and expertise. By the end of 1987 it had become apparent that the area lacked the critical mass that was considered essential to grow and foster a commercial tourism industry, that tourism development could not take place without substantial investment in infrastructure, and that tourism development on its own would not regenerate a declining rural region.

In 1988 Ballyhoura Failte Society established a development sub-group and an integrated rural development plan for the area was prepared consisting of representatives of the local community and all the statutory bodies with an interest in the development of the area. A critical feature of the sub-committee which greatly assisted its work was that its membership included a number of talented individuals who brought with them a wide range of expertise.

A five-year development plan to cover the period 1988-93 was drawn up with objectives to create additional wealth, increase employment, maintain the rural population and improve the quality of life through tourism and other sectoral initiatives. Tourism development was identified as the main strategy with the focus on the particular niche of agri-educational training so that it could avail of local facilities and also complement plans for agriculture, forestry, rural enterprise, education, industry and infrastructure. Towards the end of 1988 funding was secured from one of the state agencies to enable BFS to appoint a full-time manager. This was essential to ensure that the objectives set out in the plan could be pursued.

In 1989 it became evident that there was a need to diversify the range of tourism activities in the area and also to enlarge the area catered for by BFS. The area was initially expanded from three to sixteen communities; now there are over fifty. A number of infrastructural and promotional initiatives were also undertaken at this stage. The tourism product range was broadened to include:

- Agricultural study tours of local farms.
- Educational tours for school groups and historical societies.
- A range of cycling tours in the region.
- Activity holidays including canoeing, hill walking, etc..
- Language training courses teaching English as a foreign language.

A Community Consultative Committee (CCC) was established in 1990 to provide a more strategic approach to involving representatives of the local communities. Membership of the CCC is drawn from those community groups who are shareholders in BFS. It is an important forum for informal sharing of information and experience between local interest groups. Most importantly it provides a mechanism for representing the interests of the local communities on the Board of the local development company. This is essential in order to guarantee the bottom-up dimension in the local development process.

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By 1991 BFS had gained considerable experience in the strategic aspects of local development. It had already identified the essential ingredients of a successful local development model, i.e.: (a) market led, (b) focused on high quality, (c) driven by a partnership and (d) locally co-ordinated. Working closely with statutory bodies was achieving not only some tangible results but more importantly it was gradually altering the culture of risk aversion that characterises such agencies. Already the framework for a new paradigm to tackle the problems of this rural area had been worked out locally. However, BFS still lacked a financial resource base which severely restricted its capacity to achieve its objectives.

This constraint was overcome through access to the EU LEADER I programme launched in March 1991. A revised business plan containing multi-sectoral objectives was prepared in order to qualify for LEADER assistance. In 1992 a new non-profit organisation, Ballyhoura Development Ltd (BDL), was established as a legal entity independent of government to administer the public funding that became available (£1.5m for LEADER I). In June 1994 a new integrated plan was prepared which became the basis for participation in LEADER II over the period 1995-1999. Subsequently, a further Local Development Programme was prepared for the period 1996-1999 which is focused on tackling economic and social exclusion in the area. The latter programme is funded under the mainstream Operational Programme for Local Urban and Rural Development, which is financed in the main through the EU Structural Funds made available to the government via the Community Support Framework for Objective 1 regions.

Current strategy and structures

Participation in LEADER I was a very important milestone in the evolution of the Ballyhoura approach to local development. The following objectives underpinned the LEADER Business Plan for Ballyhoura:

- To improve structures so as to create a basis for a diversified rural economy.
- To create an attitudinal climate and the expertise base to stimulate rural development in the Ballyhoura area through the media of enterprise, human resource development and application of new technology.
- To establish Ballyhoura Country as a recognised rural holiday destination.
- To encourage the establishment and development of small firms, craft enterprises and local services.
- To exploit the development of local agricultural and forestry products.

While the strategy was intended to be multi-sectoral its main strength was in relation to rural tourism. It was particularly weak on supports for small and medium enterprises in manufacturing. Subsequently, as the company gained experience the objectives and strategies became more clearly articulated. Thus in the Business Plan prepared for LEADER II in 1994 the “core objective” was identified as follows: “to improve the quality of life of the 51,356 residents”. This represented a broader perspective on development than that held previously, namely diversification of the economic base. The social and economic objectives were taken a stage further in the Ballyhoura Local Development Programme prepared in 1996 which contained specific objectives for those who are either socially or marginally excluded.

Three basic principles or components underlie the BDL approach to local development: participation and partnership, strategic planning, and capacity building (Figure 4.2). These principles underpin the main activities of BDL which are for the most part funded under the EU LEADER programme and the EU financed Operational Programme for Local Urban and Rural Development (Sub-programme 2: Integrated Development of Designated Disadvantaged and Other Areas).
Sustainable Initiatives are market led, quality focused, partner driven and locally co-ordinated
Participation and Partnership

All of the recent local development programmes in Ireland have placed considerable emphasis on partnership as an operational structure and on facilitating participation by the different stakeholders. The experience to date suggests that the most successful partnerships are tri-partite in terms of composition, i.e. their membership includes representatives of the local population, the statutory agencies (including the Local Authorities) in the area, and the business sector (private firms, co-operatives, etc.). The most strategically focused and effective partnerships have had approximately equal representation from the three sets of stakeholders with a total of approximately 15-18 members as directors of the board of the local development company.

The board of Ballyhoura Development Ltd. includes representatives of the state agencies with responsibility for manufacturing industry, tourism, agriculture, forestry, training and social welfare. Also included are senior officials from each of the Local Authorities. The commercial sector is represented by senior managers from the two largest dairy co-operatives as well as managing directors of two SMEs, one being a member of a local business enterprise support team which was initiated by BDL. While representation of local community interests on the boards of local development companies is essential it is often problematic. There are over fifty local communities within the Ballyhoura area. Their interests are co-ordinated through the Community Consultative Committee which meets monthly and is represented on the board of BDL by four members who are elected for a three-year term of office.

The board is assisted in its work by a number of sub-committees which not only enhance the efficiency of the board but also provide opportunities for additional individuals and interest groups to participate. Sub-committees have been established, in each case on a partnership basis, to promote sectors like tourism, natural resources, enterprise; to assist the administration, for example in project assessment, and forward planning and evaluation; for specific tasks such as rural transport, developing walkways, community housing; and more recently for addressing the needs of particular groups in the local population such as the unemployed, women, youth, and persons with physical handicaps. The day-to-day operations of BDL are undertaken by a small team of professional staff who together provide a broad range of expertise.

The structure and role of Ballyhoura Development Ltd. are summarised in Figures 4.3 and 4.4. The overall strategic role of the board is evident from Figure 4.3 which demonstrates the extent to which effective use is made of sub-boards and committees. Figure 4.4 identifies the critical role which BDL plays as the link between top-down and bottom-up stakeholders. It helps to co-ordinate local actors and enable them to interface with what are generally regarded as bureaucratic institutions. It is a catalyst for linking discrete projects into integrated programmes for which it mobilises resources and provides an organisational infrastructure to facilitate implementation.

The main staff of the BDL agency are based in the headquarters office at Kilfinane. In addition, four district offices have been set up to allow local people easier access to information and services. The total number of staff employed is 14 (6 on LEADER funded activities, 5 on Objective 1 Structural Fund supported activities and 3 on activities funded from other sources). The average annual budget (including staff expenses) over recent years has been the equivalent of approximately 1 million Euros.
Figure 4.3 : Ballyhoura Development Ltd Structure
The efforts of the local partnership can be hampered by inadequate co-ordination across government departments and between agencies. The experience and standing of the senior professional staff can help to overcome these difficulties. There are differences between government departments in the level of support which they provide to the local development programmes. The LEADER programme is administered by the Department of Agriculture and Food. Support to the local groups such as Ballyhoura is provided via a consultancy firm that has responsibility for facilitating networking and sharing of expertise, as well as by a small team of Department Inspectors who periodically visit the groups.

Responsibility for overall implementation of the Local Development Programme in Ballyhoura rests with the Department of Tourism, Sport and Recreation. It was formerly the responsibility of the Taoiseach’s department. The local implementation of the programme is greatly assisted by Area Development Management Ltd. (ADM), an intermediary company established in 1992 by the Irish government in agreement with the European Commission to support local social and economic development in Ireland. The ADM model has much to offer in that its quasi-autonomous status enables it to adopt a less bureaucratic approach, and through its staffing arrangements it has been possible to assemble a team that is capable of providing high level technical support to local action groups.
Strategic Planning

It is widely acknowledged that if the activities of local development partnerships are to be effective they must be guided by strategic action plans. While some evidence of strategic planning is generally required as a precondition for participation in publicly funded programmes the actual experience is often disappointing. Among the most frequently noted weaknesses in local action plans is an inadequate level of local consultation, poorly informed analyses of the local Strengths, Weaknesses, Opportunities and Threats (SWOT), and an over-emphasis on individual projects rather than attempting integrated programmes. These weaknesses are sometimes due to the fact that the planning process is compressed into too short a time interval and that much of the actual work is undertaken by outside consultants where the over-riding objective becomes maximising the potential amount of funds that can be secured.

There has been a strong tradition of strategic planning in Ballyhoura that predates the availability of public funding under LEADER. Considerable experience has been acquired so that, unlike most local development groups, the professional staff in Ballyhoura have the capacity to prepare their own strategic plans, which have been generally rated by external evaluators as of excellent quality. The fact that the planning process is undertaken by BDL staff makes it much easier for all staff and board members to take ‘ownership’ of the plans.

An extensive process of consultation was undertaken prior to the preparation of the Local Development Programme in 1996. Approximately 250 individual and group interviews were conducted with members of the programme target groups so that the proposed actions would relate to the experiences of the local partners, to enable the target group representatives to develop ownership of the process, and to set the scene for what is, and is not, possible in the implementation of the programme. Additional consultations took place with service providers (public, private, voluntary, community) as well as service users in order that a range of actions could be identified that would lead to better quality, more comprehensive and more accessible services. Finally, consultations were also undertaken with managers of similar programmes outside Ballyhoura Country. Following on from these consultations the Group were able to produce a comprehensive SWOT analysis before proceeding to objectives and strategies.

One of the outcomes from the consultations is a realisation that local development is a very complex process requiring a wide range of support measures which go well beyond the provision of grant aid to overcome perceived scarcities of capital. For example, the objectives of the Local Development Programme include:

- Developing sustainable mechanisms which facilitate access by those who are economically and socially excluded to educational, training, employment and service opportunities.
- Maximising the effectiveness of local supports by complementing existing state services.
- Communicating innovative and positive ways of listening to, and communicating with, the local partners.
- Creating supplementary income opportunities.
- Improving the expertise or qualifications of individuals whose job mobility is low.

A number of key strategies are proposed which include:

- Brokerage.
• Capacity-building of local partners and the resolution of infrastructure gaps in order to improve competitiveness.

• Community business establishment.

• Transfer of models of good practice.

• Use of self-evaluation and reporting mechanisms.

• These strategies complement some of those included in the LEADER II Plan such as:

• Provision of animation to generate activity in the key areas of community development, enterprise development and tourism development.

• Establishing a bias towards soft supports (technical assistance, marketing, training, quality attainment, etc) in the implementation of ten rural innovation programmes.

• Shifting capital investment support away from grants towards revolving loans.

• Stimulating investment in an infrastructure that will facilitate the growth of SMEs, particularly in food, wood, tourism and telework areas.

• Promoting Ballyhoura as a good place to live in, invest in, buy from, visit.

Ballyhoura has carefully sought, through its partnership approach and following the guidelines specified by the relevant government departments for each programme, to identify a particular niche in the support framework which adds value to the overall framework and avoids unnecessary competition between agencies. In order to minimise displacement there is a strong emphasis on innovation in relation to products, processes, marketing strategies and delivery of supports. Ten rural innovation programmes were identified in the LEADER II Plan covering the following activities: rural renewal, industry/services, natural resources, food, rural tourism, town/village renewal, co-ordination/facilitation, animation, marketing, quality assurance and improvement.

The programmes are not static and are subject to adaptation through the on-going evaluation/strategic planning process. The rationale underlying the design and implementation of each programme is that the development process should be self-sustaining and that it should become less dependent on grant aid. Three phases have been identified in the design and implementation of each programme:

• The catalyst phase (co-ordination of partners, strategic planning to define pilot actions, pilot programmes, soft infrastructure). Soft supports have a substantial role at this stage while hard supports are limited and specific.

• The mainstream phase (mainstreaming pilot initiatives which have proved successful, marketing support is the main focus and this has to be complemented by an emphasis on quality product supply). Soft supports are of a strategic nature while there is also a strong emphasis on hard infrastructure to enable the successful pilot project to move onto a commercial phase.

• The commercial phase where the market is of a sufficient size to sustain further development activity and very little intervention is required other than to address very specific needs such
as access to loan and equity finance, improved distribution system or a co-operative approach to marketing.

The emphasis in the LEADER II Plan is very much on the catalyst phase which is very much in keeping with the role which Ballyhoura has identified for itself, e.g., that it should complement rather than compete with the activities of other support agencies and that through its activities it should facilitate initiatives that otherwise might not happen. Finally, another distinguishing feature of the Ballyhoura approach to strategic planning is a strong reliance on pilot testing of new programmes so that unforeseen difficulties in implementation can be identified and resolved.

**Animation and Capacity Building**

The third component of the Ballyhoura approach concerns animation and capacity building. Carefully designed social animation and facilitation programmes implemented by professionally trained local animators are an essential part of the local development process. The role of animation is to enhance the potential contribution of local residents to the development of their area. It is usually initiated through an intensive process of community consultation aimed at increasing awareness of opportunities. Animation is an on-going process that needs to be adapted to the stage of development that a particular group may have attained.

Facilitation is a narrower and more personalised process involving intensive contacts between project promoters and project support officers. Its objective is to assist project promoters to develop and prepare funding proposals that can be recommended to the funding agency.

Capacity building is a gradual and complex process aimed at upgrading the local human and physical resource bases. It involves investment in projects that are likely to create public goods that will help to overcome some of the instances of market failure that characterise rural economies. These can include training programmes to enhance skills or to overcome local deficits in supply, new forms of co-operation between producers, as well as resource audits to overcome information gaps, infrastructural investments such as food technology centres and adoption of local branding of quality assured produce.

From the outset the Ballyhoura group has placed a very strong emphasis on animation and capacity building with a large portion of the professional staff time allocated to these tasks. The experience under LEADER I highlighted the extent of the information gap in relation to potential opportunities and the availability of supports. Intensive efforts were put into increasing awareness and assisting local groups to devise their own plans. Similarly, there was a need for training programmes integrated with other initiatives to support rural tourism and micro manufacturing and service enterprises.

Several animation methodologies had been experimented with including information meetings, sectoral seminars, training workshops and community seminars. Each experiment reinforced the need for further animation and at the same time fuelled a demand from community and enterprise partners for more animation resources. The animation activities either directly or indirectly contributed many positive outcomes in terms of employment and investment (details are provided in the next section).

An important feature of the Ballyhoura approach to community participation in local development is a recognition that groups vary in their capacity to be effective partners in the local development process and that animation functions need to be tailored to the capacity of each group. Three categories of groups have been identified:

1. **Category A:** Groups lacking capacity to participate.
2. **Category B:** Groups with some capacity to participate.
3. **Category C:** Groups with high capacity to participate.
• The first are at a formative level where group structures may have only been recently established or where established groups are restrained by ineffective leaders. Groups in this first category have major capacity building needs in order to become effective.

• The second category are those groups who quite well established but have not made much progress in recent years. They need to improve their knowledge and skills base and become proactive in local planning. They are described as normative level groups.

• The third category have already developed strategic plans and are well placed to make inputs into local area and sectoral plans. These are at the performing level.

The actions undertaken

In addition to community animation Ballyhoura also supports a range of activities targeted at enterprise animation and tourism development animation. A Ballyhoura Enterprise Support Team (BEST) was established as a sub-committee of the board of BDL involving partners from indigenous SMEs, branch plants of multinationals located in the area, and statutory representatives. An important part of the philosophy of BEST is to encourage entrepreneurialism rather than relying solely on established entrepreneurs. BDL through BEST has piloted a number of initiatives. These include an integrated action plan, the Taste of Ballyhoura Initiative, to promote the concept of dining out in the area and to encourage the provision of quality facilities (see Appendix A, Project B1), a Small Enterprise Entrepreneurship Development (SEED) Programme (Appendix A, Project B3), and more recently QUEST (Quality, Uniqueness, Enhancement, Strategic Planning and Training) which seeks through training modules and individual mentoring to encourage complementary business planning among 20 of the top tourism businesses in the region (Appendix A, Project B2). An initiative to exploit a local source of comparative advantage in the production of seed potatoes was facilitated in 1992 and launched on a pilot basis in 1993. BDL provided the co-ordination that was necessary in order to launch this potentially innovative source of additional income for farmers in the area (Appendix A, Project B6). The range of activity was further expanded in 1997 with the establishment of an Information and Communications Technology (ICT) initiative (Appendix A, Project B4).

Policy impacts in Ballyhoura

Socio-economic impacts

The task of measuring impacts is somewhat problematic in that some impacts are amenable to measurement, while others are more qualitative. Furthermore, the benefits from some initiatives, particularly those related to capacity building, may only emerge very gradually. It is also difficult to disentangle the impacts that are due to the efforts of BDL from those that have been instigated by other agencies. Furthermore, the measurement of impacts in the area is dependent on data provided by BDL. While it has not been possible to independently verify the accuracy of the data there are firm grounds for optimism as the data have been compiled in accordance with criteria identified by independent evaluators of the local development programmes. With these caveats in mind, a number of significant impacts can be noted.

The practical achievements of the LEADER 1 programme have been summarised by BDL as follows:

• 181 new full-time jobs, 39 part-time jobs and 9 seasonal jobs were created.
• A source of supplementary income was provided for 244 families.

• Three new industries based on local sources of comparative advantage and targeted at niche markets were established.

• Ten ‘quality partnerships’ were established to address particular tasks (e.g. development of cross-country walking routes, provision of mentoring and professional advice to micro level enterprises, as well as co-ordination of niche focused tourism marketing).

• 77 community/co-operative projects were assisted.

• 28 local community plans were prepared.

• 21,700 voluntary hours of planning and administration were provided by local activists for the local communities.

• A comprehensive resources and skills audit was completed.

• Ballyhoura tourism revenue increased by 100 percent to IR£1.8 million.

• Ballyhoura Country was established as a recognised rural holiday destination. The novelty of the Ballyhoura approach to rural tourism has attracted much media attention, including some television documentary coverage which has been transmitted to audiences outside Ireland. The growth in the number of visitors and revenue is a direct outcome of the enhanced profile of the area.

• Development of tourism infrastructure linked to local natural resources was undertaken, e.g., Ballyhoura Mountain Park and more than 1,000 miles of marked walks, maps, sign posting and information brochures.

Under LEADER II tourism revenue has grown by a further 66% to £3.0m in 1997 which has helped to create an additional 120 job equivalents and to sustain 180 job equivalents in the area. This is a remarkable achievement for an inland location. Increased tourism revenue is due to a combination of better marketing, higher quality tourism product and a more skilled local labour force. These are direct outcomes from the capacity building investment under initiatives such as QUEST and the Tourism Initiative (Appendix A, Projects B2 and B7).

The Taste of Ballyhoura concept has not only encouraged an increase in private investment but has also contributed to the creation of 160 new job equivalents in the food sector (Appendix A, Project B1).

It is estimated that since 1995 there have been 60 major actions arising from animation which have not required further grant-aid from LEADER (e.g. projects to promote economic and social activity in the area that are initiated either by private individuals or local interest groups). These are outcomes from some 5000 animation meetings with more than 1600 community, private sector and public agencies in 1995-98. This confirms the wisdom of prioritising animation in the strategy.

The value of investing in targeted training programmes is supported by the fact that 113 job equivalents have been created by entrepreneurs who have availed of the training programmes provided by BDL. The provision of employment rather than capital grants has assisted the creation of 27 jobs in the area. The level of employment in the firms participating in the second SEED programme almost doubled from 26 to 50 (see Appendix A, Project B3).
Supports for small firms, crafts and local services are co-ordinated with the two County Enterprise Boards operating in Ballyhoura Country. A proactive strategy involving an integrated package of incentives has been adopted which has encouraged the formation of 48 new SMEs in manufacturing and services under LEADER II which reflects the high level of potential for indigenous enterprise in the area.

The range of soft supports for small and medium-sized firms (e.g. initiatives to improve management skills, promote quality assurance and marketing as well as the encouragement of networking) are having a positive impact in the area. During 1996 and 1997, 23 new businesses have been started and 81 new jobs (measured in full-time job equivalents) have been assisted. They are mainly in three sectors: food processing (30), furniture (24) and retail/distribution (13). Just over one quarter of the new businesses have been started by women. The share of new employment taken up by females is higher at about 37%. Another positive feature of recent SME development is that the enterprises are widely dispersed throughout the area - only one-third of the new businesses and less than one-quarter of the employment has been located in the two largest towns in the area.

The following examples provide some indication of the diversity of SME activity supported by BDL. New enterprises include a designer clothing business, a saw milling firm, a designer furniture maker, manufacture of machinery for recycling wood waste, a diamond tooling business in partnership with a Spanish company, and a glassblowing business. Expansions have been facilitated in speciality food processing and furniture firms.

