

A LEADER DISSEMINATION GUIDE BOOK
based on programme experience in Finland,
Ireland and the Czech Republic

Philip Wade Petri Rinne

Final Report of the Transnational LEADER Dissemination Project
for the Finnish Rural Policy Committee

This report of the Transnational LEADER Dissemination Project has been unanimously approved by the Steering Committee in Helsinki on April 23rd 2008.

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<p>Maaseutualueet kautta maailman ovat tulleet tienhaaraan: jatkuvan väestönkasvun edellyttämä maataloustuotannon tehostaminen on haaste, jonka ratkaiseminen laajamittaisella plantaasitaloudella on osoittautunut kestävämmäksi maaseutukehityksen kannalta niin Euroopassa kuin muualla maailmassa. Silti pienviljelijöillä on usein vaikeuksia toimintansa ylläpitämisessä ja kehittämisessä. Maatalouden koneistuminen ja vaatimus tehokkuuden lisäämisestä ovat vähentäneet alkutuotannon työpaikkoja Pohjois-Amerikassa ja Euroopassa, eivätkä uudet elinkeinot kuten matkailu ole kyenneet vielä korvaamaan tätä menetystä. Muissa maanosissa maatalous on yhä maaseudun pääelinkeino, mutta se ei pysty yksin turvaamaan maaseutualueiden talouden kestävyyttä. Useimmissa maissa tuloksena on maaseutuväestön ja maaseudun inhimillisen pääoman väheneminen, mikä edelleen heikentää kestävä kehityksen edellytyksiä.</p> <p>Maaseudun kokonaiskuva on ristiriitainen: esimerkiksi Euroopassa monet alueet kehittyvät, kun taas toiset näyttävät jääneen pysyvästi muista jälkeen. Kaupunkien läheinen maaseutu hyötyy markkinoiden läheisyydestä. Syrjäinen maaseutu puolestaan kärsii huonosta markkinoille pääsystä ja harvasta asutuksesta, jonka vuoksi julkisten palveluiden saatavuus on heikkoa. Väliin jäävät maaseutualueet kamppailevat enemmän tai vähemmän onnistuneesti tyydyttääkseen asukkaidensa taloudelliset ja sosiaaliset tarpeet. Usein menestys, jota parhaiden käytäntöjen siirto ja yleinen optimismi siivittävät, perustuu desentralisaatiota, paikallista aloitteellisuutta ja voimaantumista kiihdyttäviin innovatiivisiin hallintotapoihin. Nykypäivän tehokas hallinto on avoin julkisen ja yksityisen sektorin kumppanuuksille ja verkottumiselle. Menestyvät maaseutualueet ovat juuri niitä, jotka rohkenevat soveltaa alhaalta ylöspäin -suunnittelua pelkästään ylhäältä alas päin suuntautuvan sijaan. Poliitikkojen, ohjelmien ja hankkeiden vastuullinen suunnittelu ja toteutus ovat tämän suunnittelujärjestelmän keskeinen periaate. OECD nimittää näin syntyneitä ohjelmia paikkasidonnaisiksi.</p> <p>Euroopassa yhdestä paikkasidonnaisesta ohjelmasta on jo lähes 20 vuoden kokemus ja tulokset: LEADER-ohjelmasta. Kirjainlyhennys tulee ranskankielisistä sanoista "<i>Liaisons entre Acteurs du Développement Economique Rural</i>" (maaseudun taloutta kehittävien toimijoiden liitto). Alhaalta ylöspäin -kehittämismetodi hyödyntää kaikkien osallistumishalukkaiden aktiivisuuden ja resurssit maaseudun parhaaksi kokoamalla paikallisen kehittämissstrategian ja tuomalla yhteen julkisen, yksityisen ja kolmannen sektorin toimijat ns. paikallisessa toimintaryhmässä. Tällä tutkimuksella, joka perustuu Suomen, Irlannin ja Tšekin LEADER-kokemuksiin, on kaksi päätavoitetta:</p> <ul style="list-style-type: none"> • LEADER-ohjelman toteuttamisen vertailu kolmessa esimerkkimaassa menestystekijöiden ja esteiden tunnistamiseksi sekä niistä oppimiseksi. • Euroopan ja kehitysmaiden maaseutualueiden eroavaisuuksien tunnistaminen LEADER-metodin, -kokemuksen ja -osaamisen menestykselliseksi siirtämiseksi. <p>LEADER-metodin siirtämisestä tukee muutama yksinkertainen havainto sen perusominaisuuksista:</p> <ul style="list-style-type: none"> • LEADER on moneen muuhun kehittämismetodiin ja -ohjelmaan verrattuna kustannuksiltaan edullinen. • Metodia sovelletaan paikallistasolla, jossa kehitystä on helppo seurata ja todentaa. • Metodien periaatteet ovat lähellä Nobel-palkittua mikroluottorahoitusta, joka syntyi kehitysmaiden tarpeista ja jota nyt sovelletaan maailmanlaajuisesti. • LEADER on yhdenmukainen desentralisaatiota ja paikallista aloitteellisuutta korostavien modernien hallintotrendien kanssa. <p>LEADER-ohjelman inspiroima pilottihanke toteutetaan Mosambikissa vuosina 2008–09. Kokeilun toivotaan johtavan samanlaisiin avauksiin muualla.</p>			