In addition to its community animation, tourism and SME support activities BDL has also initiated actions to overcome the physical dereliction of the local village, Kilfinane. BDL in association with Shannon Development and Limerick County Council commissioned German consultants to prepare an economic development plan in consultation with the local community. The plan has proved to be invaluable in guiding the redevelopment of Kilfinane, much of which has already occurred. Drawing on the experience of a community-based partnership in south Wales a landscape architect was employed to assist communities in preparing village physical development plans for which resources have been provided by the Local Authorities and the National Training and Employment Authority (FAS).

The activities supported under the LEADER II programme have been strongly focused on community and enterprise animation. New community groups have been animated and a range of social, cultural and environmental projects have been assisted as the Group expands its understanding of the development challenge (Appendix A, Project B8). There is already evidence that targeted enterprise animation is resulting in the emergence of an enterprise culture. The factors that have been identified as contributing to successful enterprise promotion include carefully selected soft supports, facilitation of a co-operative culture, and the supportive role of BDL in establishing and sustaining appropriate partnerships. In this respect BDL has now progressed to a stage where an embryonic ‘learning region’ is being nurtured by the Group.

Through these efforts progress is being made in diversifying the local economic base. Given the scale of adjustments that are needed it is too early to assess whether the effects of agricultural decline in the area have been reversed. An agency such as BDL can only, at best, make a limited impact on this. Its unique role is that it provides an opportunity for a high level of local involvement in the decision-making concerning policies and strategies that impact on the quality of life of the local population.

**Institutional impacts**

Ballyhoura Development Ltd. is a development company operating at sub-county level. Many of the tasks which it undertakes might normally be regarded as responsibilities of the statutory Local Authorities. This
has not been the case in Ireland due to the fact that since the late 1970s Local Authorities have been severely restricted in their capacity to generate a local financial base. A government decision in 1977 effectively removed from Local Authorities any capacity to raise financial resources through local taxes. The Local Authorities became almost totally dependent on a system of block grants from central government. The difficulties experienced by the Local Authorities were compounded in the 1980s when scarcity of funds from central government left them unable to maintain or upgrade the local physical infrastructure. It was out of this background that BDL emerged. The BDL model has made several contributions to improving the local institutional capacity, some of which could not have been anticipated.

The partnership approach provided an opportunity for Local Authority (LA) officials to engage with representatives of the local community on a wide range of socio-economic issues. BDL was perceived by the LA as being in a better position to be in tune with the needs and potentials of the area. It provided a conduit to the LA for sharing information and promoting understanding which has assisted the LA in improving relations with the local population.

On a broader level the BDL partnership provided a forum for many of the statutory agencies who had traditionally operated independently of one another to meet regularly so that gradually a process of coordination leading towards integrated planning could be established. An important outcome is the capacity to achieve synergy which is facilitated by the brokerage approach which BDL adopts.

Recent debates on the reform of local government, as well as studies of the issues to be addressed in rural development strategies in Ireland, have all pointed to the need for greater subsidiarity with vibrant structures to promote socio-economic development at sub-county level. Neither the Local Authority nor the Regional Development Agency have the staffing resources to facilitate a detailed proactive strategy in a manner that can be accessed by a dispersed rural population. The three critical factors to enable subsidiarity to work in practice are the availability of resources at local level, flexibility and discretion. BDL has been able to recruit its own professional staff and has greater flexibility in regard to staffing compared to local authorities.

The role of Local Authorities is changing. Whereas formerly much of the emphasis was on provision and maintenance of physical infrastructure and the implementation of a regulatory approach to planning, the agenda for the future is broader. More attention is now being given to factors that influence the quality of life and to enabling local communities to become more proactive in planning for their areas. Increasingly, the Local Authorities are realising that for many of their tasks the best approach is the partnership model. They readily acknowledge that they have much to learn from the Ballyhoura experience. In relation to local partnerships and harnessing the vast potential associated with the strong tradition of voluntarism.

An indication of the success of BDL is the fact that BDL is not regarded as a threat by Shannon Development which has responsibility for promoting indigenous manufacturing and traded services as well as tourism in the area. Rather, the relationship with BDL is regarded as complementary. Shannon Development is a long established and relatively large organisation with a wide range of experience and professional expertise which local development organisations such as BDL can access. BDL assists especially through its animation and capacity building activities which have provided the catalyst for many projects that are in line with the strategic objectives of Shannon Development.

**Successful methods and actions that are transferable**

This section presents some of the most successful methods that could be transferred to other areas. Appendix A describes model actions from Ballyhoura (Projects B1-B8).
The operational structure in Ballyhoura is broadly similar to that in most local development companies in Ireland. Making partnerships work, however, can be a tremendous challenge which, unfortunately, many groups are unable to overcome. The experience from external evaluations and the feedback from the interviews undertaken for this report suggest that the Ballyhoura partnership is functioning exceptionally well. Several factors have contributed to the success, including:

- The Ballyhoura operational model has evolved gradually. A considerable amount of experience has been gained from a variety of initiatives including some that have not been successful. The gradual evolution has enabled the group to foster a strong sense of local identity among the local population. Much of the basic trust and expertise was acquired before any substantial funding became available.

- The partnership approach seeks to foster co-operation rather than conflict or competition between stakeholders. There is a commitment to sharing the benefits from collaborative projects - partners are willing to participate in “win-win” strategies rather than situations where one stakeholder might seek to take all the credit. Examples of “win-win” strategies include a mentoring support service for small enterprises which is jointly supported by BDL, the County Enterprise Board and Shannon Development. BDL animation activities help to identify projects that could benefit from mentoring support from the Enterprise Board and Shannon Development. All three organisations have a remit to foster micro-enterprises and can offer follow-on services in complementary areas. They tend to focus their follow-on support on different sizes and categories of firm. Overall, BDL helps its partners to access new funding sources through joint projects and helps identify potential new projects through its animation work.

- The potential for competition and duplication of effort between Ballyhoura and the County Enterprise Boards (CEBs) that are operating in the area (there is some overlap in the brief of all of the local development boards) has been avoided through a system of cross referral in relation to project applications and also through participation in County Strategy Groups that were established to co-ordinate the local development actions within counties.

- A very significant factor in the success of the partnership is the level of commitment by each of the partners. The strong commitment in Ballyhoura is reflected in the fact that each partner organisation is generally represented by an experienced person coming from the top management levels in the case of statutory bodies and commercial business interests. The significance of such high level participation is that it brings a high level of professional expertise to the board and it also greatly assists BDL in seeking resources from other partners who are more generously funded under the mainstream EU Operational Programmes. The Ballyhoura experience in this regard contrasts with that in some other ‘partnerships’ where the statutory representatives have been regarded as reluctant partners who tend to view the local partnership as a threat to their power and autonomy.

- While other partnerships have been criticised because of the perceived democratic deficit due to the absence of elected representatives, Cork County Council has recently (1998) nominated a county councillor to the Board of BDL rather than an official, as had been the case heretofore. Limerick is likely to follow suit in the near future.

- The election of community representatives via the CCC tends to guarantee genuine local participation and also that the board members have already gained experience in other contexts. Nevertheless, the community representatives usually require an! in-depth induction at the commencement of their term of office and some training to enhance their ability to
participate in an arena where most of the participants are skilled professional managers. The task of individual community representatives is more complex than that of other board members because they have to work towards a consensus first among themselves (which may not always be in their own best interests), and secondly with the other board members. The community representatives tend to have a high level of local responsibility but relatively little power which can make their participation more difficult. They also have to contend with the fact that the constituency of interests which they represent tends to move at a slow pace.

- All new members of the board are provided with some induction sessions on the objectives and strategies that BDL is pursuing, and on the programmes that they are responsible for implementing. This helps to develop a commitment to shared objectives and promotes a team working approach.

- The functioning of the board is managed by the Chairperson. This has turned out to be a crucial task where particular skills of listening to member’s contributions, diplomacy, sensitivity and fairness are required as well as a commitment to implementing the board’s strategic plan. Ballyhoura has been fortunate in its selection of Chairpersons who have consistently operated on the basis of securing consensus. The board has never had to take a decision by voting - when potentially contentious issues arise they are referred to sub-committees who are required to produce proposals that will have the support of the entire board.

- The task of implementing board decisions and the components of the strategic plan is the responsibility of the professional staff. The skill and commitment of the senior professional staff has been identified in several evaluations as a vital factor in the effectiveness of local development groups. The two most senior staff in Ballyhoura are very experienced and both have been with the company since its foundation. Their commitment and vision has infused a very strong motivation among the staff which has been noted by the outsiders interviewed for this report. There has been widespread approval of the calibre of the staff which is due, in part, to very thorough selection procedures. The ability to retain highly qualified staff has been negatively affected by the short time frame of some programmes and inadequate transition arrangements to cover the period between the ending of one programme and the commencement of the next one.

- The strategic planning approach adopted by BDL prioritises animation and capacity building activities so that resources are targeted to actions that will have long-term impacts and that will help to enhance the quality of life of those most in need.

- BDL has sought to maximise its impacts by adopting a brokerage approach to levering additional resources from the private sector.

In addition to this list of good practices identified within Ballyhoura the analysis has also highlighted the need for external agents to:

- Provide support structures at national or regional level to assist local partnerships and also to secure co-ordination and integration at the highest levels where mainstream policies and strategies are formulated.

- Provide a mechanism for effective co-ordination and integration of all local development programmes at the local level.
• Ensure that partnership membership guarantees democratic accountability.

• Permit some flexibility in the local application of national guidelines.

• Ensure smooth transition arrangements from the ending of one phase of programmes to the start up of the next phase. This is particularly important in relation to staffing.

• Make a realistic appraisal of what can be achieved at local level so that local development (on the scale of the programmes implemented in Ballyhoura) does not become a substitute for better resourced regional planning.

A number of problems were encountered by BDL in relation to policy design and delivery, from which some lessons can be learned by local groups who are about to initiate a local development process. These include the following:

• The early strategy adopted by BDL, based mainly on rural tourism, was too narrow and too limited to overcome the problems in the area. The need to broaden the economic base was recognised following the 1988 review while the introduction of LEADER in 1992 provided the necessary financial resources to implement a multi-sectoral strategy over a number of years.

• In Ballyhoura, as in other areas, the majority of project promoters under the LEADER I programme tended to be already well resourced - this was due in part to the matching fund requirements. It is also a risk that is attached to area-based strategies. A more equitable allocation of resources has been achieved over recent years due to the greater emphasis on animation and capacity building, and especially due to the targeting that is required in the LDP funded under the mainstream Operational Programme for Local Development. The philosophy underlying the national Operational Programme to tackle disadvantage is that some areas can be identified objectively as having greater concentrations of economic and social disadvantage. Funding is made available to partnerships within these areas who have prepared approved strategic plans. It is the responsibility of the local partnership to ensure that the allocation of the funds is properly targeted.

• The expansion of the range of programmes and other activities undertaken by BDL over the past two years has given rise to some confusion. BDL has had to put more effort into keeping all board members fully informed of developments and it also has to communicate its role to the wider population more clearly.

• The voluntary inputs of expertise and time is substantial, so much so that many regard it as a threat to the future of partnership. Voluntary inputs to time-consuming animation activities have been reduced following the appointment of full-time professional animators. Some progress has been made on having voluntary labour inputs recognised as part of the contribution of matching funds. However there remains a heavy reliance on voluntary fund-raising.

• Developing ‘ownership’ of the local action plan is vital to maintaining commitment to its implementation. This is most likely to become an issue where there has been insufficient participation by members of the board and the professional staff in the preparation of the plan. Since the advent of LEADER, BDL has avoided this problem by producing its own strategic plans.
• Monitoring and evaluation of initiatives was hindered by lack of data until a system of performance indicators was devised and a management information system installed. These systems are also essential in order to guarantee accountability in relation to the use of public funds. There is now a high level of confidence in the statutory agencies and in the government departments that organisations such as BDL have adequate systems to guarantee public accountability.

• Displacement can be a serious problem in locally administered programmes particularly if there is a strong emphasis on direct grant aid. In Ballyhoura the displacement issue is overcome mainly by requiring all projects to be innovative, and by keeping grant aid levels low - the quality of the local strategic plan is vitally important in this regard. The strong emphasis on soft supports is also less likely to result in displacement - this approach is very much endorsed by the Department of Enterprise and Employment. BDL assessments of projects are also guided by the lists of sensitive sectors (e.g., sectors which are already over-supplied) supplied by government departments.

• At a practical level BDL is hampered in its objectives due to the absence of amenities to encourage young people to remain in the area, and a scarcity of suitable premises for new enterprises. FAS is helping to address the former issue while the latter difficulty is being addressed in consultations involving the Local Authority and Shannon Development.

• On a broader level the operating context for those promoting local development in Ballyhoura does not compare favourably with that in other parts of Ireland which have benefited from particular tax incentives. In particular, urban renewal and seaside resort development programmes in designated areas benefit from special tax concessions which make them more attractive as investment locations than other rural areas where no concessions apply. As a result, Ballyhoura is a less attractive place for investors. There has already been a substantial outflow of financial resources from the area into investments in designated urban areas (estimated at IR£3m annually). At present BDL are co-ordinating a request to government seeking tax concessions for projects in the area that comply with the strategic plans for the area.

Each place is unique, therefore no action will be directly transferable. However much can be learned from the approach and operating structures which have evolved at Ballyhoura which are adaptable to different locations, policy and cultural contexts. Measuring the effectiveness of the actions undertaken is as already indicated very difficult, not least because it is not possible to control for the do nothing situation. One of the critical lessons learned from the Ballyhoura experience though has been the realisation that taking responsibility and putting a plan in place is in itself part of the process of development and renewal.
CHAPTER 5:  THE SERRA DO CALDEIRAO
LOCAL DEVELOPMENT MODEL, PORTUGAL

Introduction

Overview of the initiative

The Serra do Caldeirão is a mountainous area in the south of Portugal, located between the tourist region of the Algarve on the coast, and the agricultural plateau of the Alentejo. With a rapidly declining population, it is an area of abandoned farms and forests that are no longer maintained. Drained by emigration, this region of small farmers and craftsmen was resigned at the beginning of the 1980s to further long-term decline, at a time when the rest of the country was experiencing an economic and social boom.

A small team of researchers and teachers from the University of Algarve in Faro, supported initially by the B. Van Leer Foundation (Netherlands) and then by the European Union (LEADER I & II programmes), has spent the past thirteen years trying to reverse this trend. It has sought to exploit the region’s strengths in order to overcome its handicaps.

The In Loco Association, whose members are from outside the area and without any political or ideological allegiances, started by listening attentively to what the population had to say. It decided to tackle the problem by providing child care services, training determined and enthusiastic women, and putting in place specially trained and highly-motivated development workers recruited locally.

Once trust had been established, the transformation begun at the heart of the Serra’s social fabric spread to other areas: creation of economic activities (a process in which women were once again to the forefront), the development of tourism infrastructure, including bed-and-breakfasts and restaurants, promotion and sale of local produce and traditional crafts and creation of voluntary associations.

Several hundred jobs have been created or safeguarded, it is hoped that the demographic situation will at least stabilise in the long term, and solidarity networks have been set up throughout this area of nearly 3,500 km² and 74,000 inhabitants, spanning municipal and regional boundaries. This gives experience and lays the foundations for a strategy for harnessing all the dynamic forces in the population, which has once again become a community capable of shaping its future.

The region needed a development strategy and the chance to regain control over its future. In Loco and its founders have deliberately remained outside the region, willing to provide technical assistance but not intervening directly. It has tapped local human resources, called on the aid of local politicians, voluntary workers and young development workers, and linked up the local political and administrative units (freguesias) for the purpose of promoting development, training and local services, and setting up businesses.
There is also a resource centre in the heart of the area, and two telecommunications centres which bring modern communications within the reach of the inhabitants; development workers and advisers are also seconded to local politicians and social and cultural associations.

With such tools, further progress is possible: certain sectors of agriculture like goat farming and the marketing of its by-products, need to be modernised; integrated regional planning is needed to transform certain freguesias into secondary development poles that can act as inland relays for towns on the seaboard.

A number of simple principles are seen as the key to sustainable development:

- Start from the grass roots and actual problems (i.e. from the bottom-up), which involves consulting people before taking action.
- Integrate the various facets of economic, social, cultural, educational and environmental development in each project and action.
- Involve local actors, individuals and groups, and especially women, who are the most innovative and enthusiastic, in all the stages of projects and the development process.
- Establish and maintain an active, negotiated and contractual partnership with all the institutional forces, whether political (politicians at various levels of government) or technical (government departments), with a view to achieving optimal co-operation.
- Balance the three components of any project: promotion, training, organisation.
- Combine action and theory on an ongoing basis.

Devising such an ambitious and complex strategy and method that goes against the grain of administrative habits and macro-economic orthodoxies is a Sisyphean task. It is necessary to get the agreement of local politicians, who are the sources of any political legitimacy, obtain funds from government agencies as well as the matching funds needed to receive European funds, and to go to Brussels in order to benefit from the programmes, whether large or small, that can provide the Serra with exceptional funding commensurate with its equally exceptional handicaps and needs. This means negotiating, adapting and keeping track of new measures, and remaining in contact with European networks.

Europe has been the saviour of this forgotten territory in the south-west corner of the continent. Not only because of the appropriations and structural funds it has provided but also because, in the past thirteen years, it has opened up the Serra to the outside world: via exchanges of people, information, experience, good practice and good ideas, transnational communication which escapes government oversight and regulatory constraints, and the encouragement of innovation and initiative, the Serra has become a sort of cross-roads where development workers from all corners of Europe meet from time to time.

Is it possible to transfer this experience to other places, cultures and environments? Certainly, provided that a few rules which the promoters of In Loco would not disagree with are respected: do not copy, adopt methods and not recipes; remain modest, avoid costly projects at the outset, advance at a rate that suits local actors; and do not forget that sustainable development requires the effective, voluntary and qualified assistance of institutions like communities, economic, social and cultural actors.
Background to the case study

The study relates to the oldest and most comprehensive of all the local development programmes in Portugal. Launched when Portugal was not yet a member of the European Union, it qualified for European funding when Portugal joined the Union on 1 January 1986. The programme is undoubtedly an exceptional case, encompassing a wide range of objectives in the cultural, social and economic areas; it is a close, dynamic partnership and, unusually, the initiative of a group of individuals who formed an association and got themselves recognised as a legitimate public interest while retaining their independence vis-à-vis local authorities and actors.

The rest of this chapter explores in more detail the Serra do Caldeirão local development model. Following a brief description of the geography, history and economy of the area, the body of the chapter examines the nature, principles and impacts of the programme, its structure and development tools, its development strategy and the actors in development. The final section identifies the main successful features of the method that could be transferred to other areas.

Description of the Serra do Caldeirão

Geography

The Serra do Caldeirão, and the mountainous area stretching eastwards to the valley of the Guadiana, which marks the border with Spain, is located between the Alentejo to the north, with its large landholdings and extensive agriculture, and the coastal strip of the Algarve, with its casinos, big hotels and luxury residences. Administratively and politically, it is divided between the south of the Alentejo and the north of the Algarve. Some 3,436 km² in area, it currently comprises 31 freguesias belonging to 9 concelhos. As its name indicates (serra=mountain), the terrain is rugged, sometimes wooded, sometimes semi-desert, rising to about 500 m in altitude, with rainfall similar to that in neighbouring Morocco.

The region previously had a very high fertility rate; like many other Portuguese regions, there was a strong tradition of emigration, first to towns on the coast or to Lisbon, and then abroad. Since fertility has fallen and foreign countries have restricted immigration, the main outlet is now seasonal work on the Algarve coast with its attendant cultural and economic consequences: adoption of other models of behaviour and consumption, loss of traditional rural models, etc. An ageing population which has kept its traditional way of life and is reluctant to change and enter the modern world, inhabits the villages, whose traditional economic activities have disappeared and which no longer manage to provide a decent standard of living. Even though there are no precise up-to-date figures for this inland population, we do know that in 1991 it was around 74,000, or 19.6 inhabitants per km². This average density nonetheless masked wide variations, from 4 to 66 inhabitants/km. The population density had fallen dramatically since the 1981 census, with 10 freguesias losing over 20% of their population.

Figure 5.1 shows the location of the Serra do Caldeirão in the south of Portugal.
Figure 5.1: Location of Serra do Caldeirao, Portugal
History

The Algarve has long had a distinctive identity. The Portuguese kings used to call themselves "kings of Portugal and Algarve". It was the part of the country where the Arabs remained the longest, to the fifteenth century, and where a Portuguese prince framed the policy of "Discoveries". Even today, in an era of political and administrative regionalisation, it is the only region whose boundaries and existence have never posed a problem, since they seem obvious to everybody.

The prosperity from tourism in the coastal area is relatively recent and has been accompanied by a flight of population towards the coast from the mountainous part. At the same time as young people were leaving the mountains to go and work elsewhere, people from northern Europe moved in, either as permanent residents or for part of the year, especially on the coast but also inland, with varying degrees of integration, the latter being difficult due to cultural and linguistic differences.

The Serra do Caldeirão also stretches to the south of the Alentejo, whose history and identity are very different from those of the Algarve. However, in recent years, the trend in the mountainous part has been similar to that in the Algarve, the freguesias in the Leader programme forming part of what has been called the "critical area" of the south of the Alentejo (the Beja district).

The area is thus a territorial whole, unified, so to speak, by handicaps resulting from recent history.