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<p>Landsbygdsområdena runtom i världen har kommit till ett vägskäl: samtidigt som en effektiviserad jordbruksproduktion är en förutsättning för fortsatt befolkningstillväxt, är den en utmaning som inte låter sig bemästras med hjälp av omfattande plantageekonomiska lösningar. De har visat sig vara ohållbara ur landsbygdsutvecklingens synvinkel, både i Europa och i övriga världen. Ändå har småbrukarna ofta svårt att upprätthålla och utveckla sin verksamhet. Mekaniseringen av jordbruket har tillsammans med kravet på ökad effektivitet resulterat i färre arbetsplatser inom primärproduktionen i Nordamerika och Europa, och hittills har de nya näringsgrenarna, däribland turismen, inte kunnat kompensera denna förlust. I de övriga världsdelarna är jordbruket fortfarande den huvudsakliga näringsgrenen, men det kan inte ensamt trygga landsbygdsområdenas ekonomi. I de flesta länder leder detta till en minskad landsbygdsbefolkning och en minskning av landsbygdens mänskliga kapital, vilket ytterligare försvagar förutsättningarna för en hållbar utveckling.</p> <p>Landsbygdens helhetsbild är motsägelsefylld: till exempel i Europa utvecklas många områden, medan andra tycks ligga långt efter. Den stadsnära landsbygden gagnas av marknadens närhet. Den mer avlägsna landsbygden har å sin sida svårt att komma in på marknaden och missgynnas av den glesa bebyggelsen, som innebär dålig tillgång på offentlig service. De landsbygdsområden som finns däremellan kämpar mer eller mindre framgångsrikt för att tillfredsställa sina invånares ekonomiska och sociala behov. I de fall där kampen bär frukt, mycket tack vare överföring av den bästa praxisen och en allmän optimism, grundar sig framgången ofta på innovativa förvaltningsmetoder som påskyndar decentralisering, lokal initiativförmåga och empowerment. Nutidens effektiva förvaltning är öppen för kompanjonskap och nätverksbildning inom den offentliga och privata sektorn. Faktum är att de framgångsrika landsbygdsområdena representerar just den sorts områden, där man vågar planera i nerifrån-uppåt-perspektiv istället för bara i riktning uppifrån neråt. Att politikerna handlar på ett ansvarsfullt sätt och att programmen och projekten planeras och realiserar med eftertänksamhet är den centrala principen i ett dylikt planeringssystem. Program som fått till stånd på detta sätt betecknas av OECD som platsbundna.</p> <p>I Europa har man redan nästan 20 års erfarenhet och resultat av ett platsbundet program: LEADER. Namnet Leader är en fransk akronym för "<i>Liaisons entre Acteurs du Développement Economique Rural</i>" (samarbetsorganisation för landsbygdsutvecklande aktörer). Nerifrån-uppåt-utvecklingsmetoden drar nytta av aktiviteten och resurserna hos alla som vill göra en insats för landsbygdens bästa. En lokal utvecklingsstrategi utformas, och aktörer från den offentliga, den privata och den tredje sektorn bildar en s.k. lokal verksamhetsgrupp. Den här undersökningen, som grundar sig på Finlands, Irlands och Tjeckiens erfarenheter av LEADER, har två huvudsakliga mål:</p> <ul style="list-style-type: none"> • att jämföra förverkligandet av LEADER-programmet i de tre exempelländerna för att kunna identifiera framgångsfaktorer och svårigheterna och lära sig av dessa. • att identifiera skillnaderna mellan Europas och utvecklingsländernas landsbygdsområden för att framgångsrikt kunna överföra LEADER-metoden, -erfarenheterna och -kunskaperna. <p>Överföringen av LEADER-programmet stöds av några enkla reflexioner kring dess grundegenskaper:</p> <ul style="list-style-type: none"> • LEADER är kostnadsmässigt förmånligt jämfört med många andra utvecklingsmetoder och -program. • Metoden tillämpas på lokal nivå, där utvecklingen lätt kan uppföljas och bekräftas. • Metodens principer ligger nära den Nobelprisbelönade mikrokreditfinansieringen, som uppstod till följd av utvecklingsländernas behov och nu tillämpas internationellt. • Precis som de moderna förvaltningstrenderna betonar LEADER decentralisering och lokal initiativförmåga. <p>Ett pilotprojekt som inspirerats av LEADER-programmet kommer att genomföras i Moçambique under åren 2008–09. Försöket kommer förhoppningsvis att leda till liknande öppningar på annat håll.</p>			