Economy

Before the In Loco development project, the Serra do Caldeirão was a subsistence economy based on poor, traditional agriculture, crafts for local consumption, seasonal tourism on the coast, and, of course, remittance from emigrants.

The rapid development of mass tourism on the coast has created employment in the past twenty years but often at the price of migration to the detriment of the villages that are the most isolated and furthest from the coast. The abandonment of traditional subsistence farming and forestry maintenance led to a deterioration in the useful agricultural area and the destruction of forests (fires, replanting with eucalyptus) while increasing the need for money income, a need which became more and more acute among the new generations.

The labour force was, and still is in its majority, low-skilled and unenterprising. Local saving is relatively high but placed elsewhere (on the coast and in the main towns) in financial institutions which notoriously take little interest in the poor inland areas.

It was Portugal’s entry into the European Union in 1986 which made possible investment and an acceleration of economic development programmes in both the Algarve and the "critical area" in Alentejo.

The local development programme

The In Loco project

This was the context in which three people from outside the region decided in 1985 to launch a major project to revitalise the Serra do Caldeirão. Members of the continuous training department of the Polytechnic Institute of Faro, they started a project called RADIAL which is still going.
In 1988, the promoters of RADIAL created In Loco, an agency for intervention, training and local development studies which took the form of an association of individuals independent of both local and national government. While continuing to be supported by the Polytechnic Institute, which subsequently became the University of Algarve in Faro (and of which one of the founders is still a member), In Loco adopted and pursues its own social objective: to promote the development of the Serra do Caldeirão in line with the principle "think globally and act locally". The very name of the association symbolises this local commitment and grassroots conception of development. The RADIAL programme thus became the association’s main means of action, with funding from the Van Leer Foundation (based in the Netherlands). Its emphasis is on creating child care and family facilities and activities and on modernising society and education (see Appendix A, Project S2).

Other initiatives which prefigured the subsequent local development strategy were then launched in the form of support for local voluntary associations and the creation of new associations and training for would-be entrepreneurs with business schemes which would create jobs (7 training programmes were organised and 4 small firms created during the period 1985-1991).

In 1991, the first EU LEADER programme (LEADER I) at last gave In Loco an opportunity to apply its conception of development on a wide scale by implementing a rural development action plan with substantial resources, especially skilled personnel, for the entire target area. The ARRISCA project (Support for the Integrated Rural Revitalisation of the Serra do Caldeirão) set out the principles and content of this plan, and still provides the framework for In Loco’s activities. In 1995, In Loco’s European funding was renewed under LEADER II.

In addition to LEADER I and II, there are other national and European programmes such as ALICE (Integrated Local Actions for Employment Creation) and RIME (incentives for micro-enterprises), as well as inter-regional and transnational exchanges of experience and information under various EU programmes.

**Principles underpinning In Loco’s action**

The principles and methods of the association’s action can be described as follows:

- Start with concrete needs and problems as expressed by groups or at meetings.
- Integrate the various dimensions of development: economic, social, cultural, educational, environmental, etc.
- Involve local actors, individuals and groups, and, in the case of the Serra do Caldeirão, women in particular, since it is they who are the most enthusiastic about development initiatives.
- Set up teams on the model of concentric circles: local project managers, development professionals and consultants in specific areas, public and private partners.
- Establish and maintain a partnership with local and outside institutions and authorities with a view to harnessing resources and competencies for the purpose of achieving development objectives.
- Balance the three dimensions of any project: promotion, training, organisation.
- Combine action and theory on an ongoing basis.
**Impact in terms of jobs created**

In Loco estimates that LEADER I and the associated initiatives have made it possible to create about 250 jobs in micro-enterprises through professional training, support for business start-up and investment support between 1991 and 1994. While this estimate has not been updated, it would seem that the trend is continuing.

For example:

- Child care centres: 4 villages, 8 jobs.
- Six craft businesses (pastry-making (2), weaving, toys, wooden artefacts and jute dolls): 21 jobs to date.
- Four restaurants: 8 permanent jobs plus seasonal jobs.
- "Serra Mãe", a shop in Faro which sells local produce and does catering: 2 jobs.
- "Ideias em Baí", a graphics and reprographics business.
- Bed-and-breakfasts (but the induced jobs cannot be evaluated because the owners run them directly).
- A cultural centre with a permanent employee and several part-time employees.

In addition, it is estimated that the initiatives have had a strong impact on helping to safeguard jobs in agriculture, craft industries and the service sector.

**Distinctive local features**

Even though the Serra do Caldeirão and In Loco share features in common with numerous other depressed rural and medium-altitude mountain areas and many other integrated development initiatives, they do have some distinctive features that are not usually found elsewhere.

The main promoter of In Loco, Alberto Melo, is an experienced academic who decided, on his own initiative, to devote a long period (thirteen years) to fostering grassroots development; he thus gave up a scientific career, even accepting a modest administrative status. Also, the fact that his salary has been paid up to now by the Polytechnic Institute and then by the University of Faro represents a subsidy in kind to the association and a considerable moral and institutional endorsement, providing a continuity and legitimacy rarely to be found in this type of voluntary initiative.

In Loco’s close ties with the European Commission, together with the renown of its development methods in Portugal and elsewhere in Europe, have facilitated the negotiation of funding from European programmes.

Of course, the geographical situation of the Serra do Caldeirão (it is both isolated and close to a rich tourist area), and the personal and relational factors which are always so important in the development process, are unique; any attempt to use In Loco as a model or to draw upon its experience should thus take account of this fact.
Structure and development tools

Conceived of as a process, sustainable development needs to be organised as well and as flexibly as possible so as to be able to respond to new local conditions arising either from development or from external constraints. In Loco has managed, thanks to the funds provided under the LEADER programme as well as by the Van Leer Foundation and various national and local partners, to put in place a very comprehensive system with substantial human resources, both quantitatively and qualitatively.

In Loco’s headquarters and logistics

In Loco’s headquarters are in Faro, the capital of the Algarve and the seat of regional government and administration, but outside its target area. This facilitates contacts with partners and enables a certain amount of distance to be maintained between the association and local constraints and susceptibilities. The system is administered from Faro by a team of 5 people. In addition the headquarters houses the association’s computer server, Internet site, computer links with other LEADER sites in Portugal and the ANIMAR network of Portuguese development workers and the central government and Europe.

In total the organisation has some 40 direct staff in the headquarters and local offices. The average monthly wage bill is the equivalent of about 45 000 Euros. The association’s total budget varies from one year to the next and consists essentially of the budgets of the various programmes and actions negotiated annually with national and European public and private partners. The association does not have any capital of its own nor any regular independent resources, nor can it count on the guarantee of public bodies or local authorities.

The co-ordination team

In Loco has a multidisciplinary co-ordinating committee that consists of 12 project managers. Its work is divided into six thematic sectors corresponding to the various dimensions of In Loco’s local development strategy:

- Training.
- Product development.
- Promotion.
- External relations.
- Administration and finance.
- Information and communication.

Within these sectors, the project managers co-ordinate the work of the LEADER programme as well as the other programmes operated by In Loco, such as ALICE (article 6 of the ESF) and RADIAL (supported by the Van Leer Foundation), and European co-operation projects being carried out under various European Community Initiative programmes. Each project manager is also responsible with another colleague for a given part of the region.
The co-ordination team and the development workers are professionals who provide the region with the kind of expertise which rural areas lack. Sustainable development is not possible without the presence of full-time professionals working for the benefit of the region as a whole.

Local development workers

In addition to the 40 direct staff, there is a team of “rural development workers” responsible for animation activities on the ground. There are currently 15 of them, mostly recruited locally. Their level of qualifications varies greatly but they are mainly recruited for their personal qualities and their ability to relate to the area and the development objective. Most of them are fairly young women who are well integrated, both culturally and emotionally.

Each one is assigned to a specific area covering one or several freguesias. Within this area, they are responsible for assessing resources and needs, co-operating with local associations and getting them to play a role in local development beyond their own specific objectives, and for implementing at the grassroots level the programmes run by In Loco. They are also responsible for the creation of economic activities and participation in the fairs and other events organised in the Serra (see Appendix A, Projects S1-9). They have offices on premises lent by the freguesia councils or associations and may be called on to participate in specific programmes alongside In Loco’s project managers. Every month, they write and circulate a brief report to the freguesia and concelho authorities, and to In Loco.

They all receive continuous training, both general and technical, in various places in the region, to enable them to deal with the kinds of problem they may encounter. Unfortunately, they have the very insecure employment status of vocational trainees. In most cases they are paid through the funding allocated to the projects in which are they involved. This obliges In Loco, if it wants to keep a body of highly professional and skilled animators, to ensure that there are always funded projects going on, though inevitably there are slack periods when the development workers are temporarily ‘laid off’.

The usefulness of the development workers is now starting to be more widely recognised, and not only in disadvantaged rural areas. The concelho of Loulé has just decided to recruit at its own expense and with the aid of In Loco, two development workers with the same profile as the association’s workers, for its coastal freguesias, notwithstanding their rich tourist potential.

The Brito de Carvalho Centre

Located in the heart of the region, this centre is, so to speak, In Loco’s local “bridgehead”. With a small staff (three people), it comprises:

- The LEADER telematics centre, which links up all the LEADER projects in Portugal.
- The European Rural Information and Promotion Carrefour, a member of the network of European Rural Information and Promotion Carrefours, which comes under DG X of the European Commission.
- A resource centre for applied research and innovation in medium-altitude mountainous areas (CRIAIMM), which promotes traditional local farm produce (goat’s milk, fruit spirits, almonds, carob, fish farming, etc.).

The centre functions as a resource centre and meeting point for the development workers and project managers. It will soon be joined, in the same building, by the tourism office of the concelho of Loulé.
Telecentres

There are currently two Telecentres, one in the Transport Co-ordination Centre in Almodovar and one in the Community Services Centre in Cachopo (Appendix A, Project S9).

Equipped with computers (which eventually it will be possible to access remotely), printers, photocopiers and fax machines, as well as basic documentation on the development activities of In Loco and the Portuguese authorities, they are open to the public, school children and adults alike, and are run by a part-time employee.

The Jornal da Serra

This is In Loco’s newspaper. Some 3 000 copies are printed every month, and 26 issues have appeared to date. It comprises local news items, articles on development topics, and news of other development projects in Portugal or elsewhere, information about LEADER II projects, the Brito de Carvalho centre, national and European legislation and reports on particular subjects (e.g. the cork-oak and forestry in the September 1998 edition). Inhabitants are welcome to make their comments or to give information in its columns.

Prerequisites for replicating the In Loco model elsewhere

The comprehensive system put in place by In Loco can be imitated in any vast, fragmented area which has an integrated sustainable development plan. In Loco’s experience in the Serra do Caldeirão reveals, however, that there are certain prerequisites:

- Funding should be as large and as stable as possible, it should not be interrupted and there should be no changes in the conditions for using funds which prevent them from being used for personnel.

- Sandwich training (both theoretical and practical, with group sessions in which trainees recount their personal experiences) is the sine qua non of the effectiveness of development workers at all levels.

- Usually, no formal qualifications are required for jobs in development, which, in addition, do not correspond to recognised functions in the civil service. It can thus be difficult for personnel to find a non-administrative job afterwards.

- It is necessary to give development workers support and encouragement on account of the demanding nature of their work (hours, stress, inter-personal relations).

- If there is no political impetus at the start from the local authorities, then another legitimate institution is needed (in the case of In Loco, the University of Faro), but the support of the local authorities and other public institutions should be obtained as soon as possible afterwards.

- Close, even contractual, partnerships should be established with other local actors so as to avoid competition and duplication of roles.
The development strategy

We were unable to find an explicit description of a development strategy which had been drawn up by In Loco and validated by local political or community bodies. We can thus only give our impressions and try, using information from the various interviews with agency staff and reviews of various documents, to reconstitute its strategy, which certainly exists in the minds of In Loco’s promoters even though they have not formulated it publicly.

A clearly identified area

We described the area earlier. Even though its boundaries were formed gradually, it represents a distinct geographical, economic and cultural entity. Indeed, one of the development objectives is to give more and more cohesion to the region and to promote solidarity within it.

A sustainable development process

The aim is to promote balanced (cultural, social and economic) and sustainable (long term) development, by harnessing local resources, energies and initiative, and the political resolve and resources of local authorities.

Local resources consist principally of the countryside and other natural resources, agriculture and forestry, craft industry, local skills and traditions, the region’s heritage, the capital and competencies of emigrants, and the advantage of being close to the coast. These resources need to be exploited in a rational and balanced fashion, so that some are not promoted to the detriment of others.

The energy of the region’s inhabitants is tapped by systematic recourse to endogenous initiative and by the ongoing provision of training and information, enabling them to participate in development and in the concrete application of measures, and to co-operate within a specific area or on a specific theme.

Particular emphasis is laid on the contribution that women can make to development on account of their position in local society, their greater cultural propensity to innovate, and their frequently expressed desire for training.

Project methodology

The definition of initiatives and of the timetable for their implementation is an ongoing two-way process between development workers with their ear to the ground, and the central team of development professionals who analyse their reports. This process is supplemented by other standard methods of research, analysis, assessment, ex-ante evaluation, etc.

Project development is a constant two-way process between development professionals (In Loco), local actors (the population, individual or collective promoters) and the other partners (local authorities, administrations, etc.). Three types of instruments are employed. Firstly, financing packages put together in accordance with needs and the funder’s conditions, secondly, protocols between the various promoters, actors and partners and lastly, communication tools to ensure that actors and users are kept properly informed about projects.

For In Loco, it is important that each project contains three development components:
1. A cultural basis, consisting of the actors’ own living culture, supplemented and enriched by outside contributions, especially training, and then by actual experience.

2. A social justification, e.g. the project promotes individual autonomy and co-operation between groups, social cohesion (at village or freguesia level), and solidarity around an image of the region.

3. An economic rationale, which takes into account the constitution of the capital for the project, and the degree to which it creates or safeguards jobs and improves the skills of the workforce, the diversification of activities, the conservation of non-renewable resources, and the improvement in living standards and the quality of life.

**Drawing on and developing resources**

They are of two types of resource that support the strategy. These are drawn down and developed in the following ways:

**Human resources**

- Support for continuous training of the largest possible number of members of the local community, so as to make them aware and effective grassroots actors in the development process and in the various projects designed with, and implemented by, them.

- Encouraging the emergence of community leaders, local politicians, development managers, grassroots development workers and workers, heads of associations and entrepreneurs.

- Setting up teams, even small ones, of development professionals and technicians, in the disciplines the area needs.

**Funding**

Funding is of three types that theoretically should be provided in the following order (so as to maximise sustainability):

1. First, mobilise each area’s own resources and the initiative of its inhabitants.

2. Second, use all the ordinary sources of public funding (concelhos, region, central government and government departments), as well as the expertise available in the region and country, under co-operation protocols for programmes and projects relating to the region and adapted to its interests.

3. Third, seek extraordinary funding and support from outside, especially from the European Union (but also, as we have seen, from private foundations), given the magnitude of the problems that development has to overcome.

Actually, in the case of the Serra do Caldeirão, this order had to be reversed. Because of the poverty of the region, the lack of interest on the part of the local and national authorities, and the amount of funds required, development had to be pump-primed, first by funds from the B. Van Leer Foundation and then from the European Union.
The actors in development

One of the development challenges in an area that is becoming depopulated is to rebuild its human resources, since these are considered to be the primary resource and driving force in an area’s development. One result of underdevelopment is that this resource gradually dries up: the youngest and most active leave, population ageing is accelerated, demographic decline sets in and entire sectors of the area are abandoned or not maintained leading for example to dereliction of land and buildings.

A rational human resource management policy

One of the priority operating objectives of development professionals is therefore to find the means of ensuring not only that as many people of working age as possible, who are capable of initiative and of actively participating in the region’s social, cultural and economic life, stay in or return to the region, but that these people become genuine, fully aware and fully qualified actors in the sustainable overall development of the community. To do so requires an extremely well designed and continuous training programme.

This, of course, has been In Loco’s objective since 1985, with very positive results. The initiatives it has taken fall under several headings:

- Mobilising support, wherever it comes from, through countless meetings and numerous local development projects.

- Training for women, who are considered to be forces for change in the community, as mothers and child-rearers, as leaders in their local communities and as entrepreneurs.

- Raising the awareness of parish (freguesia) and municipal officials and locally-based government officials (locally-based civil servants from central government ministries) and providing training for them.

- Training for field professionals who are likely to stay in the locality and are capable of gradually taking over positions of responsibility (validating their qualifications and assimilating them into the civil service are recurrent problems).

- Training and support for those running economic and social projects.

- Encouraging emigrants to return and become actively involved in development.

Several hundred people throughout the Serra do Caldeirão, most of them women, have now been trained, have become actively involved in projects and are still in the field. Sometimes one person holds several positions or has several responsibilities.

In Loco’s strategy is made easier by the association’s consistent approach, which aims to make the area and its constituent localities self-sufficient by stressing its role as a temporary outside agency (its core team members come from outside the initiative area, its headquarters is located outside the area, In Loco will not be there indefinitely).
The different local actors in development

In addition to In Loco’s core team, which comprises agents and experts located outside of the area, it counts on three main categories of field agents; professional actors, volunteers and business actors.

Professional actors

There are two types of professional actor:

1. Development agents attached to the In Loco team but working in the field, who are assigned to specific territorial areas and come from the area. They are from a variety of training backgrounds, they are motivated and are required to undergo intensive training on a continuing basis.

2. Project leaders who are attached to local public or community organisations with a range of different functional and responsibilities, community, young children, socio-educational.

Volunteers

These are “active citizens”, leaders of the community and community groups, unpaid volunteers who must be encouraged, trained, assisted and supported because they are the backbone of the local community and are actors in all local projects (festivals, fairs, setting up local services, school transport, etc.). Their training takes the form of courses and structured sessions and active involvement in projects under the supervision of professionals.

Business actors

The farmers, agro-food producers, craftsmen, caterers, hotel-owners, shop-owners, etc. who carry out business projects. They generate wealth and jobs, recycle a portion of local savings, attract tourists, build up a store of investment capital in rural areas, and are a focal point for family and community solidarity. As well as regular training courses there is an information and support service for these actors.

Mobilising local actors

The next important step is to ensure that these local actors are not left isolated in their respective activity locations. Individually, they may not amount to much, but together they form a tightly knit network around which the social, cultural and economic life of the area will be regenerated. With this aim in view, In Loco uses festivals and fairs, which are held not only for the purposes of entertainment or for selling products, but as events at which the actors can see that they are all taking part in the same venture: the development and revival of the Serra do Caldeirão. Organising festivals and fairs together is a way of making the actors aware of their own power and solidarity.

Local actors and transferability

It is not enough just to repeat that it is important to motivate and train the actors in development. That is only common sense. It must be the first priority even before any initiatives are taken. Without actors there can be no action: if all the initiatives are led from outside the area by paid professionals, who have no
personal stake in the life of the region and its future, it is safe to say that any results will be short-lived at best.

Once more we must stress, as do In Loco’s developers, the role of women as a factor to be taken into account in any discussion about the transferability of the methods and solutions adopted in the Serra do Caldeirão. In traditional rural societies, women are mothers and child-rearers, they are a fund of knowledge on many traditional crafts, they process certain agricultural products, they pass on information and are opinion-formers. In societies where there is emigration, women are often the ones who stay behind when the men emigrate. In families, they are the grandmothers who pass on traditions.

In the Serra do Caldeirão, it has been demonstrated that the women, at any age, can play a determining role in development, innovation, education and change.

**Transferable aspects of the method**

This final section summarises the main features of the method that we consider to be essentially transferable from the experience of the Serra do Caldeirão. A series of project sheets about exemplary actions from Serra do Caldeirão are given in Appendix A (Projects S1-9).

**Consultation**

Consultation involves actually listening to others, participatory review, respect for people’s values and opinions. It means dialogue and an exchange of views. The development of the Serra do Caldeirão began with a full-scale meeting/debate (1985) to find out directly from the residents what their needs were. From then, the basis for any action taken has been the needs or problems aired during consultation.

**Involvement**

Residents have to become personally involved, not as consumers or users but as actors, right from the initial design and management stage. They are the co-architects of their own development. However, as previously pointed out, In Loco, as an association that is independent of government (except for funding), is fortunate in being able to pay as much attention to citizens as to politicians and civil servants. This is not necessarily the case when development projects are carried out by either local authorities or government services.

**Training**

The involvement and role of local actors will only be successful if, like the professional actors, they receive proper training at the outset and on a continuing basis. Training ensures that initiatives will be of a high standard, but it also ensures an outward-looking attitude, adaptability to change and proficiency in the use of technical and planning tools. Training covers both theory and hands-on experience, with feedback and assessments.

**Partnership**

Motivating local people is not enough. The various public sector and private sector services operating in the area also have to be motivated and encouraged to work together. In Serra do Caldeirão this has
entailed negotiations, not only between two parties, but between networks, to establish a contractual basis for co-operation and the optimisation of resources and programmes, in order to avoid duplication of effort, wasting time and energy and confusing users.

**Multiple jobs**

In a depopulated rural area, it is not always possible to earn a living from just one business, be it agriculture, forestry, crafts or even tourism. Households have therefore been encouraged to combine two or more businesses where appropriate, in order to make the most of the available tangible and intangible resources. It is possible, for example, to combine farming production with on-farm produce sales, or farming with catering or tourist accommodation, crafts or trade as a secondary income.

**Quality**

Striving for quality, pressure to achieve quality and mutual quality control are prerequisites for success in a local environment where competition is stiff. In Loco recognises that rural areas compete with each other, and the quality of their products and services is what differentiates one from another. Quality requires trained producers and distributors, the relentless pursuit of improvements, including scientific and technical improvements in production and processing or storage and marketing conditions, setting standards where necessary and familiarity with standards where they exist.

**Communication**

In rural areas, particularly depopulated areas, people can be isolated and information does not circulate well. In Loco has intervened to provide local people with modern means of communication: newspapers, information and resource centres, telecommunications centres, LEADER information technology centres etc.

**Outward-looking attitude**

The effort must not stop at the area’s boundaries. Development will be sustainable only if it is fuelled by knowledge and experience of what is happening in the rest of the country and in other countries, particularly Europe. In Loco attaches great importance to the numerous EU exchange, co-operation and joint pilot programmes to which it has subscribed for the Serra do Caldeirão, as opportunities for the local actors to get to know their colleagues in other rural areas. Europe is an open market for ideas and experience in which it is important to maintain a presence.
CHAPTER 6: THE JEREZ DE LA FRONTERA LOCAL DEVELOPMENT MODEL, SPAIN

Introduction

The city of Jerez has one of the most unusual and active policies on local development and employment in southern Spain. There is general agreement about the quality and long-term nature of this experiment, taking place against the backdrop of high unemployment, so prevalent in Andalusia and most of the Spanish regions eligible for Objective 1 support. It is all the more interesting for being the only example of its kind in the region.

This case study does not aim to provide an “audit” of the situation in Jerez. It is rather an overview of the more visible factors and outcomes, coloured by the perceptions and viewpoints of the local players interviewed during the site visits.

Description of Jerez de la Frontera and its region

The policy context in the region of Andalusia and the province of Cadiz

The region of Andalusia receives “Objective 1” funding from the EU for less developed regions. Not on any of Europe's main development axes, its underdevelopment reflects its agricultural past, with no industrial fabric, a lack of infrastructure and high unemployment. Furthermore, this structural unemployment is being fuelled by the very young population and the recent entry of women onto the labour market. The Junta de Andalucía (regional government) has received substantial resources from EU Structural Funds (ERDF, Cohesion Fund, ESF) to promote development policies. However, most of the local players agree that there is no genuine regional planning. During the previous phase of structural funding (1991-1994), most of the investment went on infrastructure, including the “high-speed train” link between Seville and Madrid. The positive spin-offs expected from the 1992 Universal Exhibition in Seville failed to materialise. Regional policy is running up against a lack of entrepreneurship and the benefit culture that predominates among rural workers (with the Rural Employment Plan, or REP). The regional government has a large number of programmes to promote employment, such as the Young Enterprise Programme, which grants Ptas 1 000 million (Euro 6 million) a year to fund a 50 per cent subsidy for investment in young enterprise, benefiting 4 000 young people over the past two years, or the Business School programme, under which 37 new business incubators have been set up throughout the region. While these are all very strong measures, providing substantial funding for employment schemes, they are not particularly innovative and the approach is very bureaucratic.

Since 1996 the province of Cadiz, which includes Jerez, has been running a programme known as PLEMCA (special employment plan for Cadiz) offering training and support for the unemployed; this is a major scheme with annual resources of Ptas 2 000 million (Euro 12 million), run in collaboration with
local authorities. One half of these funds goes to subsidising jobs and the other to vocational training schemes. Jerez has received 30 per cent of all PLEMCA funds, subsidising 900 employment contracts.

**The Bay of Cadiz**

Figure 6.1 shows the location of Jerez in the south of Spain, inland from the Bay of Cadiz.

It is important to stress the significance of the group of cities (Cadiz, Puerto Real, Puerto de Santa Maria, San Fernando, Chiclana, Rota and Jerez) that operate as a metropolitan area, covering 2,089 km² and a total population of 600,000, and form a self-contained labour market, centred around the Bay and port of Cadiz. The Bay of Cadiz is characterised by its large number of public enterprises. With major defence installations, aircraft factories, shipbuilding firms (Astilleros Españoles, Bazan) and enterprises such as Tabacalera, the state tobacco industry, the area is used to seeing the State playing a decisive role and has become dependent on government. This is reflected in the large number of workers in stable jobs and the very small number of businesses. The shipbuilding crisis in the late 1980s led to the loss of 8,000 jobs. Unemployment currently stands at around 48,000, or 18 per cent of the labour force. Some 45 per cent of the unemployed have completed little more than their primary education. The Bay has a community of city councils that promote a range of employment programmes and an EU Territorial Employment Pact is also being established.

For a greater insight into the local environment, it is important to realise that Jerez is the largest city in the province of Cadiz, larger even than the capital Cadiz with its 160,000 inhabitants. Jerez is more distinct and geographically independent than all the other cities in the Bay. It does not have the same profile or problems, since the other cities are suffering from the decline in shipbuilding and defence and have serious problems with the local infrastructure. There are also political and institutional differences, in that the conservatives hold the majority in the Bay, whereas Jerez is run by a small local Andalusian party and the Junta de Andalucia (regional government) is run by the Socialist party. This complex political map also explains the current trend towards inter-institutional conflict and territorial competition.

Finally, infrastructure, whether existing or planned, road or rail, is designed with the entire metropolitan area in mind. The planned expansion of the road network increases the scope for links with high-capacity roads extending beyond the current twin focal points of Jerez and Cadiz. The development of the rail transport system in the metropolitan area aims to increase the integration of Jerez within the Bay and to better link the airport within the region and beyond.
Figure 6.1: Location of Jerez de la Frontera, Spain
The city of Jerez

Jerez is a city of 190,000 inhabitants, the fifth largest city in Andalusia, specialised in, and renowned world-wide for its wines. This has set it apart from the rest of the region and its history has been relatively self-contained, with no major socio-economic problems over the past few decades. Its wine-cellar owners have never been innovative employers, maintaining their traditional ways and their ties with the British firms that manage the marketing process.

The city’s policy planning department carried out a diagnostic study of Jerez in 1991 to see how it scored on a series of development criteria. At that time it found very few economic resources, enterprises or skilled workers, owing to the prominence of agro-industry that generates very little vitality or innovation and uses very low-skilled labour. The main results are shown in Box 6.1.
### Box 6.1 Jerez: a strategic analysis based on development criteria (from 1991 Strategic Plan)

<table>
<thead>
<tr>
<th>DEVELOPMENT CRITERIA</th>
<th>SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infrastructure and accessibility</strong></td>
<td></td>
</tr>
<tr>
<td>Accessibility in the regional context</td>
<td>LOW</td>
</tr>
<tr>
<td>Ability to capitalise on geographical location</td>
<td>LOW</td>
</tr>
<tr>
<td>Availability of physical space</td>
<td>VERY HIGH</td>
</tr>
<tr>
<td>Supply of urbanised industrial land</td>
<td>HIGH</td>
</tr>
<tr>
<td>Real estate available for economic activities</td>
<td>AVERAGE</td>
</tr>
<tr>
<td><strong>Economic activity and industrial fabric</strong></td>
<td></td>
</tr>
<tr>
<td>Presence of SMEs</td>
<td>VERY LOW</td>
</tr>
<tr>
<td>Industrial restructuring and diversification</td>
<td>LOW</td>
</tr>
<tr>
<td>Presence of enterprising managers</td>
<td>VERY LOW</td>
</tr>
<tr>
<td>Diffusion of new technologies</td>
<td>LOW</td>
</tr>
<tr>
<td>Entrepreneurship and innovation</td>
<td>VERY LOW</td>
</tr>
<tr>
<td>Ability to capitalise on tourism</td>
<td>LOW</td>
</tr>
<tr>
<td><strong>Population and human resources</strong></td>
<td></td>
</tr>
<tr>
<td>Demographic potential</td>
<td>VERY HIGH</td>
</tr>
<tr>
<td>Availability of skilled labour</td>
<td>VERY LOW</td>
</tr>
<tr>
<td>Ability to retain skilled human resources</td>
<td>VERY LOW</td>
</tr>
<tr>
<td>Education provision</td>
<td>LOW</td>
</tr>
<tr>
<td><strong>Quality of urban life and social cohesion</strong></td>
<td></td>
</tr>
<tr>
<td>Welfare state</td>
<td>AVERAGE</td>
</tr>
<tr>
<td>Public participation</td>
<td>LOW</td>
</tr>
<tr>
<td>Good image abroad</td>
<td>HIGH</td>
</tr>
<tr>
<td>Strong local identity</td>
<td>VERY HIGH</td>
</tr>
<tr>
<td>Cultural and leisure environment</td>
<td>LOW</td>
</tr>
<tr>
<td><strong>Co-operation and promotion</strong></td>
<td></td>
</tr>
<tr>
<td>Co-operation between public and private sector</td>
<td>AVERAGE</td>
</tr>
<tr>
<td>Promotion instruments</td>
<td>LOW</td>
</tr>
<tr>
<td>Involvement of local institutions</td>
<td>HIGH</td>
</tr>
<tr>
<td>Co-ordination between government departments</td>
<td>LOW</td>
</tr>
</tbody>
</table>
Other development factors, for instance infrastructure giving access to the city from the rest of the region, were also weak, acting as an obstacle preventing the city from capitalising on its geographical location. Accessibility infrastructure had also been restricted by the type of development favoured by Jerez in the past. It has specialised in wine-related exports, the production structure has been relatively simple and has not required a complex network, just one good transport link for its exports and shipping from the port of Cadiz. Consequently, the city’s main infrastructure and modes of transport have been linked to Seville and central Spain, whereas links have been poor with central Andalusia, the Levante (eastern) region and the Mediterranean basin.

Overall the analysis pointed to a general lack of policy instruments and poor co-operation between the public and private sectors. On the other hand, the city policy did score well on criteria such as a strong local identity, a good image abroad, environmental quality, industrial land and the involvement of local government.

Crisis in the wine mono-culture

The main reason for the economic development strategy launched in the 1990s was the profound crisis affecting the city’s leading and almost only industry, namely wine production and distribution, which for various reasons began to encounter serious problems in the late 1980s. Crop areas diminished in the region (5 500 ha of vineyards were grubbed up in the space of 4 years), export subsidies disappeared and the Common Agricultural Policy (CAP) caused a sharp decline in local wine output (by 40 per cent). This led to the collapse of the city’s main economic base. Today the wine cellars employ only 3 500 workers compared with more than 10 000 at the start of the 1980s. Unemployment in Jerez hit the 40 per cent mark in the early 1990s.

The strategy and policy approach

The 1991 strategic analysis of Jerez gave a “snapshot” of the local situation and envisaged local development strategies. The new strategy was launched in 1993. It was a shift away from the earlier approach, based on attracting inward investment, to one based on endogenous, multidimensional development.

The development strategy for Jerez is predicated on a series of ideas. The first is that the city has been failing to capitalise on its excellent geographical location. To make more of its potential, it is focusing on improving infrastructure links (rail, motorway, shipping). Jerez is situated between Seville and Cadiz, and belongs to the Bay of Cadiz metropolitan area. It is not far from the Mediterranean and the highly popular tourist centres on the Andalusian coast. Improving the link with the port of Algeciras (the second largest in Europe) is another of the challenges listed in the development strategy. Others include developing Jerez airport, and proposals to build a logistics hub and a railway terminal (see Appendix A, Project J6).

Second comes the idea of diversifying away from the traditional wine monoculture. The great challenge here lies in promoting tourism, which can in turn capitalise on the prestige of Jerez wine while broadening out to cover other activities such as cultural tourism and conferences. In any case, the focus is on selective, quality tourism. The point of departure is that Jerez is something of a “dead-end” in relation to Europe. It is not on the Mediterranean beach-resort axis, and has few heritage sites. For all these reasons its approach is to promote sports-related tourism, including racing circuit and golf courses, and cultural festivals/events, including flamenco, wine-cellars, horse fairs (Appendix A, Project J2). The target groups are Spanish tourists and the many visitors to the Cadiz coast, 15 minutes away from Jerez.
Third come plans for a major effort to upgrade skills, given the very low level of vocational skills among the local labour force (Appendix A, Projects J4 and J8).

Finally, the city is relying on incentives to foster entrepreneurship and new firms (Appendix A, Projects J1 and J7-8). The lack of entrepreneurship or an enterprise culture is one of Jerez’ greatest problems.

A highly active local government policy

If a single aspect deserves to be highlighted in the case of Jerez, it is the role played by the city council in promoting economic development. Local government has a highly interventionist approach to the economy. This is largely warranted given the lack of industrial fabric and the main industry’s low investment capacity but also the need to reverse such a sharp decline, which requires shock treatment to generate real change. Other local players (unions and businessmen) generally acknowledge the quality and effectiveness of this policy and appear content to allow the local authorities to play very much the leading role. The “sole player” approach is said to be justified because of the weak voluntary sector and lack of public participation in Jerez, unlike the rest of Andalusia.

The city council’s visionary strategy and “top-down” approach nonetheless has its critics, notably the trade unions, and some argued that it leaves too little scope for other players to participate and bring their influence to bear. The Economic and Social Council, for instance, whose members include corporate, trade-union and municipal representatives, seldom meets and has not promoted a genuine framework for policy co-operation. Instead the city council seems to rely on selective joint initiatives with employers. Thus it maintains active and dynamic links with tourism businesses, for instance, and there have been joint initiatives to promote Jerez abroad.

The city council has a high-performance operating structure. A single, relatively autonomous body, the “Institute for the Promotion of Jerez” is responsible for a range of policies and actions in employment, trade and tourism. The Institute is very active, with its own high-calibre managers and professional staff and its vitality is openly acknowledged by all the local players. It also allocates substantial funds to promoting the economy and employment, namely Ptas 1 350 million a year (8.1 million Euros).

Impact on economic development and employment

In 1991, Jerez was one of the European cities with the highest rates of unemployment (some 42 per cent of the labour force). However, the figure has fallen in absolute terms from 19 000 in 1991 to 11 000, a drop of almost 40 per cent in seven years. Box 6.2 shows the downward trend in unemployment, from 1995 to 1997. Unemployment is declining markedly across every sector of the economy and every section of the population, especially young people.

Box 6.2 Jerez: unemployment trends 1995-1997

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1995</td>
<td>17 826</td>
</tr>
<tr>
<td>August 1995</td>
<td>15 796</td>
</tr>
<tr>
<td>January 1996</td>
<td>15 273</td>
</tr>
<tr>
<td>August 1996</td>
<td>11 117</td>
</tr>
<tr>
<td>January 1997</td>
<td>12 864</td>
</tr>
<tr>
<td>August 1997</td>
<td>11 521</td>
</tr>
<tr>
<td>December 1997</td>
<td>12 459</td>
</tr>
</tbody>
</table>

Source: INEM
The major effort made by the city council in conjunction with tourism firms has been beneficial to tourism. The number of visitors has increased significantly, and the hotel industry and local businesses have reaped the benefits. Some 120 000 people visit the wine-cellars every year. Special cultural and leisure events have been encouraged, and these have helped to enhance the city’s image and bring in more visitors. Jerez airport has also seen an increase in passengers in recent years.

The city council has some good, well-organised schemes to encourage training and help jobseekers find work. From 1995 to 1997, 18 000 people attended municipal training and jobseeker schemes.

More and more firms are being established or relocating in Jerez, mostly because of the incentives offered by local government: subsidies, job training, premises and industrial land. By and large, all this business has revitalised trade and the service sector, boosted by the increase in tourism. Relatively little investment or industrial employment have been generated, however, indicating that the city’s economy has become very service-oriented. The Strategic Plan aimed to capitalise on the agro-industrial base and agricultural resources to create new, innovative agri-business activities. Over the past few years, however, only very few enterprises have been created in these sectors (in semolina, canned tomatoes, bread, frozen foods and sugar).

Overall, the data shown in Box 6.3 nonetheless demonstrate a very encouraging rate of job creation in the City’s small and medium sized enterprise sector.

**Box 6.3 Firms awarded the Jerez City Enterprise Award, June 1995-September 1998**

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>FIRMS</th>
<th>JOBS CREATED</th>
<th>NEW INVESTMENT (Ptas million)</th>
<th>SUBSIDIES GRANTED (Ptas million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traders</td>
<td>851</td>
<td>1 706</td>
<td>7 458</td>
<td>305</td>
</tr>
<tr>
<td>Hotel industry</td>
<td>241</td>
<td>575</td>
<td>856</td>
<td>26.6</td>
</tr>
<tr>
<td>Agro-food and/or Services</td>
<td>23</td>
<td>62</td>
<td>440.5</td>
<td>10.7</td>
</tr>
<tr>
<td>Construction</td>
<td>454</td>
<td>1 352</td>
<td>3 887</td>
<td>122.5</td>
</tr>
<tr>
<td>Industry</td>
<td>84</td>
<td>364</td>
<td>3 501.7</td>
<td>66.3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1 696</strong></td>
<td><strong>4 627</strong></td>
<td><strong>16 586</strong></td>
<td><strong>557.6</strong></td>
</tr>
</tbody>
</table>

*Source: Ayuntamiento de Jerez*

This policy of actively encouraging economic activity through financial and prescriptive instruments has had a quantitative but also a political impact. The City Enterprise Award scheme (Appendix A, Project J1) demonstrates the city council’s commitment to development and job creation, which is seen to be a local government priority. This clearly distinguishes the Jerez city council from other institutions in the region.

The approach has had quite a considerable impact on relations between the city council and businesses. It provides insight into economic trends, the profile of newly established firms and the expansion of existing ones. The city council thus has a means of monitoring local enterprise that will be of great use to its business incentive policies.
Comparing some of the low-scoring factors in the Strategic Plan with the situation five years ago, access infrastructure can be said to have improved, although more needs to be done.

More industrial land has become available with urban development and the city council’s new business park (Appendix A, Project J7). As for enterprise development, although the results in terms of relocations and the establishment of dynamic industrial firms have been poor, there are now more small service-sector firms, small traders and tourism-related activities.

The Business School (Appendix A, Project J4) set up by the city council has taken up the challenge to train and prepare managerial staff. There has been a significant effort to train and find work for the unemployed, many of whom have benefited from these services. This has generated an increase in the amount of skilled labour available. Recently an agreement was signed to set up a vocational and technical training centre in Jerez, focusing on new specialist fields of interest to local employers.

One problem that has emerged, however, is that the labour market is not creating sufficient opportunities for skilled young people to find work locally. The mismatch should be viewed in terms of territorial flows and labour mobility. The local labour market cannot necessarily meet the demand for jobs of a labour force that has upgraded its skills, partly thanks to the city’s own active training policy. Local employment policies should take a broader geographical view of labour markets and co-ordinate employment policies across the regions.

Efforts to promote the city, improve the urban environment (Appendix A, Project J5) and encourage tourism (Appendix A, Project J2) have further enhanced Jerez’ good image abroad and substantially improved the culture and leisure environment. And the policy has already been successful enough to enhance the city’s standing locally. With better infrastructure and more regional links, which is now the trend throughout Andalusia, competition between the region’s cities is likely to grow keener. Today the city of Jerez has far more potential to compete.

It must be said, however, that the city’s geographical location, far from the major routes and expanding cities of Europe, is not a factor for economic growth, but instead impedes the kind of development that is innovation- and technology-led.

Strong measures to find work for the unemployed (Appendix A, Project J3) have curbed the rise in problems stemming from social exclusion in the city. Another contributory factor has been the strong, active social housing policy to help low-income groups. In addition, urban planning has avoided territorial imbalances by incorporating the outskirts of the city into the urban fabric.

In the view of the case study team, there is a link between the local development approach applied in Jerez and the positive results achieved, especially in terms of employment and the sharp decline in unemployment over the past seven years. Nevertheless, linking those results directly to the policies is a particularly complex equation. It is important to note that even local officials are not always in a position to analyse their policy approach and evaluate the impact.

Of course Spain has, over the past few years, been in a cycle of strong economic growth, and the population trend, with a fall in the birth rate, has also pushed down unemployment. Similarly, local development policies should be viewed in light of both exogenous factors (economic cycle, territorial trends, national policies, etc.) and endogenous ones (local strategy, policymaking by local institutions, etc.). Factors such as the increase in economic interlinkages between areas, improvements in communications and the new impacts of globalisation create new ties between the global and the local levels. Accordingly, any study of the factors behind the development of a specific area should take these new relations into account.
In any case, if local strategies are to be evaluated, the timescale will have to be longer than the one currently available for Jerez. The leading challenge for the development of Jerez is to renovate and revitalise the network of employers and foster more mature entrepreneurship among young people and business-owners, something which is hard to achieve in the short term. It is safe to say that over the next 3 to 4 years, many new projects will enter a phase of maturity and consolidation. The impact of these policies will then be measurable.

Keys to success

The keys to the successful territorial policy implemented by Jerez are as follows:

1. **A coherent strategy, acted upon with determination**

   This is a very important factor. Since the Strategic Plan was drawn up in 1991, a range of initiatives has been taken in line with the development policies of the city council and other players. Many of the interviewees referred to the Strategic Plan, suggesting that the inhabitants of Jerez feel closely involved. It would seem, however, that there are no mechanisms in place for evaluating or monitoring this strategy which was introduced only recently (five years ago). The city officials themselves admit that some of the policies have not lived up to expectations, particularly those intended to foster entrepreneurship.