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SUMMARY			
<p>Rural areas are at a cross-roads: the requirements for increased crop production, to satisfy the needs of an ever growing population, represent a tremendous challenge and yet the large scale industrialised agricultural model has failed to ensure balanced rural development, not only in Europe but in other parts of the world. Small farmers are often at difficulty in maintaining or developing their activity. Mechanised agriculture and the quest for productivity have considerably diminished the number of jobs in the primary sector in North America and Europe, without new activities such as tourism yet compensating these losses. In other continents, even if agriculture remains the main activity, it does not suffice to sustain the rural economy. In most countries the result is rural out-migration, diminishing the human resources required for sustainable development.</p> <p>The picture today is contrasted: in Europe many rural areas have begun to rebound but others are still lagging. Those adjacent to urban areas benefit from market proximity while offering their natural amenities. Peripheral rural areas suffer because of distance to global markets and low population densities rendering access to public services more difficult. In between, the majority of rural areas struggle, more or less successfully, to satisfy inhabitant's needs in economic and social terms. Where there is success, best practices and new optimism, innovative governance trends fostering decentralisation, local initiative and empowerment influence the shape of the future. Efficient governance is today open to public private partnerships based on networking. The rural areas having turned the tide around are precisely those where bottom-up rather than top-down processes are applied. Responsibility in implementing but also in defining policies, measures and projects is the favoured approach of these policies generically qualified by OECD as "place-based".</p> <p>In Europe a programme containing such ingredients now has nearly 20 years experience and achievements to its credit: LEADER. The acronym comes from the French "<i>Liaisons entre Acteurs du Développement Economique Rural</i>" (Liaison among Actors in Rural Economic Development). The bottom-up development methodology enlists the energy and resources of all who can contribute to the rural development process, by elaborating a local area strategy and bringing together the public, private and civil sectors within a Local Action Group (LAG). This report, based on LEADER experience in Finland, Ireland and the Czech Republic pursues two goals:</p> <ul style="list-style-type: none"> • Comparing LEADER implementation in the three case countries so as to better identify not only the success factors but also the obstacles to balanced rural development and thus gather elements applicable in one or more of the three Nations, on the basis of the other's experience. • Identifying the points in common and the differences between rural areas in Europe and in the developing world in view of transferring LEADER methodology, experience and know-how. <p>The idea of such a transfer stems from a few simple considerations:</p> <ul style="list-style-type: none"> • LEADER, compared to many programmes remains quite inexpensive. • It applies to small areas where progress can be easily witnessed and measured. • Its principles are close to those of micro-credit first successfully applied in developing Nations. • LEADER converges with new governance trends based on decentralisation and local initiative. <p>A LEADER inspired pilot project will be implemented in Mozambique in the second half of 2008 and 2009, hopefully encouraging similar approaches in other Nations.</p>			