2. **A good climate of co-operation with business**

   Relations between local government and businessmen had seriously deteriorated because of the crisis and radical strikes in the early 1990s, when the city council sided with the trade unions and openly supported their claims. The fact that good relations have been restored with businesses and that there is now a healthy new climate of co-operation is a significant factor in the success of the local development experience. Employers and the city council co-operate pragmatically on specific, bilateral initiatives, mainly to promote tourism. The city council, along with businessmen, plays a major role in promoting Jerez abroad, attending fairs and finding potential investors. This joint effort to promote the city fosters a climate of trust which is crucial to sound development policy. By contrast current relations with the trade unions do not appear to be good. They criticise the city council’s attitude as not being conducive to co-operation and consultation at a time when decisions need to be taken on economic development and employment policies.

3. **Local government acting as an investment company to offset the lack of business initiatives**

   One of the most unusual policies introduced by the Jerez city council is to use the municipal budget to invest in major projects, in collaboration with the private sector. Examples include the "Jerez racing-circuit", the new project for an Engine Theme Park, and the local business park, where the council, after purchasing industrial land and equipment, sells premises to the private sector. These initiatives are the outcome of a political and institutional decision to use public finances. The approach is meant to set an example but, if the desired spread effect takes a long time to materialise, it may put the city’s finances at risk.

4. **Creative use of substantial Structural Funds (Objective 1) to implement local policy**

   The city council does not merely channel regional government funding but adapts it to its own policies and methods, although this continues to cause conflict with other public administrations. Among the initiatives worth highlighting are schemes to help the unemployed into the labour market and major support for self-employment.
5. **Highly professional and operational municipal structures**

The Institute for the Promotion and Development of Jerez co-ordinates all the policies. It relies on a highly skilled professional team. The city council has set up decentralised agencies in every department. This enables them to operate flexibly and efficiently, and of course the city provides very substantial funds from its own budget to co-finance structural and regional government funding. This is a most important aspect. In many cases, local development policies do not live up to expectations, owing to weak technical and operative structures, a common problem in Objective 1 areas. Jerez city council has very professional, high-quality structures that make for top-quality management. In fact, the Institute for the Promotion of Jerez is one of the local organisations with the largest number of managers and technical staff and one of the more dynamic when it comes to economic development.

6. **Coherent links between urban planning, infrastructure and economic development**

A good example here is commercial urban planning, which has revitalised the city centre and its small shopkeepers. This is transposable to other types of infrastructure, the development of industrial land, an active housing policy and the enhancement of the city’s architectural heritage to promote tourism. One good example is the conservation and restoration of the former wine-cellars in the city centre.

7. **Local government taking the lead in promoting economic development**

This role is acknowledged by other social and economic players in the city. Local government has chosen job creation as its number one priority. It devotes much of its effort and a large share of its budget to this, regulating the market through subsidies and the provision of facilities, land and housing. This role extends to other initiatives that are not strictly economic but relate more to cultural, sport and leisure activities.

**Local development policy in Jerez: innovation and transferability**

Jerez’ seven keys to success are definitely transferable to other less developed areas with similar problems to those described here. The political and institutional context, and the leading role taken by local government are the most outstanding aspects of this form of territorial development, which could serve as a benchmark elsewhere. The Jerez city council operates like a company and efficiently uses the instruments at its disposal to promote local economic development. This policy has had the merit of bringing together all the local players, which has in turn generated a local strategy based on partnership and co-operation. The Jerez city council stands out from the rest of Andalusia because of the role it plays, and its determination and perseverance in promoting economic development. It certainly serves as an example to local government elsewhere.

The long-term success of this visionary approach, based on strong leadership by the city council, will depend on the capacity built to ensure that the private and social sectors can become involved and gradually form a strong local partnership. Political and electoral vicissitudes may jeopardise any strategy put in place by a local authority. To consolidate the strategy, other players will have to become more actively involved, in particular business, professional, and trade union organisations, and this in turn may attenuate the risk of having the city council playing the leading role. City officials are aware of this and know that one of the key factors is multi-institutional capacity-building to achieve sustained, and sustainable, development. There is nevertheless a feeling that the city council cannot easily give up its leading role, since the community has come to depend on this.

Experience of local development shows that in times of serious economic crisis and high unemployment, there is a phase, which may vary in duration, when there is less participation and an increase in “top-down” policies. Over time, however, partnership and participatory policies make progress, phased in as lessons
are learnt and more diversified measures are introduced to foster economic growth and enhance the quality of life.

Another key transferable aspect of the Jerez experience is its emphasis on enterprise and entrepreneurship. In less developed and Objective 1 areas such as Jerez, the major development challenge clearly lies in capacity-building and fostering entrepreneurship and a new enterprise culture. Because of their economic profile and structural problems, such areas have very low entrepreneurial capacity. In the specific case of Jerez, businesses are used to being in a highly traditional, not very innovative sector with a guaranteed income.

Jerez has clearly focused its development policy on growth in enterprise initiatives and entrepreneurship, while acknowledging that this is a medium- to long-term goal. Efforts are being made to encourage what is basically a dual policy. It encourages and supports small-scale enterprise initiatives, particularly by young people, and invests in training. The city’s new “business school” is a good example.

Another innovative aspect of the Jerez experiment lies in the coherent use of city planning instruments to enhance the local environment and improve infrastructure. Examples of this include the decision to implant a logistics hub, the city’s active housing policy, the renovation of its architectural heritage and the pedestrianisation of its shopping streets. This in turn improves the business climate and enterprise in general.

One of main lessons to be learnt from Jerez is how to draw up a rational strategy to reverse a serious situation and open up a new avenue for long-term development, coherently taking advantage of EU Objective 1 funding. There are all too many cases of areas that have access to the same resources but cannot design a policy involving territorial change.

Finally, the strategy adopted in Jerez is worth highlighting for the medium- and long-term perspective taken. Many local policies for employment and economic development focus on emergency measures, notably to combat unemployment, but this hampers their longer term territorial development strategies. Jerez has successfully responded to crisis using measures that will also be valid for the longer term.

Overall in Jerez “good practice” is governed by two basic principles:

1. Sound organisation on the part of local government, fostering long-term economic development. This is not always easy to achieve, particularly when it comes to harmonising all the municipal policies affecting the area. There must also be internal cohesion in the city’s policymaking and professional teams, which should be enterprising, dynamic and take the lead.

2. Taking responsibility for local economic development strategy, and above all making sure that any action undertaken does in fact tie in with this strategy. Promoting local development does not mean just drawing up a strategy but actually putting it into place and tying every action and programme to the strategic goals that have been chosen.

The processes and methods used to apply policy in Jerez may serve to inspire local government in less privileged territories in their efforts to promote local economic development.
CHAPTER 7: SYNTHESIS OF LESSONS FROM THE CASE STUDIES

This chapter aims to provide a collective assessment of the lessons from the case studies for local development strategy and implementation methods. The chapter starts with a comparison of the main features of the local development policy approaches in the case study areas, their commonalities and differences, and shows how they illustrate some of the recent trends discussed in Chapter 3. The following section will then identify what have been the common success factors and key innovations in the case study areas in order to pick out aspects of their approaches that are potentially transferable elsewhere.

Comparison of the case study approaches

Overview

This section provides a synthesis of the main common features of the local development approaches that have been applied in the case study areas and highlights where there are important differences or conditions specific to particular case study areas that may affect the potential for transfer. It concentrates on the local context and challenges faced, the policy mechanisms employed (strategies, operational structures, actions) and the policy impacts. Clearly there are some important differences between the case studies, and it must be recognised at the outset that the experiences are in three different countries and divided between rural and urban areas. However, there are also some striking similarities in the problems and challenges that they have faced and in the structures and strategies that they have used to respond to them. These similarities in approach are very interesting because they point to how successful initiatives can be run more generally.

Box 7.1 provides an initial overview of the main features of the different case studies.
### Box 7.1: Main features of the case study experiences

<table>
<thead>
<tr>
<th>Context</th>
<th>Ballyhoura, Ireland</th>
<th>Serra do Caldeirão, Portugal</th>
<th>Jerez, Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inland rural</strong></td>
<td>Inland rural</td>
<td>Inland rural</td>
<td>Urban</td>
</tr>
<tr>
<td><strong>55,000 population</strong></td>
<td>74,000 population</td>
<td>190,000 population</td>
<td></td>
</tr>
<tr>
<td><strong>1,440 sq. kms</strong></td>
<td>3,500 sq. kms</td>
<td>City only</td>
<td></td>
</tr>
<tr>
<td><strong>Weak local government</strong></td>
<td>Weak local government</td>
<td>Strongly interventionist</td>
<td></td>
</tr>
<tr>
<td><strong>Strong community participation</strong></td>
<td>Weak community participation</td>
<td>Weak community participation</td>
<td></td>
</tr>
<tr>
<td><strong>Base of small farmers with some large processing employers</strong></td>
<td>Base of small farmers and artisans</td>
<td>Small number of dominant and reactive employers</td>
<td></td>
</tr>
<tr>
<td><strong>Initiative had local community origins in 1964</strong></td>
<td>Initiative started by an external university in 1985</td>
<td>Initiative started with a local government strategic plan in 1991</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Problems faced</th>
<th>Dependence on declining agriculture</th>
<th>Dependence on declining forestry and agriculture</th>
<th>Dependence on the wine industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low incomes</td>
<td>Low incomes and high unemployment</td>
<td>Loss of more than 6,500 jobs in wine industry</td>
<td></td>
</tr>
<tr>
<td>Dispersed and declining population</td>
<td>Dispersed and declining population</td>
<td>Unemployment reached 40% in 1991</td>
<td></td>
</tr>
<tr>
<td>Withdrawal of services</td>
<td>Withdrawal of services</td>
<td>Poor accessibility in regional context</td>
<td></td>
</tr>
<tr>
<td>Poor physical infrastructure</td>
<td>Poor physical infrastructure</td>
<td>Lack of enterprise culture</td>
<td></td>
</tr>
<tr>
<td>Lack of enterprise culture</td>
<td>Lack of enterprise culture</td>
<td>Lack of enterprise culture</td>
<td></td>
</tr>
<tr>
<td>Poor skills</td>
<td>Poor skills</td>
<td>Poor skills</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Integrated plan</th>
<th>Integrated plan</th>
<th>Integrated plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic diversification</td>
<td>Economic diversification</td>
<td>Economic diversification</td>
<td></td>
</tr>
<tr>
<td>Stimulate entrepreneurship</td>
<td>Stimulate entrepreneurship</td>
<td>Stimulate entrepreneurship</td>
<td></td>
</tr>
<tr>
<td>Improve skills</td>
<td>Improve skills</td>
<td>Improve skills</td>
<td></td>
</tr>
<tr>
<td>Improve quality of life</td>
<td>Improve quality of life</td>
<td>Improve skills</td>
<td></td>
</tr>
<tr>
<td>Improve local services</td>
<td>Improve local services</td>
<td>Urban renewal</td>
<td></td>
</tr>
<tr>
<td>Capacity building</td>
<td>Capacity building</td>
<td>Improved communications infrastructure</td>
<td></td>
</tr>
<tr>
<td>Environmental conservation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Structures and functions</strong></td>
<td>Led by local development association (non-profit)</td>
<td>Led by local development association (non-profit)</td>
<td>Led by local government</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>--------------------------------------------------</td>
<td>--------------------------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>Main funding from EU LEADER and Objective 1 and an independent foundation</td>
<td>Main funding from EU LEADER and Objective 1 and an independent foundation</td>
<td>Main funding from EU Objective 1 and local government budgets</td>
<td></td>
</tr>
<tr>
<td>Partnership with population, statutory agencies and businesses</td>
<td>Partnership with other agencies</td>
<td>Nearly exclusive pro-activity of local government sector</td>
<td></td>
</tr>
<tr>
<td><strong>Team of local development workers for animation and capacity building</strong></td>
<td>Team of local development workers for animation and capacity building</td>
<td>Co-operation with business sector</td>
<td></td>
</tr>
<tr>
<td>Local resource centres</td>
<td>Local resource centres</td>
<td>Agency expenditure 8 million Euros p.a. plus leverage</td>
<td></td>
</tr>
<tr>
<td>Agency expenditure 1 million Euros p.a. plus leverage</td>
<td>Agency staff expenditure 0.5 million p.a. plus project spend and leverage</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Key actions</strong></td>
<td>Rural and educational tourism</td>
<td>Rural tourism</td>
<td>Cultural tourism and conferences</td>
</tr>
<tr>
<td>Grants and advice for small enterprises</td>
<td>Grants and advice for craft enterprises</td>
<td>Subsidies for small enterprises</td>
<td></td>
</tr>
<tr>
<td>Training for business managers</td>
<td>Training for local people and local development workers</td>
<td>Training for business managers</td>
<td></td>
</tr>
<tr>
<td>Training for the unemployed</td>
<td></td>
<td>Job subsidies and employment schemes for the unemployed</td>
<td></td>
</tr>
<tr>
<td>Training and workspace for information technology</td>
<td>Telecentres</td>
<td>Urban renewal</td>
<td></td>
</tr>
<tr>
<td>Services for children</td>
<td>Services for children and community facilities</td>
<td>Creation of a freight transport zone</td>
<td></td>
</tr>
<tr>
<td>Inward investment</td>
<td>Heritage and cultural projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural diversification</td>
<td>Modernising agriculture</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Recent impacts</strong></td>
<td>60 major non-funded actions from animation, 1996-97</td>
<td>250 jobs in new and small firms, 1991-94</td>
<td>Unemployment fallen by 8,000, 1991-98</td>
</tr>
<tr>
<td>113 jobs from training, 1996-97</td>
<td>New community facilities</td>
<td>Tourist visitor numbers increased to 120,000</td>
<td></td>
</tr>
<tr>
<td>27 jobs from employment grants, 1996-97</td>
<td></td>
<td>4,600 jobs created in small enterprises since 1991</td>
<td></td>
</tr>
<tr>
<td>23 new businesses started with 81 new jobs, 1996-97</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In terms of context, one of the most important differences between the three areas is on the urban-rural dimension. On the one hand Ballyhoura and Serra do Caldeirão are rural areas with high agricultural dependence, as is typical of a large part of the area covered by EU Objective 1 designation. On the other, Jerez is a medium-sized town faced with the need for economic restructuring away from a dominant industry. Again there are many similar examples in Objective 1 regions. It is interesting to note that the restructuring in Jerez is itself caused by agricultural decline in its surrounding region. A second difference is in population size. Both Ballyhoura and Serra do Caldeirão have broadly similar population sizes, and whilst this population is dispersed over a much greater geographical area in the Serra than in Ballyhoura, they both contrast clearly with Jerez, which has a larger and much more concentrated population. A third difference is in the traditions of intervention of the areas. Ballyhoura and Serra do Caldeirão are both areas where local government intervention in local development initiatives has traditionally been weak, but Jerez has a tradition of strongly interventionist local government. Similarly, the long tradition of community participation in local development initiatives in Ballyhoura is not shared in either the Serra do Caldeirão or Jerez. A final key difference in context concerns the business structures of the areas. Ballyhoura is characterised on the one hand by many small farming and farming-related establishments and on the other by two large employers in dairy processing. The Serra do Caldeirão area is characterised by small scale farmers, forestry exploitation and artisans. By contrast, the Jerez area has been dominated by a small number of large wine sector employers.

Taken together, these differences in context help to explain the different origins of their local development initiatives. Thus the Ballyhoura initiative was originated and led by the local community, the Serra do Caldeirão initiative was originated and led by a university outreach team working with the local community and the Jerez initiative was originated and led by the local government. In each case, what has happened is that one part of the network of local community, statutory agencies and employers has reacted to a policy vacuum by leading an initiative. In both Ballyhoura and Serra do Caldeirão the local government authorities were not acting strongly in the field of local development, leaving a gap for local development agencies. In Jerez the local development initiative also emerged from a vacuum, but this time filled by the local government. There was no real bed of entrepreneurs and no community sector tradition. In each case, an attempt to build up an initiative from a different sector may have failed.

There are both similarities and differences in the problems faced by the areas. The two rural areas are more concerned than Jerez by low incomes and activity rates, poor physical infrastructure, the problems of a dispersed and declining population and the withdrawal of local services. On the other hand the problem in Jerez has been a rapid shock to unemployment, poor communications links with the rest of the region and poor co-operation between the public and private sectors. Commonalities between the areas include lack of a healthy enterprise culture and a perception of the need to upgrade the skills of local people.

These commonalities illustrate an important recent trend, also highlighted in Chapter 3, that of global-local linkages. Each of the areas is seeking to restructure following the exposure of its local economy to the effects of globalisation. Increased international competition, changes in technologies and changes in international policies have led to the collapse of traditional industries in these areas (agriculture, forestry and the wine industry) and the consequent need to develop new activities. The policy response in each case has been able to take advantage of large scale funding from the EU Structural Funds.
Policy mechanisms

Strategy

The policy mechanisms adopted in the case study areas each demonstrate the importance of the strategic approach and tailor-made solutions to the problems and opportunities. Each area has developed a strategic plan to guide policy actions. Moreover, there are many common features in their strategies, reflecting shared problems and opportunities. One of the widespread trends illustrated by the strategies adopted is that of the integration of different actors, policy instruments and funding streams. The agencies in each of the areas have realised that adopting a one-stranded strategy (e.g. tourism alone, infrastructure alone, education and community facilities alone) would not be enough to regenerate their areas. Instead they have all developed a diversified and wide-ranging strategy that integrates activities across those key areas that together were felt to be constraining development. A relatively wide range of activities are covered in each case study area, but each activity is seen as part of a global process and strategy. In this way the activities are linked. For example, in Ballyhoura tourism promotion is linked with finance and training for new business start-ups in the sector. In the Serra do Caldeirão telecentre facilities for training are co-located with a project to look after children outside of school hours and with a resource centre for the animation and mobilisation of local people. The strategies also bring together different funding sources and partners, bringing more co-ordination than would be the case with national top-down policies.

A second trend illustrated by the strategies is the strong focus on economic diversification away from dominant industries based on endogenous and sustainable development. Supporting entrepreneurship and developing human capital are aimed at achieving more balanced economic structures that will be more resistant to structural economic changes in the future. They have introduced forward planning to the areas in question and stressed long-term development objectives. Social, quality of life and community objectives have been emphasised in the strategies as well as purely economic initiatives, although they have tended to be more important in the rural areas, perhaps reflecting a greater grassroots input into strategy.

Structures and functions

Clearly policy structures in the case study areas illustrate the practise of decentralisation and deconcentration of development policy to the local level. National and European programmes are incorporated into their activities, but it is the local development agency or local government that designs and manages policy. Each carries out similar functions, including strategic planning, animation, selection of projects for funding, brokering additional funding with partners, provision of technical guidance, monitoring and evaluation.

In their basic form, the initiatives in Serra do Caldeirão and Ballyhoura are run by local development agencies that are independent, non-profit organisations. The initiative in Jerez is run by the local government municipality through a specialised economic development unit, and it will be noted that direct agency expenditure is significantly higher in Jerez than in Serra do Caldeirão or Ballyhoura.

The importance of partnership is also demonstrated by all three case studies, although it is most marked in the two rural areas. In these cases operational structures have been developed that facilitate co-operation and co-ordination of activities across a number of statutory bodies and which also provide a mechanism for inputs from representatives of the local communities and the local social partners either through representation on the agency board or through their participation in planning and joint projects.
Partnership is beginning to develop in Jerez, where it is focused on nascent co-operation between the local government and local businesses. Although the strategy itself was developed independently by the local government, much of it is aimed at investment in projects to be taken forward in conjunction with the business sector. This includes major shared infrastructure investments for tourism and communications links as well as provision of small scale grants to new and small firms.

The case study approaches also share an emphasis on animation of the population to ensure their active participation and to help overcome the weaknesses of local social capital. This is done through a variety of methods. In Ballyhoura and the Serra do Caldeirão the principal methods have been extensive consultations at the time of strategy development, organisation of village meetings to formulate responses to concrete problems, the animation activities of local development workers who help local people to develop projects and the maintenance of offices at strategic points in the territory and rotation of local development workers between them. In Jerez, businesses in appropriate sectors have been approached to take part in investment projects.

An important difference between the case study programmes concerns the speed at which they were set up. Two of the three (Ballyhoura and Serra do Caldeirão) started very slowly, with a small team pursuing focused projects before national government or European funding was available in the areas. This slow start was felt to be an important factor in their success because it allowed the population to be increasingly mobilised as confidence was built and because it meant that effective working structures were already in place when the possibility of major EU funding appeared. However, many other areas are likely to be faced with a different situation, where first they have access to funding and then they need quickly to build up an effective operational structure. In Jerez a local development initiative was constructed that reacted very rapidly to the problems of restructuring in the economy, but this was essentially led by the local authority, which has been trying to gradually extend partnership to the business sector. The danger with following this rapid start model is that it would not work well in areas where local authorities have little experience of supporting local development initiatives and it could also constrain the development of a wide and balanced partnership.

A final issue concerning operating structures relates to the likely durability of the initiatives. Because they do not have their own independent funding and have not managed to commercialise their activities to a significant degree the two rural development programmes would be vulnerable should any major funding source be discontinued. Working with a number of local and national partners offers some protection against this. Clearly, the local government authority in Jerez is less vulnerable in this sense, since its own resources make up a substantial part of programme finance.

Key actions

The case studies demonstrate the importance of implementing a broad range of actions that can address the multiple problems experienced in underdeveloped areas and that build on local resources. There has been a particular emphasis on actions for tourism promotion and development to help diversify the economy and bring in external revenues. However, there is also a recognition that policy should not be too narrowly focused on this sector. Thus a range of financial and training support for small enterprises is also provided in each area. In Jerez, grant investment for new and small firms has been bolstered by the establishment of a business park and a business incubator. Another activity that has been widely stressed is training for business managers, for the unemployed and for the local population.

Beyond this shared emphasis on actions for tourism promotion, entrepreneurship and training there are a number of actions specific to one or two of the areas. For example Jerez has pursued a number of actions for urban renewal and has sought to capitalise on the town’s place as a strategic transport hub. Serra do
Caldeirão maintains the projects that originally started the initiative in the area of childcare and has developed a number of interesting cultural and heritage projects. Ballyhoura has an innovative initiative for promoting the establishment of restaurants to respond to local demand.

**Policy impacts**

All of the case study areas can demonstrate positive and quantifiable benefits, particularly in terms of employment creation and new business start-ups. In Ballyhoura, during 1996-97, training programmes are estimated to have led to the creation of 113 jobs and grants to new and small firms to have led to the creation of some 110 jobs and the start-up of 23 new businesses. In Serra do Caldeirão some 250 jobs are estimated to have been created in new and small firms through training, investment and soft support between 1991 and 1994. In Jerez some 4,600 jobs are estimated to have been created in small enterprises since 1991. These are relatively small local areas and the employment effects can make a significant difference to their economies.

The areas have also been associated with many further achievements that are qualitative and long term in nature, linked to the objective of local capacity building. The benefits include:

- Improvement in quality of life, through the provision of community facilities and social products and services, such as environmental improvements and childcare services.
- Improved governance and democratic involvement, through the provision of local forums bringing together a variety of public and private interests and enabling communities to plan for their areas.
- The building up of institutional capacity to react to external change and to work in networks rather than independently. This improves policy synergy, co-ordination and efficiency.
- The development of human resources through training, with associated long-term productivity gains.
- The generation of a stream of project ideas from the grassroots as a result of animation activities, some of which go ahead without need for public funding.
- Demonstration effects to other agencies working within and outside of the study zones.

The evidence of the three case studies is that local development approaches can work effectively when the appropriate strategies, mechanisms and actions are in place.

**Common success factors**

The analysis in earlier chapters has demonstrated some of the key factors that have been associated with policy success in each of the case study areas. There are a number of common factors in this success that serve to illustrate good practice.

**Development of a strategy**

One of the central lessons from the case studies is the importance of sound strategy planning in the local development process. Not all areas with access to EU Objective 1 funding have been able to effectively
draw down the funding available and make sure that it is spent in an optimal way. Spending in each of the case study areas conforms to a clear strategy that responds to the strengths, weaknesses, opportunities and threats of the area. This serves to identify the areas where project proposals are required, to integrate actions in different fields and to provide a long term aspect to policy that has helped to ensure that resources are targeted to long term needs and opportunities, rather than short term considerations such as emergency measures to support a failing company. The strategic plans have also had a major benefit in helping to launch the initiatives and to mobilise local actors and the local population around a clear vision.

The method of strategy development has been one of extensive local consultations, which have helped to generate awareness and understanding of the strategy and increase its legitimacy and acceptability locally. Thus the development of the Serra do Caldeirão began with a large scale meeting and debate to find out directly from the residents what their needs were. There was a similar process in Ballyhoura. In both of these areas the plans have been revised and updated periodically with changing conditions and improved understanding. In Jerez, the local government authority conducted consultations with other principal local actors in order to establish the plan.

The strategies have recognised the need for broad objectives and a wide range of support measures. The emphasis has been on endogenous development, sustainability and exploiting external opportunities. Through their strategies, the agencies have helped tailor external funding and programmes to local needs and priorities and have created coherent links between different strands of policy for their areas. Once agreed, the strategies have been followed with determination and used as a point of reference in generating and selecting projects.

**Partnership**

Another central lesson has been the importance of partnership to the success of each of the three areas. In Jerez, important progress has been made in strengthening co-operation between the local government and the business sector in a situation where co-operation had largely broken down. This public-private sector co-operation has been essential to many of the investment projects that have been undertaken, for example with the small business sector, in tourism promotion and in major investment projects. In the Serra do Caldeirão and Ballyhoura, success has been built on the willingness of a range of different local actors to pursue appropriate projects from the private sector, the local population and statutory agencies. The role of the development agencies has principally been that of a catalyst to generate projects in line with the strategy plans.

The principal method of partnership has been the allocation by the lead agency of different tasks and actions to different partners according to their capabilities, resources and interests. This involves a process of negotiation linked to the ability of the lead agency to draw down funding from EU and other sources together with the need for it to lever in further resources from its partners. Ballyhoura has gone further than the other two case study areas in that partnership has become formalised within the governing structure of the local development agency itself. Thus the Ballyhoura board is composed of approximately equal proportions of stakeholders from each of three sectors; the local population, the business sector and the statutory agencies. Other linked sub-committees and task forces enable further representatives and partners to be brought contribute to decision-making on appropriate issues.

Achieving local development objectives requires the various actors to be motivated and to work together. The three case studies demonstrate how this can be achieved.
Professional management and local development workers

The success of each of the local development experiences has drawn heavily on the talent and experience of their managers, local development staff and outreach workers. These people are responsible for carrying out the tasks of planning, animation, resource allocation, partner brokering, technical guidance, monitoring, evaluation and feedback. They also play an important role in pushing forward initiatives, especially at the early stages. They are multiskilled and highly competent, with good communication, administration, planning, networking and animation skills. They are also able to understand the needs of local people and agencies and establish credibility with them.

The two non-profit local development associations are relatively new to their areas and have therefore built up their staff and operating procedures over time. Both have paid considerable attention to the quality of people recruited. Particular attention is paid to the personal qualities of applicants and their ability to relate to the area and the development objectives. There is also considerable emphasis on the training of staff. In the Serra do Caldeirão a team of 15 local development workers receive formal external training at least one evening per week. Training covers both theory and hands-on experience, with feedback and assessments. The local development initiative in Jerez has been based on the pre-existing professional local government structures where recruitment and training has been equally important. Overall, each organisation was seen externally as having very high quality staff and this seems to have been an important factor in their success.

A visible and autonomous structure

Each of the case study initiatives has a clearly identified geographical boundary within which it operates. Furthermore, each has an autonomous lead agency that has launched the local development initiative and involved other partners. These structures have had visibility and credibility with the local population and local agencies.

Leadership

Leadership has been another important factor in the success of each of the initiatives, although it has taken a different form in the different areas. In the case of the Serra do Caldeirão, the project was originated by people working in university outreach activities based just outside the area. They gradually extended their activities to address other needs of the area, as identified in conjunction with local people, and were successful in attracting external funds for development. Their energy and dedication helped create and maintain the policy structure that now exists. In Ballyhoura, it was local people working on a voluntary basis that played the same role. In Jerez, it is the lead role played by the city council in promoting economic development that has been important. However, whilst the role of leaders has been important in each area, it is important to avoid the potential dangers of ‘burn-out’ and the formation of elites that exclude others and foster resentment. To a degree these dangers have been avoided in the rural areas by bringing in new people to help manage the programmes and by being open and co-operating in decision-making. In Jerez, it is now a priority to get other agencies more actively involved in policy.

Mobilisation of the local population

The success of each of the initiatives has been related to their ability to stimulate participation from local people and entrepreneurs. Of particular importance has been their personal investment in the initiation and
sponsoring of projects. Thus the start-up of restaurants, fund raising for community facilities and training for qualifications, for example, have all depended on the positive actions of local individuals. This has required a change in attitudes in areas that in the past have not been renowned for local dynamism. Without the willingness of local people to initiate and participate in projects there would have been many fewer projects to fund and the overall scale of impacts would have been lower.

In Jerez, the efforts of the city council have concentrated on work with the tourist sector, small firms and potential investors in major projects. The two rural areas have put much greater emphasis on animation. This is a process of intensive and personalised contacts between the outreach workers of the local development agencies, based at local offices scattered throughout the territories, and potential project promoters. Individuals are thus helped to develop and prepare funding proposals that can be recommended to the funding agency and local development workers are available to help them overcome difficulties. Both the rural agencies insist that funding needs to be protected for the work of a significant team of local animators. Levels of entrepreneurship have not been high in any of the case study areas and local development workers can help people understand the possibilities and risks and the processes to follow.

It has also been important that there has been a high general awareness of the aims and objectives of the local development programmes amongst the local population. This has been achieved in a number of ways, for example the newspaper produced by the In Loco organisation in Serra do Caldeirão and the support for networks of women entrepreneurs. Also important has been the involvement of local people in planning through the initial consultations and meetings for strategy building.

Financing

Clearly it is central to any local development initiative that finance is available. The case studies have been successful because they have been able to find finance and channel it into the local area. Whilst each of the case study areas has the benefit of EU Objective 1 designation, national, regional and local matching funds are still required from public agencies or the private sector. A key strength of each area has been the ability to release the necessary matching funds through the development of appropriate schemes that will interest investors, through partnership negotiations and co-operation with the private sector. In Jerez, local government maximises the impact of its own resources and the resources that it can draw down from EU Structural Funds by acting like a ‘seed capital’ institution encouraging the private sector to invest. It has done this through investing in major projects such as the City Conference Centre and through the mechanism of the City Enterprise Award granting funds against investment and job creation by small firms. Both Ballyhoura and Serra do Caldeirão have been successful in bidding for funding from the European Union LEADER Community Initiative and have also obtained some funding from other sources, such as the Van Leer Foundation and the European Union Research and Technology Development Framework Programmes. Although not associated with major additional funds to date, both are also aware of the need to commercialise their services wherever possible.
CHAPTER 8: OECD LEED RECOMMENDATIONS FOR EFFECTIVE LOCAL DEVELOPMENT POLICIES

The examination of local development policy experiences that has been undertaken for this study has demonstrated how in three less developed regions in Europe local policy actions have released endogenous potential and contributed to employment growth, improved quality of life and structural adjustment. This locally-based, ‘bottom-up’ approach can provide an important complement to the efforts of national top-down policies to combat unemployment and stimulate development, particularly in localities with very high unemployment and low incomes. Through local development approaches such as the ones pursued in the case study areas, disadvantaged localities can respond to the challenges of globalisation and structural change and create a climate of entrepreneurship, innovation and job creation. The key strength of these local initiatives is that they are tailor-made solutions that are adapted to local needs and based on an improved exploitation of local resources and capacities.

The information on local development strategies and structures provided in the main chapters of the report, and the practical examples of transferable policy actions provided in Appendix A, form an information pool from which other areas can draw ideas and identify practices that they may wish to adapt. After putting forward a model of the local development process to help conceptualise how and where local agencies should intervene, this final chapter pulls out the main recommendations from the study on the design of effective local development approaches in less developed regions. The recommendations start by addressing the design of local strategies and the objectives and priorities that should be taken into account. The organisation of local development structures and functions are then discussed, together with the role of national and regional agents. The following section sets out some basic principles to be followed when evaluating policy outcomes, whilst the final section identifies mechanisms that can be employed to exchange policy ideas with other areas. Clearly there is no one model that can be recommended to an area seeking to create or reinforce a local development programme. This must be designed locally to reflect the particular needs and opportunities of the area in question. Instead this final chapter aims to offer some broad recommendations for success based on the review of recent trends and guidelines in the policy literature, the examples of the case studies and the experience of the OECD LEED Programme in providing policy advice in this area.

A model of the local development process

Figure 8.1 sets out a simplified model of the local development approach, seen as an ongoing process of action, feedback and adjustment. It can be used broadly to characterise the case study and other local development experiences. Local development policy-makers should consider how they might put in place or further develop appropriate activities and structures for each part of this process. Some guidelines are then set out in the following sections of the chapter.

Structures: Initially local development structures need to be created, involving the creation or nomination of a lead agency, the recruitment and training of managers and development workers and the establishment of partnership mechanisms with other local agencies. This should be done within a supportive national and regional framework.
**Strategies:** Once a structure is in place it is possible to identify key objectives and undertake the process of strategic planning. Local development strategies should stress measures that will help achieve sustainable development by improving the local economy, social well-being, the environment and the participation of local people in policy decisions and actions.

**Functions:** Local development agencies then need to fulfil a range of key functions in order to implement these strategies. These functions include mobilising local people and agencies to develop projects (through animation, partner brokering and technical guidance) and selecting and finding funding for those projects that will best help meet the strategic objectives. Local development programmes also need to monitor and evaluate the outcomes of the activities that are being supported. This involves an assessment of how far they have helped to realise endogenous potential and to facilitate structural adjustment. It is also important to assess what have been the most successful activities and what problems have emerged. Finally, the results of these assessments and policy ideas from other areas should be used to adjust structures and strategies.
Figure 8.1: A simplified model of the local development process

National and regional framework

Create/adjust local development structures

Lead agency
Managers and development workers
Partnership mechanisms

Identify/adjust objectives and strategy

Jobs and incomes
Social inclusion
Quality of life
Environment
Governance and empowerment

Mobilise local people and agencies to deliver projects

Animation
Partner brokering
Technical guidance

Select and find funding for projects that meet objectives

Self-employment
Exports
Training
Communications
New firms
Community facilities
Tourism
Environment

Monitor and evaluate outcomes

Realisation of endogenous potential
Structural adjustment
Successful activities
Problems

Feedback into structures and strategies

Exchange of policy ideas with other areas
The design of local development strategies

Strategy building is an essential part of local development policy, providing a logic for the activities undertaken and a framework for drawing in funding from various local, regional, national and international sources in a coherent way. Each of the three case studies demonstrates the importance of the strategic approach and the importance of solutions tailored to local problems and opportunities. The most important aspects for successful strategy building are as follows:

Clear initial framework – Work on developing a strategy should start by choosing a relevant territory and a relevant timescale, obtaining commitment from key partners and appointing a core working group to plan the process of auditing, consultation and drafting. There should be a clear system in place for the establishment of the strategy. In Ballyhoura, for example, after relatively ad hoc development of certain tourism based activities in the early years of the programme, a development sub-group was set up in 1988, consisting of representatives of the local community and all the statutory bodies with an interest in the development of the area. This sub-group drew up a five year development plan for the area integrating tourism with other initiatives. The plan and the participation of key partners in its development then helped secure funding to meet the identified objectives. Subsequent strategies have been prepared that have helped secure EU LEADER funding and have acted as the reference points for all Ballyhoura activities.

Strategies tailored to local circumstances – Strategies should be adapted to the specific local situation. They should be based on an assessment of the nature of the economic and social problems affecting an area and the manner in which policy can help to alleviate these problems. There should be an initial audit of local strengths, weaknesses, opportunities and threats. From the results, actors and methods of intervention can be identified and agreed. It can also be helpful to set targets. It is a key feature of local development policy that local awareness of needs and opportunities helps to tailor policy solutions towards the distinct requirements of each area. For example, in Jerez the municipality carried out a diagnostic study that systematically scored local strengths and weaknesses on a series of development criteria. It pointed to the lack of small enterprises and skilled workers, poor transport infrastructure that constrained access to the city from the rest of the region and an over-dependence on wine production. This first systematic diagnosis of the area’s strengths and weaknesses led to a shift in policy approach away from the attraction of inward investment towards addressing each of the identified weaknesses. Proposals were developed for a logistics hub and railway terminal, diversification towards tourism activities, programmes for vocational skills training and a major initiative for small businesses. (See Projects J1-4 and J6-8 in Appendix A).

Consultation – There should be wide consultation on the strategy and local people and organisations should have the opportunity to influence it. This will help adapt the strategy to local needs and opportunities and build its legitimacy and local support. Consultation is also important for securing accountability to local people. The case of Serra do Caldeirão illustrates how activities can be generated from the grass roots by identifying concrete needs and problems as expressed by network groups or at meetings. Indeed the origins of the local development programme in Serra do Caldeirão stem from the concerns expressed by local people at village meetings about the need to improve the quality of life of local children and young people by improving community facilities. (See Projects S2 and S9 in Appendix A). Later initiatives have all aimed to respond to a real need expressed by local people. In Ballyhoura, the preparation of the Local Development Programme in 1996 was informed by approximately 250 individual and group interviews with members of the programme target group, as well as additional consultations with local service providers (public, private, voluntary, community) and managers of similar programmes outside of Ballyhoura.

Endogenous development – Strategies should emphasise economic activities that build on local resources and initiative. In particular it is important to focus on developing a sound bed of entrepreneurs and raising
the skills and productivity of local people. In this way policy can release new investment and innovation in
the long term. Jerez is a particularly good illustration of how this can be done. There the local government
supports new and small businesses through subsidies, job training and provision of land and premises.
Specific actions for new and small enterprises include the flagship City Enterprise Award (Appendix A, Project J1), a new business school (Appendix A, Project J4), a business park and business incubator (Appendix A, Project J7) and an enterprise creation initiative (Appendix A, Project J8).

External linkages – Strategies for endogenous development should be linked with opportunities emerging
through globalisation and policy intervention should seek to exploit external markets, technologies and
finance. In particular, local entrepreneurs should be encouraged to look at potential growth sectors and
exploitable market niches, whilst in some localities it may be necessary to improve communications
infrastructure, including information technology and transport links. In Ballyhoura and Serra do Caldeirão
there has been considerable emphasis on diversifying the rural economy in line with niche markets that can
be exploited nationally and internationally. The Ballyhoura tourism initiative (Appendix A, Project B7)
aims to exploit niche markets for educational tourism, attempts have been made to diversify agricultural
output (Appendix A, Project B8) and entrepreneurs are being encouraged to exploit information and
communications technologies (Appendix A, Project B4). In Serra do Caldeirão efforts have been made to
encourage local people now living elsewhere to invest locally (Appendix A, Projects S3 and S6), to
develop telecentres and to promote local agricultural produce in external markets. In Jerez there has been
strong emphasis on improving communication links with the rest of the region and beyond (Appendix A, Project J6).

Sustainable development – Local development policy helps to achieve sustainable development by
introducing forward planning to the areas in question, in consultation with local people, and by helping to
overcome local economic, social and environmental problems. Supported activities should stress the
principles of achieving a diverse and flexible economic base, a good quality environment, good quality of
life in social terms and good governance. Each of the case studies is characterised by forward planning to
achieve the long term and balanced development of their areas. They also stress the promotion of
partnership, local participation and capacity building in order to achieve sustainable development. In Serra
do Caldeirão, for example, sustainable development is seen as being underpinned by a number of simple
principles:

- Starting from the grassroots and actual problems.
- Integrating the various facets of economic, social, cultural, educational and environmental
development in each project and action.
- Involving local actors, individuals and groups, and especially women, in all stages of projects
and the development process.
- Establishing and maintaining an active, negotiated and contractual partnership with all the
institutional forces.
- Balancing promotion, training and organisation in each project.
- Combining action and theory on an ongoing basis.

Integration – Local development strategies are a means of integrating the approach to policy delivery and
combining various instruments and funding streams for maximum effectiveness. Strategies should seek
horizontally integrated solutions combining actions in different sectors (economic, social, environmental).
They should also seek vertical integration between local, regional, national and international funding and
actors. It should be recognised that a self-generated process of growth is unlikely to be achieved by acting on one sector alone. Instead, each activity should be seen as part of a global process and strategy within which activities are linked. The municipality in Jerez, for example, has seen that it needs to go beyond traditional one-target development strategies (for example a reliance on the attraction of inward investment or the improvement of infrastructure alone) if it is to achieve the necessary restructuring of its economy. It has therefore developed a broad multi-sectoral strategy supporting initiatives in a range of different areas, including improvements to the local environment and infrastructure (Appendix A, Projects J5-7), support for new and small businesses (Appendix A, Projects J1, J3, J8), support for training (Appendix A, Project J4) and support for tourism (Appendix A, Project J2). Initiatives in each of these areas are seen to reinforce one another and these links are recognised and developed. Regional government funding is channelled into the area to support the strategy and the involvement of the private and social sectors is encouraged. This has required internal cohesion in the municipality’s policy-making and professional teams. The municipality has also tried to ensure that any action undertaken is tied in to the strategic goals that have been chosen.

**Flexibility and feedback** – Strategies should evolve with changing circumstances supported by the results from monitoring and evaluation of projects. Strategies should also be flexible enough to allow innovation and experimentation. The need to recognise that programmes evolve is illustrated by the Ballyhoura concept of three successive phases of development and intervention in a given field. The first phase is seen as a catalyst phase where development needs to be triggered by ‘soft’ policy intervention such as the co-ordination of partners, strategic planning to define pilot actions, undertaking of pilot programmes and provision of soft infrastructure. The second phase is the mainstream phase where pilot initiatives that have proved successful are expanded through ‘hard’ support, including grants and provision of infrastructure. The final phase is the commercial phase where most of the conditions for further commercial development have been put into place and policy intervention is only required to address some very specific needs. The Ballyhoura strategies are regularly revised and take into account the results of monitoring and evaluation as well as the stage of development in target areas for intervention. Innovative activities are encouraged as long as they respond to the overall objectives and broad priorities identified in the strategy. Innovative projects are piloted and if they are successful they are adopted more widely. Otherwise they are modified or dropped.