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SOUHRN			
<p>Venkovské oblasti se nachází na křižovatce: požadavky na zvýšení zemědělské produkce, pro zajištění potřeb neustále rostoucí lidské populace, představují velkou výzvu pro moderní zemědělství. Nicméně model průmyslové zemědělské výroby selhává v zabezpečení rovnovážného venkovského rozvoje, a to nejen v Evropě, ale také v jiných částech světa. Naopak malí farmáři se často potýkají vůbec s rozvojem, resp. udržení svých aktivit. Mechanizace zemědělství a s tím související zvyšování produktivity práce významně snížil počet potřebných pracovních míst v primárním sektoru v Severní Americe a v Evropě. Bez nových aktivit, jako je např. venkovský cestovní ruch, nebude možné tyto ztráty kompenzovat. Ani na kontinentech, kde zemědělství představuje hlavní hospodářskou aktivitu, není samotné schopno zajistit udržitelnost venkovské ekonomiky. Ve většině zemí to vede k vyliďování venkovského prostoru, tedy ke snižování lidských zdrojů nezbytných pro udržitelný rozvoj.</p> <p>Pohled na evropský venkov ukazuje kontrastní situaci, zatím co některé oblasti se rozvíjejí, jiné stále zaostávají. Venkovské oblasti přiléhající městům profitují z blízkosti trhu, na kterém nabízí své přírodní zdroje. Periferní venkovské oblasti trpí vzdáleností od globálních trhů a nízká hustota osídlení komplikuje přístup ke službám veřejného sektoru. Mezi těmito extrémy funguje většina venkovských oblastí, které se snaží, více, či méně úspěšně, zajistit svým obyvatelům jejich sociální a ekonomické potřeby. Tam, kde dosahují úspěchu, nejlepší praxe a objevuje se nový optimismus, inovativní veřejná správa či samospráva směřuje k podpoře decentralizace, místní iniciativa a zplnomocnění občanů k vládnutí představuje model budoucnosti. Efektivní samospráva je dnes otevřena partnerství veřejného a soukromého sektoru, založeném na síťování partnerů. Venkovské oblasti, které se přiklánějí k tomuto proudu, jsou přesně ty, které uplatňují bottom-up přístup, tedy přístup zdola nahoru. Odpovědnost za definování cílů, postupů, opatření a projektů, ale také za jejich implementaci, je preferovaný přístup těch politik, které všeobecně OECD kvalifikuje jako „place-based“.</p> <p>Program postavený na těchto principech, který má v Evropě téměř dvacetileté zkušenosti, se nazývá: LEADER. Akronym pochází z francouzského "Liaisons entre Acteurs du Développement Economique Rural" (Spolupráce mezi aktéry v ekonomickém rozvoji venkova). Metodický přístup bottom-up využívá energie a zdrojů všech, kteří mohou přispět v procesu venkovského rozvoje, prostřednictvím zpracování místní strategie a propojením veřejného, soukromého a občanského sektoru v rámci Místní akční skupiny (MAS). Tato zpráva postavená na leaderovských zkušenostech ve Finsku, Irsku a České republice sleduje 2 cíle:</p> <ul style="list-style-type: none"> • Porovnat implementaci programu LEADER ve třech případových zemích a identifikovat nejen faktory úspěšnosti, ale také překážky vyváženého venkovského rozvoje, a tak soustředit na základě popisovaných zkušeností shodné faktory stejně působící v některých ze zkoumaných zemí. • Identifikovat základní shodné charakteristiky a odlišnosti mezi venkovskými oblastmi v Evropě a v rozvojových zemích s ohledem na přenos metodiky, zkušeností a know-how programu LEADER. <p>Myšlenka tohoto transferu vychází z několika jednoduchých zjištění:</p> <ul style="list-style-type: none"> • LEADER je v porovnání s řadou jiných programů nákladově efektivnější, • Je použitelný na území malých oblastí, kde jsou výsledky lépe viditelné a měřitelné. • Leaderovské principy jsou obdobné systému mikro kreditů, které již byly úspěšně vyzkoušeny v rozvojových zemích. • LEADER směřuje k novým trendům vládnutí založeným na decentralizaci a místní iniciativě. <p>Pilotní projekt na principu LEADER bude realizován v Mozambiku ve druhé polovině roku 2008 a v roce 2009. Snad napomůže podpoře aplikace leaderovských principů i v dalších zemích.</p>			