**The organisation of local development structures and functions**

A range of bodies can take the lead in delivering policy, including local and regional government, independent local development agencies and central government operating locally targeted measures. However, successful local development structures are likely to share a number of the following features:

**Partnership** – Partnership between agencies is a key defining feature of successful local development approaches. Partnership helps bring synergy and co-ordination between different actors operating within the local area and can lever in additional project proposals, resources and competencies. Local development policies should aim to put in place a genuine partnership between public agencies (local and regional authorities and offices of central government) and social actors (including employers, community and voluntary organisations, trade unions, co-operatives, development agencies, universities and so on). It should nonetheless be recognised that there is no one model of partnership. Different models will be appropriate in different local conditions, depending on the characteristics of the problems, institutional environment, political factors, experience and culture. All partnerships should nonetheless ensure:
• That each actor has a recognised role and a clear idea of the benefits to them.

• That representatives on the partnership structures are committed individuals with significant authority and influence within their respective agencies.

• That there are clear communication lines between the partners and effective boards, committee and forum structures.

• That partnership structures are able to change with changing circumstances.

The Ballyhoura model provides a good illustration of how a partnership can be organised in order to bring synergy and co-ordination between different agencies. The decision-making board of Ballyhoura includes representatives of statutory agencies, the business sector and the local population (elected from members of the Community Consultative Committee). The board is assisted in its work by a number of sub-committees that enhance the efficiency of the board and provide opportunities for additional individuals and interest groups to participate. The staff of the local development agency play a critical role in helping co-ordinate the different actors in projects and programmes. On the one hand they mobilise resources from the top-down via public agencies, local authorities and the European Commission. On the other hand they help implement the plans from the bottom-up by working with local voluntary groups, co-operative enterprises, private individuals and businesses. There is a commitment to sharing the benefits from collaborative projects.

**Capacity building with local people and agencies** – Local development initiatives rest on individuals and agencies prepared and able to bring forward and carry through projects and local development agencies should therefore pay considerable attention to their links with them. The informed participation of the local population can be encouraged through consultations on strategy, organisation of local meetings, operation of local branch offices and the animation activities of local development workers. In this way awareness can be raised of the benefits and possibilities of the local development programme and appropriate types of projects that can be pursued. Intensive and personalised contacts between local development workers and potential project sponsors are particularly important to achieving this. So is encouragement for the formation of groups or networks of local people working jointly towards a common goal, defined by themselves. The participation of relevant local agencies (for example the voluntary sector) can be encouraged through partnership mechanisms and networks. However, it is important to provide support and advice where agencies have relatively little experience in a given area of intervention. Overall, it should nonetheless be recognised that such capacity building will take time.

The Serra do Caldeirão experience provides a good illustration of capacity building. The development agency has tapped local human resources, called on the aid of local politicians, voluntary workers and young development workers, and linked up the local political and administrative units for the purpose of promoting development, training and local services and setting up businesses. There is a resource centre in the heart of the area and other local offices where the local population can access agency staff and services. Development workers and advisers are also seconded to local politicians and social and cultural associations. A critical element of the Serra do Caldeirão approach is its emphasis on developing human resources by building awareness of local development issues, encouraging the emergence of community leaders, development managers and workers, entrepreneurs and so on and by setting up teams of development professionals and technicians. Its initiatives for developing human resources include mobilising support through meetings and local development projects, training for women, awareness raising and training of local government officials, training field professionals, training and support for those running economic and social projects and encouraging emigrants to return and become actively involved in development.
Careful recruitment and training of staffing – Local development agency structures should carefully recruit professional management staff and ‘on the ground’ development workers to help prepare the strategy, mobilise the population and organisations to develop and support appropriate initiatives, build partnership and networks and monitor and evaluate performance. They should be motivated towards the achievement of the objectives of the programme and multi-skilled in tasks such as planning, administration, negotiation, networking and communication. There should also be an emphasis on continuous training. Jerez city council, for example, has a decentralised operating structure with economic development activities undertaken by the ‘Institute for the Promotion of Jerez’ with a relatively large team of high-calibre managers and professional staff.

Visible and autonomous structure – There should be a clear and stable structure operating within a designated geographical boundary and with the ability to lead on strategy development, mobilising local people and agencies, selecting and funding projects and monitoring and evaluation outcomes. Often this role will be played by an independent local development agency. This has the advantage of being insulated from short-term political pressures. The structure will help establish an identity for the local development initiative and act as a vehicle for communication between partners and interest groups. Each of the case study local development experiences has a strong lead agency. In the case of Ballyhoura and the Serra do Caldeirão these are independent agencies. In the case of Jerez it is a single, relatively autonomous body within the local authority.

Leadership – One of the key elements in the success of local development programmes is the presence of an effective local leadership able to unite partners, professionals and local people around a vision for the area. However, whilst individuals are needed with leadership qualities, others should not be excluded from the management process. Otherwise problems may emerge with ‘burn-out’, where individuals are no longer able to meet the heavy demands of leadership, of resentment by other workers and agencies or of lack of appropriate arrangements for succession when strategies and structures need to adapt to new circumstances. The role of leaders is illustrated both in Serra do Caldeirão and in Ballyhoura, where programmes were built up from a very small base by individuals who initially identified a need and a mechanism for intervention and then succeeded in building widespread support and a management team around them.

Local empowerment – One of the benefits of the local development approach is its potential to reinforce the processes of local participative democracy through giving local people a more direct input into policy decisions. For this potential to be realised local development programmes must stress awareness raising and publicity to raise general understanding of aims and activities, consultation with local people on strategy and actions, and partnership structures that are inclusive of a wide range of local agencies and groups. In the Serra do Caldeirão, for example, local awareness has been raised through a newspaper (Appendix A, Project S4) and the organisation of local fairs (Appendix A, Project S3). There have also been many local meetings on strategy and partnership is encouraged with public agencies, social actors and individuals. Where an independent local agency structure is in place, these agencies should consider bringing representatives of local communities on to decision-making boards (as has been done in Ballyhoura).

Financing – Local development programmes should be willing to bid for finance from a range of sources and be prepared to commercialise services where appropriate. The case study areas have all benefited from EU Objective 1 designation, however in order to release funds they have had to work hard to find the necessary matching finance. Local agencies should seek to obtain finance through the development of appropriate projects that will interest investors, through partnership negotiations with relevant agencies and through co-operation with the private sector. Each of the agencies have used their strategies as a reference point to interest other agencies in funding activities. Jerez city council has been able to go further, by using its own municipal budget to help release private sector investment in major projects such as the local business park and tourism ventures.
**Start-up** – When the aim is to create an entirely new local development structure in an area (rather than adapt or reinforce an existing one) the general lesson would appear to be that initiatives should be started gradually. This has been the case in Serra do Calderia and Ballyhoura. However, in many cases structures have to be created quickly in response to political pressures or immediate funding opportunities. In these cases authorities should be careful to:

- Keep a balance of different interests in structures, identifying key players but not allowing any one interest to dominate.

- Appoint a small core staff at first, starting with a Chief Executive, and allow them time to identify skill needs and recruit the right team.

- When the team is in place undertake an intensive effort to promote the agency and make people aware of its possibilities and constraints.

- Where possible without excessive risk, offer early flagship projects so that partners can achieve visible gains.

The case of Jerez shows that a response to local economic crisis can be built relatively quickly based on an existing structure. Having taken the lead the municipality is now aiming to get other players more actively involved in local development process.

**The role of national and regional agents**

Putting budgets and policy decisions at the discretion of different local development agencies raises a number of issues for the relationship between local development agencies and national and regional agents that imply a need for appropriate national and regional structures. External policy-makers are concerned to ensure that decentralisation does not lead to unacceptable inequities between policy provision in different areas, in particular between those with strong budgets and those with weak budgets. They also need to ensure that local development approaches are sufficiently co-ordinated with each other and with other levels of the territorial hierarchy. A third issue concerns the need to strike a balance between allowing local development bodies sufficient autonomy to assess and respond to local needs on the one hand and achieving a clear accountability for public funds and a responsiveness to broad national and regional priorities on the other.

Because of these issues it is clear that agents operating at national or regional level have an important role to play in setting a coherent framework within which local development initiatives can best add value to top down approaches. They should:

- Provide technical support structures to assist local agencies to learn about good practices, for example in strategy development, financial management and monitoring and evaluation.

- Secure co-ordination at the highest levels where mainstream policies and strategies are formulated, so that top-down policies can effectively be integrated at local level by local development agencies and so that vertical integration can be achieved between local, regional and national policies.

- Provide a mechanism for effective co-ordination of local development programmes at the local level to avoid duplication and harmful competition between areas (for example in
attracting inward investment) and to maximise synergies (for example through shared use of infrastructure).

- Permit some flexibility in the local application of nationally designed and funded policies and give local agencies an incentive to innovate and develop programmes tailored to their own needs.

- Encourage local areas to develop the type of strategies recommended in this study (for example based on endogenous and sustainable development), through the dissemination of good practice guidance and the development of appropriate national and regional instruments that can be applied at the local level.

- Encourage local areas to develop the type of structures recommended in this study (for example based on capacity building, partnership and local empowerment) through the dissemination of good practice guidance and the design of appropriate national and regional initiatives.

- Ensure that adequate funding is available for programmes in areas with the greatest problems.

It is also important that national and regional governments raise their own understanding of the benefits of local development and of the practicalities involved so that they may create an appropriate framework and exploit the opportunities available.

In Ireland, an important national co-ordination role is played by the organisation Area Development Management Limited (ADM), based in Dublin. This is a private company established in 1992 by the Irish government in agreement with the EU to help manage and co-ordinate a range of Irish local development initiatives funded through State, EU Objective 1 and other sources, with a particular focus on combating social exclusion. The organisation has a small team of some 10 staff whose job is to administer funding, network with local groups and provide technical support on policy development. ADM has a role in evaluating local development plans, helping allocate funding in accordance with that evaluation and monitoring expenditure and performance by local groups. It has extensive contacts with each of the local development groups and networks horizontally helping to secure co-ordination between them. It also networks vertically helping to resolve any problems emerging between central government concerns and the activities of local groups. Its technical support includes seminars, publications and newsletters to help promote best practice on preparing, implementing and financing plans. It also helps local groups to identify ways of improving the delivery at local level of the services of State agencies to ensure the services are targeted to the needs of local people. The key to its intervention is to share best practice and help co-ordinate initiatives whilst respecting the independence of local groups to make their own decisions. This function could usefully be adopted in other areas.

**Principles for evaluation of local development programmes**

One of the main conclusions of the experts seminar for this study was that there is a need for increased emphasis on the evaluation of the effectiveness of different local development methods and tools in order to increase accountability, demonstrate the value for money of public spending and adjust the initiatives in line with what works best. Evaluation is particularly important in the process of policy exchange because it allows recipient areas to assess the extent to which proposed approaches have been successful elsewhere and to help gauge why. In this way recipient areas can make informed choices on what to adopt.
There is a danger, however, that evaluation will place too much emphasis on short-term economic outputs. This study has sought to demonstrate that local development is in fact a much broader process that also involves social development, the environment and long term capacity building. Economic outputs are just one of the objectives of local development policy and indeed are often dependent on overcoming social and capacity barriers before endogenous development and structural adjustment can be released in the long term. The rationale for intervention through local development policy can be summarised as:

- Stimulation of economic development and restructuring (creating jobs, raising incomes and encouraging structural change and diversification that will make the local economy more sustainable and competitive).
- Encouraging social progress and improving quality of life (improving community facilities and services and combating social exclusion).
- Conserving and enhancing the environment.
- Improving governance (strengthening institutions and mobilising community involvement).

Criteria should be developed for evaluating programmes against these broad objectives, guiding ex ante, interim and ex-post evaluation.

It should be recognised that there are certain sets of difficulties implicit in evaluating local development policy (see for example Foley, 1992; Brennan, Rhodes and Tyler, 1998; Hunt and Owen, 1998; OECD, 1992). These relate firstly to the broad range of objectives and outputs that should be measured and the difficulty of quantifying some types of benefit or attributing them to individual actions. A second challenge is to assess the benefits of local development approaches in terms of levering in additional mainstream funds and increasing the tailoring of mainstream programmes to local needs. Furthermore, evaluation must explore the additional benefits of partnership working, and the integration of different programmes and funding streams, over what would be achieved by individual actions. However, while there are difficulties with assessing the impacts of programmes, clear information should be obtained at least on expenditure, activities and outputs in order to help gauge costs and benefits. Overall, evaluation should not be thought of as providing precise answers, but rather as a framework for making judgements on a programme’s effectiveness in meeting its various goals and for assessing its relative strengths and weaknesses.

An effective evaluation system for local development programmes should encompass the following components:

- Statement of rationale. Clearly identified reasons justifying the programme that can be assessed in terms of their appropriateness to the local situation and their continued relevance.
- Statement of objectives. Specific objectives that can be tested in terms of how appropriate they are and whether they are efficiently and effectively achieved. Objectives should be set out for the programme and individual projects.
- Monitoring of expenditure, activities and outputs. Collection of appropriate data throughout the programme on the resources for each activity and the outputs expected or achieved. Data should be collected for the programme and individual projects.
• Procedures. Pre-established procedures for the scope and timing of impact evaluation and for its administration (including the choice of whether to undertake self-evaluation or appoint independent external evaluators).

• Assessment of impacts. Where possible, assessment of the expected or realised impacts of different projects and the programme as a whole after allowing for deadweight (what would have happened anyway), displacement (of other enterprises or workers) and spill-over effects (for example demonstration effects).

• Assessment of processes. Assessment of the extent to which objectives were met, how benefits were achieved and at what cost.

• Alternatives. Consideration of other ways of achieving the objectives of the programme or achieving the objectives more effectively by modifying the programme.

• Feedback. A mechanism for ensuring that the lessons learned from evaluation are an input into future policy decisions.

Monitoring and evaluation are an important tool for effective decision-making in local development programmes and provide accountability and justification for spending. All local development organisations should make efforts to secure good quality information on the effects of their activities, to understand the implications of these results and to incorporate the lessons into future programme design. Monitoring and evaluation should cover all the activities of the programme and should not be limited, for example, simply to EU-funded projects. Whilst full and independent impact evaluations can be expensive and should be carried out only periodically, collection and assessment of expenditure and output data should be carried out on an ongoing basis.

Mechanisms for policy exchange

The study has identified good practice lessons and the general steps it is necessary to take to apply them. Practical examples of approaches and actions are given in chapters 4-6 and Appendix A. The aim is to contribute to a common pool of ideas that participants can adapt to their own situations. International, national and regional exchanges can help local agencies to draw inspiration from the achievements of other areas, to appreciate the range of strategies and actions that can be developed, to identify new innovations and to predict the emergence of potential problems and see how others have overcome them.

Key basic mechanisms for exchange are:

• Networks of local development policy practitioners for information exchange.

• Publications and manuals distributed to decision-makers and local practitioners within these networks (magazines, newsletters, case study reports) with guidance and advice on strategy, innovation, management, animation, partnership etc.

• Seminars, conferences and expert workshops to discuss approaches and disseminate innovations on priority themes.

However, in the past very often models have just been transferred without taking account of local circumstances. It is now more widely recognised that it is not possible to simply reproduce or transplant approaches from one area to another because of differences in their culture, actors, capacities and so on. In
order to effectively exchange practices with areas that are seeking to implement major new initiatives a more intensive process is required, where source and recipient areas work more closely together. This includes working within the recipient areas to carefully identify their own needs and opportunities and to see how particular aspects of policy applied in other areas could be adapted to their own circumstances. Key elements of these more intensive processes are:

- Expert assistance to help carry out local audits of existing socio-economic conditions, infrastructure, institutions and to help identify needs, opportunities and priorities in recipient areas.

- Identification of an example case, or some example cases, with a context and approach that would be interesting for the recipient area and that can see a benefit from participating in an exchange.

- Accompanied study tours by personnel from local development agencies and their partners (for example political representatives) in recipient areas to see how policy is applied elsewhere. Information is best exchanged between people at the same level and with the same functions in the different organisations, accompanied by external experts to help them understand the processes involved and how they could adapt them.

- Closer mentoring of an experience by a model territory.

- Seminars and forums held with local actors in recipient areas and representatives from source areas to help generate a wider awareness of the opportunities and mobilise involvement.

- Expert assistance in the initial stages of policy creation to help local agencies develop, pilot and assess new structures and instruments.

It has been noted that the process of policy exchange is difficult and must be undertaken with care. In order for policy exchange to work it is important that the areas involved have a mutual respect, that the experience to be adapted is accepted as being valid and successful and that there is a mutual understanding of the objectives, principles and cultures in each area. It is also critical that recipient areas do not expect to be able to recreate experiences in an identical manner. Rather they should seek ideas that they can adapt and adjust for their own needs.

Overall, agencies involved in policy exchange should seek to ensure that the following conditions are met:

- The recipients should be clearly identified.

- The recipients should be motivated and willing to innovate.

- There should be accessible communication channels.

- Time should be allowed for the process of learning and exchange to take place.

- There should be evidence of the validity of the experience and that it has provided value for money.

- The experience should be observable and understandable and it should be possible to specify the key elements in its success.
• The experience should be compatible with conditions in the recipient area.

• There should be mutual benefits from the process of transfer between each of the different areas involved.

• There should be a mechanism for co-ordination and brokerage.

The OECD LEED Programme can play an important role in assisting the process of exchange. Its mission is to identify innovative and effective policies for job creation, entrepreneurship and social inclusion at the local level and help international exchange of policy between OECD countries. LEED produces and disseminates publications on key local development themes, organises seminars and conferences and undertakes local audits and study tours with international experts. It is a forum that operates both for national governments and for the regional and local development agencies that are members of its Partners Club or wish to become involved in specific projects.
APPENDIX A: EXEMPLARY ACTIONS FROM THE CASE STUDIES

Exemplary actions from Ballyhoura Country, Ireland

**PROJECT B1  Taste of Ballyhoura**

The *Taste of Ballyhoura* was launched in 1993 as both a marketing and product development initiative designed to promote the concept of dining out in the area. Local research had indicated a potential market of 500,000 people in Ballyhoura Country and the surrounding region for local restaurants and food outlets. The initiative was put together by a partnership involving CERT (the State Tourism Training Agency), Ballyhoura Failte, Ballyhoura Development Ltd, and a local food supplier. The initiative included (a) a local competition to identify traditional recipes, (b) production of a directory of quality approved restaurants and food outlets as a marketing tool and (c) technical assistance, training support in business and food service skills and a capital grants scheme. This type of initiative could be transferred to other localities where local demand can be identified without a corresponding supply. The project illustrates the value of supporting individual entrepreneurial initiatives within a broader network and the value of developing a local image or brand. Developing local restaurant capacity may be a suitable target in many rural areas where the local market has traditionally been limited. This type of initiative can improve local quality of life and the tourism product.

**PROJECT B2  QUEST (Quality, Uniqueness, Enhancement, Strategic planning and Training)**

This initiative launched in 1996 is aimed at tourism businesses in the area that have potential to increase their activity. The focus is on providing technical assistance to enable business promoters to assess possibilities and on providing training to improve their management skills. It encourages mature businesses and newer businesses which have potential for growth to develop business plans with technical guidance and provides customised training and mentoring support with a strong focus on finance, marketing and planning.

This initiative involves a partnership between Shannon Development, Cork-Kerry Tourism (responsible for the southern part of Ballyhoura country), the State Tourism Training Agency, the County Enterprise Boards and Ballyhoura Development Ltd.

The principle of providing training to entrepreneurs and improving management skills is transferable to any area. One of the keys to success is developing an integrated initiative covering all aspects of the needs of entrepreneurs in the sector, from training needs assessment to marketing.
This programme is targeted at owners and managers of new local businesses. The objective is to increase the likelihood of survival of the business by providing training in marketing and management skills. The programme was piloted in 1994 and re-run in 1996 and 1997.

The programme has four stages over a 14-16 month period:

**Selection** – Individuals with potential are selected through interviews. An effort is made to set up groups made up of people from the same business sectors and the same stage of development their company. Participants must be prepared to invest time and develop and pursue a business plan.

**Formal Programme** – This comprises classroom training, seminars and one-to-one sessions by professionals and business people. Marketing and finance are the key course components.

**Business Plan Review** – This involves checking of business plans to ensure that they are achievable, affordable and within the capability of the participant to deliver.

**Implementation and Corrective Action** – This includes mentoring of the plan’s implementation with direction and advice on the practical problems arising.

One addition benefit of the classroom interaction among individuals has been business networking among the participants.

It has been estimated by the organisers that participants in the programme have nearly doubled their employment since starting the training.

The partners involved in the design and delivery of the programme are the County Enterprise Boards, Shannon Development and the Ballyhoura Enterprise Support Team

This type of initiative is widely transferable. However, they should be piloted first. Training should be sector focused so that the markets, processes and technologies of participant businesses are similar on each course.
PROJECT B4  ICT Programme

In 1997 BDL established an Information and Communications Technology (ICT) Committee to devise a plan for developing a local ICT industry. The committee consists of a 15 membership partnership bringing together representatives of the relevant state agencies, the Local Authorities, the County Enterprise Boards, the training and educational bodies and local commercial interests. A strategy focused on encouraging entrepreneurs in this sector, providing workspace and developing skills has been prepared and is being implemented by the partners. The three strands are networked and co-ordinated so that they came on stream at the same time and met the range of needs identified. BDL appointed an ICT officer to lead the initiative. Between 1997 and 1998 nine new businesses were assisted to set up in the area and local investors have been stimulated to purchase and renovate an industrial building as a tele-services call centre that can provide up to 170 agent spaces.

An important dimension of the training programme is its focus on long-term unemployed people. Services for the unemployed in this area have focused on computer skills and telephone skills as well as personal development and job placement. Two-thirds of those trained have now found jobs.

The main funders of the ICT initiative are the EU LEADER Programme, the Irish small firms agency and mainstream EU Objective 1 funds.

This project illustrates how support for business start-up and skills development can help strengthen a sector. In transferring this sort of approach it is important to be market-led and to focus on opportunity sectors as identified by the area strategy (in this case ICT) and to provide appropriate resources. Training activities should be tailored to the needs of potential employers. Training for the unemployed must include the right mix of technical skills and confidence building.

PROJECT B5  Childcare Services

The scarcity of suitable childcare facilities was identified in the Ballyhoura Local Development Programme as a constraint on female participation in the labour force, which in turn was preventing some households from increasing their incomes. Under the Local Development Programme a Childcare Services programme was initiated. It provides infrastructure and equipment grants for existing and new childcare groups. Finance for upgrading premises has allowed a number of buildings to be brought up to appropriate standards. In addition, a training course has been established for childcare providers and information is disseminated about good practice in childcare. Some 16 community-based childcare groups are supported.

The programme is co-ordinated by BDL and implemented in co-operation with all of the relevant agencies.

This sort of initiative is widely transferable to other areas. A high visibility strategy can also help change attitudes of local people so that they have more interest in working and creating initiatives in this type of service.
One of the primary objectives of BDL is to enable the rural population, especially farmers, to diversify their production. This project resulted from an investigation of the potential for agricultural diversification projects for local farms. A product and market analysis identified the potential for the exploitation of a range of alternative products, including daffodils and seed potatoes. BDL co-ordinated initiatives to support diversification and dissemination of information, for example on market size. Meetings were set up with local farmers to discuss the possibilities. Farmers already working in these areas made presentations to explain the issues.

Diversification of agriculture is a common objective in rural areas. The techniques for such diversification initiatives are transferable but the sectors and products involved must reflect the opportunities available in each area. There are also dangers. Careful attention must be paid to the viability of the products chosen. After initial successes an earlier project to establish a Seed Potato Co-operative Society has experienced difficulties because of fluctuating prices in the contract market.

This is an innovative project to encourage tourism to an area that has not traditionally been seen as a major tourist destination and that, unlike the coastal towns, does not have major attractions that will pull in visitors.

The initiative is one of the most long-standing in the area. It started in 1986 with the establishment of a tourism co-operative followed by the establishment of a tourism marketing organisation in 1988. Certain infrastructure gaps have also been filled, in particular through the establishment of a reservation centre and upgrading of tourist information systems (such as marked walks, maps, signposting, information brochures and calendar of events). Community groups and individuals were then encouraged to put products in place and profit from the higher profile image of the area.

Examples of products are supply of accommodation (caravan and camping parks, hotels, hostels, self-catering), activities (fishing, cycling, equestrian, festivals, music, walking), attractions (archeological sites, caves, craft workshops, farm visits, forest parks, historic monuments, museums) and educational programmes (ecological study tours, English as a foreign language, historic and archeological tours, outdoor pursuits, study of agriculture, rural development, rural tourism). The provision of high quality tourism products is supported by the specialised training offered by the QUEST programme (Project B2).

Local tourism revenue is estimated to have increased dramatically since these initiatives were undertaken, from 150,000 Irish pounds in 1986 to 3 million Irish pounds in 1997. This additional tourism revenue has helped to create an additional 120 jobs and sustained a further 180 jobs in the area.

This type of initiative is transferable to other areas, which although lacking an existing tourist base have a fairly high quality environment and can offer activities of interest to tourists. It is important to develop a vision for the tourist product and to provide an integrated tourism strategy that encompasses marketing, infrastructure development and animation of local entrepreneurs.
BDL has placed considerable emphasis on measures targeting voluntary community development action. These include rural transport, community innovation, cultural initiatives, heritage initiatives, recreation/amenity initiatives, youth initiatives and environmental initiatives. The critical partner is the voluntary sector. A solid community infrastructure existed with 50 community groups participating in the Ballyhoura Community Consultative Committee (CCC), which nominates representatives to the BDL board. Through the CCC a tradition has built up where communities access and transfer technical know-how in delivering the development agenda. The added value of BDL is to help communities enhance their relationships with relevant public agencies and to help disseminate know-how through encouraging networking and providing training.

One example of an innovative initiative arising from liaison with the CCC was the establishment of a rural transport project by six volunteers under the auspices of Charleville Community Council. Two bus routes were devised linking remote rural areas with the town and a pilot service was provided with a subsidy from public agencies. At the end of the pilot period a private company chose to continue the services, which had been shown to be profitable given the available public subsidy. Other local community initiatives supported by BDL include youth centres, cultural events and heritage projects, environmental initiatives, town/village renewal, amenity development and recreation projects.

This type of initiative can be transferred to other localities where the voluntary sector can identify the need for additional services and a funding mechanism. It is of course more easy where there is an active existing voluntary sector.

Exemplary actions from Serra do Caldeirão, Portugal

**PROJECT S1  Goat Farming**

This is a joint initiative between the In Loco local development agency, specialists of the University of Faro and the Regional Directorate for Agriculture of the Algarve. The bulk of funding is provided by the European Union (Article 8 EAGGF) and the Regional Directorate for Agriculture. The project was launched in October 1996 with a 3 year duration in order to promote goat farming in Serra do Caldeirão. The objectives are to increase the yields of farms that continue to rear the indigenous breed of goat, retain agricultural communities in the face of population decline and protect and enhance the environment.

The project combines research work by engineers on production methods and dialogue with farmers who have volunteered for the scheme in order to change mentalities and practices. The main project tasks are to identify farms which rear goats, establish a correlation between the quantity and quality of goat milk and the milking systems used, improve mechanical and manual milking, improve the production of fresh and dry farm goat cheese, experiment with and popularise rational grazing models, test different systems of identifying animals, evaluate the impact of open pasture-land in a semi-arid area on the environment and develop the marketing of goat produce from the Algarve. Impacts from this initiative are likely to emerge over a relatively long periods. However, the attitudes and practices of the farmers do appear to be changing.
**PROJECT S2  “Between Mothers”**

This project, launched in 1996, aims to create centres for mothers and children (0-6 year olds) who are often very isolated geographically, socially and culturally. It is supported by the In Loco local development agency, the Algarve regional education directorate and the Algarve regional social security centre, with additional funding from the Bernard Van Leer Foundation in the Netherlands.

Essentially, the project assists the creation of centres where mothers can meet, receive training, have an opportunity to express themselves and discuss their children’s education and where their children can interact, play and use appropriate learning tools. Each centre has two teachers who work directly with the children and seek to promote the mothers’ personal development, to improve the educational skills and to stimulate communication and personal relationships. Links have been established with the relevant public services with a view to making the centre permanent.

This kind of project requires certain minimum conditions:

- Knowledge of local needs and the area.
- Qualified teachers or instructors who are well-established in the local community, experience with participatory initiatives.
- Support from the municipalities and decentralised public services.

**PROJECT S3  Feira da Serra (The Serra Fair)**

Since the launch of this project in 1992, a fair has been held twice a year (summer and winter) in different places within the Serra do Caldeirão. The fair has the support of the local government authorities, the In Loco agency and local producers and associations. It is funded from the EU LEADER Programme, the regional directorate for agriculture and IFADAP, the Portuguese institute for employment and vocational training.

Originally the fair was organised by the In Loco agency with the help of the municipalities, but now control has passed to the municipalities, with help from the In Loco agency. The event is a festive occasion that mobilises the entire region (with exhibitions, meetings, contests, shows etc.) and attracts 13,000-14,000 people over 3 days. The overall objective of the fair is to promote and support the marketing of authentic produce from the Serra do Caldeirão and in particular food stuffs made with produce from the region and traditional artefacts. Thus the objective is not to promote tourism but to help increase the income of local producers and provide an event that will improve the quality of life of the local population. It is one of the few events that mobilises the entire region around a concrete objective, as well as being a periodic stimulus for transforming and modernising the local productive system.

It is always useful and relatively easy to organise such fairs on a one-off basis but it is more difficult to organise them on a regular basis so that their effect is prolonged. The long-term success of such fairs in large part depends on the professionalism of the organisers.
### PROJECT S4  Jornal da Serra (The Serra Newspaper)

This newspaper has been published every two months in the Serra since March 1993. It is funded from the LEADER Programme as well as a few subscriptions, occasional advertising and some private support. Some 3,000-5,000 copies of each issue are distributed to the freguesias, subscribers and public services. It is written and produced by a specialist team in the In Loco development agency, with contributions from regional co-ordinators, In Loco’s local workers and occasional contributors. The aim is to ensure that the population receives information quickly and is actively involved, with subject matter that reflects their problems, written in an accessible language. The newspaper disseminates general and technical information and promotes the Serra’s image to its inhabitants.

Such newspapers require substantial resources and it is often difficult to keep up their publication on a regular basis. However, they are essential to ensuring that the population feels involved, which is determined by the quality of information they receive. High quality writing and graphics are essential from the start. It is preferable not to contract out the writing of the articles, so as to remain in touch with the readership.

### PROJECT S5  Local Development Partnerships

This project was launched in 1996 covering 5 freguesias in the concelho of Loulé, with funding from the EU European Social Fund and the Portuguese government. Its aim is to promote partnership and co-operation between local development initiatives within and beyond Loulé. The main partners are the municipality and freguesia councils, the regional social security centre, the regional education directorate, the regional health administration, the Loulé employment centre and associations in the health and social sectors of the freguesias concerned. Through the project, they put together formal combined initiatives at local level and take joint responsibility for diagnosing the situation, providing technical support and training and optimising the region’s material and human resources. The specific objectives are to harness and combine the partners’ resources, competencies and efforts so as to:

- Improve quality and accessibility of local services.
- Improve the skills of local people.
- Increase the effectiveness and quality of social services.
- Experiment with new forms of combined provision of public services.
- Improve grassroots co-operation between the partners.
- Empower the local community to resolve its own problems and needs.

Protocols have been signed with the partners, followed by regular meetings. The situation in each freguesia has been diagnosed and two local offices have been set up. In addition, community meetings, development of the activity of voluntary association and training of the association’s managers have been organised and technical assistance to health and social services has been provided. Through this programme, In Loco is seeking to resolve the problem of how to optimise local public services in disadvantaged rural areas.
**PROJECT S6 Terra Nova**

This project, taking place during 1998-99, aims to establish contacts with Portugese people living abroad, and their associations, with a view to gaining their support and willingness to invest in the development of the region they come from. It is based on the fact that many people from the Serra do Caldeirão have emigrated to other countries but retain an interest in their homeland (‘terra’) and in some cases a long term desire to return. The project works through mailings to Portugese associations abroad and mailings to individual emigrants from lists compiled from information gathered locally (including from contacts made at the Serra Fair (Project S3).

A key part of the project is to survey emigrants’ intentions. It is then planned to involve emigrants as appropriate in a permanent programme to develop the Serra do Caldeirão, with the following goals:

- Encourage emigrants to return to start a business (for example in “green” tourism when they retire).
- Direct investment in local business projects.
- Help with the marketing of local produce abroad.

It is too early to make an assessment of the success of the initiative, although similar projects have already been implemented in Portugal (Guimarães, Nisa) with mixed results. It is nonetheless the sort of project that could be transferred elsewhere in order to increase local investment. Several conditions have to be met, however:

- A long period is necessary to change the attitudes and behaviour of emigrants.
- The promoters must be perceived as having some legitimacy (by links with local authorities and agencies)
- It must be possible to obtain the names and addresses of emigrants.

**PROJECT S7 Rural Tourism**

This project concerns support for a private initiative to create a “bed and breakfast” type establishment for rural tourism. The establishment in question is the Casa de Mãe in Salir, but five other similar initiatives have been supported, with very satisfactory results. The establishment involved new construction and renovation work to create a five room guest house (soon to be expanded to seven rooms), with parking spaces, swimming pool, garden and common dining room. It has been built on a plot of land owned by a private individual in the town. It is open to accommodate tourists all year round and has a high occupancy rate.

Funding for construction came from the individual’s own capital (emigrants savings), bank loans and the EU LEADER programme (50% of costs). Equally important, however, was ‘soft support’ in terms of advice, training and guidance from the EU NOW programme (New Opportunities for Women), which helped the owner to solidify her plans and make the decision to go ahead. The NOW programme concerned 13 women in the Serra, between 20 and 60 years old, who all had a business plan (for accommodation, catering and other tourism activities). NOW provided a training programme of four modules (on personal development, management, welcoming guests, cooking) with classroom instruction, visits, study trips and personalised back-up.

Among the reasons for the success of the initiative are the efforts to secure high quality décor and a personalised welcome. It is the type of initiative that could easily be transferred elsewhere provided that entrepreneurial initiative is combined with proper training and support on the ground.
**PROJECT S8  A Windmill**

This project is a good example of a heritage development initiative. The example chosen is the restoration of an abandoned windmill in the freguesia of San Miguel do Pinheiro (Concelho of Mertola), putting it back into working order (flour making). The project also involved the restoration of other buildings and the birth of new economic activities in the village. The specific objectives were to revitalise an area that is losing population and which is a long way from the centre of the municipality and to create a heritage pole that will be part of a network of sites and routes throughout the concelho.

The project was launched in 1993 by the municipality, the In Loco agency and voluntary association for protection of the municipality’s heritage. Funding came from the EU LEADER Programme, the municipality and personal investments of labour, know-how and savings.

To date, the project has succeeded in making the windmill a big attraction for schoolchildren and tourists. A permanent exhibition has been established in a new building about cereals, flour and bread. Houses and small public buildings have been restored in the village and the fronts of buildings repainted. As a result the number of visitors has increased and the municipality’s interest in developing the remote freguesia has revived. A restaurant has been opened by an inhabitant of the village.

This is the type of initiative that could be transferred anywhere with a similar type of heritage provided several conditions are met:

- The project is part of a wider whole (network effect).
- The entire built environment is taken into account.
- Local know-how and volunteers are used.
- Luxury is eschewed.
- The welcome, accommodation and catering are up to standard.
This example concerns the Cachopo Community Centre in the concelho of Tavira. One of its strengths is the fact that it brings together three initiatives on the same site, in premises provided by the municipality. The three initiatives are a recreation centre for local infants, a telecentre for the local community and a small business workshop. Together they aim to trigger a sustainable local development dynamic in the freguesia by meeting key needs of the inhabitants for education, jobs and communication.

The recreation centre for infants is a new multi-purpose room which serves as a community centre and canteen for the children, staffed by two teachers and two trainees. It aims to provide pre-schooling for young children and a leisure centre for older children outside school hours, and to help mothers to teach their own children. The main funding is from the EU LEADER and RADIAL programmes. There are operating subsidies from the parents’ association, the municipality and the regional social security centre.

The telecentre occupies a room in the same building. It aims to give the village inhabitants, and especially young people, access to modern communications equipment and techniques. There is a computer, printer, telephone, fax machine, photocopier and provision of information. There is a part-time IT instructor. In Loco’s development workers also use the premises on a part-time basis as their local office in the area. It is financed through the EU EUROFORM, TELEMATICS and LEADER programmes.

The small business workshop is occupied by a group of independent craft workers making weaving products. The premises are leased by the municipality. Grants were made by In loco for the looms. The craft-workers are self-employed, but pool training, patterns, purchases of raw materials, marketing and reception. Tourist customers are targeted as well as local people. Such development poles can be models for projects elsewhere provided that:

- The financial and economic objectives are moderate, so that the project is viable.
- Premises can be provided at low cost (e.g. by the local authority).
- There is local solidarity.
- Users participate financially, even if only symbolically.
Exemplary actions from Jerez de la Frontera, Spain

**PROJECT J1 City Enterprise Award**

- This is an unusual measure (not found in any other Spanish city) whereby local government promotes enterprises that benefit the city. The city gives the award to any productive enterprise based in Jerez, with 50 per cent of its staff residing in the city, provided that it invests in productive and/or human capital in line with the recommendations of the Strategic Plan for Jerez. The advantages of the award to firms are as follows: Tax relief: up to 50 per cent reduction in business tax for the first two years, and a reduction of up to 50 per cent in the cost of permits for alterations and new activities.
- Land purchase: reduction of up to 25 per cent in the purchase price (excluding VAT).
- Soft loans available for the purchase of industrial land.
- Training: grants of up to 50 per cent for training at the Jerez Business School and help with worker training.
- Business: firms winning the award can obtain up to 30 per cent discount on the cost of booking the Jerez Conference Centre.

The award is used to promote the creation of stable jobs by SMEs, firms entering into joint ventures with other local enterprises, firms that opt for R&D, firms relocating in the city’s business parks and firms that are environment-friendly.

In the four years since this measure was introduced, subsidies worth more than Ptas 500 million (Ecu 3 million) have been granted, and these in turn have generated a total of Ptas 15 000 million (Ecu 90 million) in investment and 4 600 jobs. The main purpose of the scheme, apart from the quantitative results expected, has been to set an example.

**PROJECT J2 Tourism Promotion**

This scheme is based on a budget for diversified, high-quality tourism which is endeavouring to capitalise on the city’s huge potential. This is a joint policy involving the city council and businessmen. It has generated some attractive, high-quality tourism products (equestrian activities, wine, racing-circuit, City Conference Centre). The Jerez city council, in partnership with the hotel industry, has set up the “Jerez-Bahia de Cadiz Convention Bureau”, a private association with some 30 members that promotes conferences in, and trips to the city. The city council has renovated and re-opened the Villamarta Theatre, which seats 1,400 and is a cultural landmark for the entire province of Cadiz.

Promoting tourism through developing new facilities and products in conjunction with the private sector is an approach applicable to other areas. It is likely to be most successful in areas that have a good underlying tourism potential and where new private sector investment can be released through demonstration effects and efforts to achieve a critical volume of visitors.
**PROJECT J3  Municipal Job Creation Plan**

Launched in 1996, this offers major incentives for job-creation. The five-part Plan provides subsidies for the creation of stable jobs, the conversion of fixed-term into indefinite-term contracts and the creation of temporary jobs for the deprived, plus subsidies of up to 30 per cent for investing in new enterprises in the social sector. The total granted to date amounts to some Ptas 192 million. The Plan should not be viewed merely as an instrument for granting subsidies but also for monitoring economic activity and the labour market. The Plan also promotes self-employment, especially in the service sector. In collaboration with INEM it has set up the Integral Employment Service, a structure that is both effective and innovative, offering job-seekers a one-to-one service, including interviews, follow-up and customised training.

In areas faced with high unemployment it is important for local development strategies to incorporate measures to increase the employability of the disadvantaged and to help them access the jobs that are available or that can be created by policy. Innovative aspects of the municipal job creation plan are its emphasis on supporting job creation and work experience in social enterprises, promoting self-employment and providing one-to-one guidance and support to the excluded.

**PROJECT J4  New Business School**

Established in 1993 by the city council in collaboration with the Chamber of Commerce and Industry, the Business School is aimed at capacity-building among local employers. It runs training courses in managerial techniques, entrepreneurship, new information technologies and other subjects of interest to firms in collaboration with the Junta de Andalucía, as well as holding debates and conferences. This type of initiative could be transferred to other areas where there are specific gaps in the business infrastructure. However, it is important not to emphasise investment in physical facilities above the services that need to be provided.

**PROJECT J5  Inner City Renovation**

This is based on an urban plan that has led to the pedestrianisation of the city centre and helped to strengthen the fabric of small traders. The benefits include improved quality of life for local people and an improved tourism product. This type of initiative is transferable to other urban areas. Many rural areas with run down village centres can also benefit from this type of initiative carried out at a smaller scale.

**PROJECT J6  City Transport Initiative**

Undertaken recently in partnership with RENFE (the national railway undertaking), the idea is to set up a logistics hub, including a rail terminal and warehousing facilities near Jerez airport. The aim is to create a transport and communications centre for goods entering and leaving the province of Cadiz and the dry dock of Algeciras. This type of initiative is relevant to areas that are favoured with a strategic location on established or emerging transport axes. In these cases it is important to maximise the advantages that location on such transport routes can give for new business creation and for allowing existing local businesses to better access national and international markets.
**PROJECT J7  Business Park and Business Incubator**

The city council has also created a business park covering 80 ha of industrial land, which it owns, and offers low-priced industrial buildings for sale. In collaboration with the Junta de Andalucía, it promotes a micro-enterprise incubator to foster self-employment and social-sector initiatives. Premises are offered free of charge and businesses provided with technical support. Provision of land and premises and a supportive environment for new and small firms can be important elements of local development initiatives in any area.

**PROJECT J8  Enterprise Creation**

The Andana Business School has backed 12 enterprise projects by job-seekers under the age of 30. It also offers business training courses in conjunction with the Jerez city council and the Province of Cadiz Employers’ Confederation. A self-employment project and a “Women Euro-entrepreneurs” project have been launched within the framework of the EU “New Opportunities for Women” (NOW) programme. It has backed 38 initiatives by women entrepreneurs, supported by a European network. This project underlines the potential for stimulating entrepreneurship through supporting networks of entrepreneurs and providing training and mentoring. It also highlights the important role of women as actors in local development initiatives. It is widely transferable to other areas.
ANNEX B: CONTACT DETAILS FOR THE CASE STUDY PROGRAMMES

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