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SUMÁRIO			
<p>Zonas rurais estão num cruzamento: as exigências de colheitas mais ricas para satisfazer a necessidade dum população sempre a crescer, representam um desafio tremendo, e por isso o modelo de agricultura industrial à escala larga tem falhado de assegurar um desenvolvimento rural equilibrado, não só na Europa mas também noutras partes do mundo. Pequenos agricultores sentem muitas vezes a dificuldade manter ou de desenvolver a sua actividade. Agricultura mecanizada e a procura de produtividade têm diminuído consideravelmente o número de empregos no sector primário na América do Norte e na Europa, sem que novas actividades como o turismo possam ter compensado estas perdas. Noutros continentes, mesmo se a agricultura permanecer a actividade principal, ela não é suficiente para sustentar a economia rural. Na maioria dos países o resultado é a desertificação do espaço rural, diminuindo os recursos humanos necessários para um desenvolvimento sustentável.</p> <p>A imagem de hoje é contrastada: na Europa muitas zonas rurais começaram a repercutir mas outras ainda estão atrás. Aquelas que se situam em proximidade de áreas urbanas beneficiam da proximidade do mercado utilizando ao mesmo tempo suas amenidades naturais. Zonas rurais periféricas sofrem por causa da distância aos mercados globais e a baixa densidade de população torna mais difícil o acesso aos serviços públicos. Na média, a maioria das zonas rurais debate-se, mais ou menos com sucesso, para satisfazer as necessidades dos habitantes em termos económicos e sociais. Onde existem sucesso, boas práticas e novo optimismo, novas formas de governância que favorecendo a descentralização, iniciativa local e de delegação de poderes influenciam o perfil do futuro. Governância eficiente está hoje em dia aberta à parcerias público-privadas baseadas na posta em rede. As zonas rurais que conseguiram a reviravolta são exactamente aquelas onde uma abordagem ascendente é utilizada em vez dum abordagem descendente. Responsabilidade na implementação e na definição de políticas, medidas e projectos é a abordagem preferida destas políticas genericamente qualificadas pela OCDE como "baseadas no lugar".</p> <p>Na Europa o programa que contém estes ingredientes tem agora quase 20 anos de experiência e sucesso: LEADER. O acrónimo vem do Francês "<i>Liaisons entre Acteurs du Développement Economique Rural</i>" (Ligação entre actores do desenvolvimento económico rural). A metodologia de desenvolvimento em abordagem ascendente alista a energia e os recursos de todos que podem contribuir para o sucesso de desenvolvimento rural, elaborando uma estratégia local e juntando os sectores público, privado e civil no meio dum Grupo de Acção Local (GAL). Este estudo, baseado na experiência LEADER na Finlândia, na Irlanda e na República Checa tem dois objectivos:</p> <ul style="list-style-type: none"> • Comparar a implementação de LEADER nos três países para melhor identificar não só os factores de sucesso mas também os obstáculos para o desenvolvimento rural equilibrado e assim reunir os elementos aplicados num ou em vários dos três países, na base da experiência do outro. • Identificar os pontos em comum e as diferenças entre zonas rurais na Europa e no mundo de desenvolvimento na perspectiva de transferir a metodologia LEADER, a experiência e a sabedoria. <p>A ideia para uma dita transferência provem dum poucas considerações simples:</p> <ul style="list-style-type: none"> • LEADER, comparado com muitos outros programas, permanece bastante pouco dispendioso • Aplica-se a pequenas áreas onde o progresso poder ser facilmente testemunhado e medido. • O seus princípios estão perto daqueles para micro-créditos aplicados com sucesso em nações em desenvolvimento. • LEADER: converge com novas tendências de governância baseados em descentralização e iniciativa local. <p>Um projecto piloto baseado em LEADER vai ser implementado em Moçambique na segunda metade de 2008 e em 2009, esperançosamente encorajando abordagens similares noutras países.</p>			

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PREFACE

LEADER is a social innovation of 27 European Union member states for the empowerment and capacity building of their rural areas. In 20 years time the LEADER method has turned from a separate pilot programme to an essential part of the mainstream European rural development policy, bringing in the crucial bottom-up approach.

This report draws upon lessons learnt in three EU member states using LEADER approach in their rural development programmes. The lessons from Finland, Ireland and Czech Republic can be used to promote dissemination of LEADER towards developing Nations.

Mozambique has been selected as a pilot country for disseminating the LEADER approach for rural development activities. Mozambique has recently started a decentralization process. Districts are now the focal points of planning. Advisory councils have been established for different administrative levels. Rural areas in Mozambique have similar problems as European countries, such as lower education levels compared to urban areas, fewer jobs, and out-migration to cities. But the rural areas in Mozambique are also facing additional problems linked to poverty, illiteracy and malnutrition. Also, culturally and historically, rural areas in Mozambique differ from the rural areas in European countries. However, the challenge in Europe and Mozambique is the same: How to make rural areas economically and socially viable?

The Embassy of Finland in Maputo will follow with interest how the LEADER approach can be adapted through a pilot project in Gile district in Zambezia province to the Mozambican context.

In Maputo, 4th of July 2008

Mr Kari Alanko
Ambassador of Finland in Mozambique

PREFACE

LEADER is generally recognised as one of the most efficient methods of rural development in the global arena. The reasons for this are based on the challenging nature of the method. It is not simply a part of public expenditure or resource allocation focusing only on single types of projects, but it mobilises and brings together the different rural actors and adds a considerable amount of private funds and voluntary work input to local development.

Mr Philip Wade's and Mr Petri Rinne's comparison study on the Finnish, Irish and Czech LEADER programmes brings attention to various procedures and experience in different countries in an interesting way. The study illustrates that under the same European Union regulations the practical applications may vary significantly. The differences also highlight the features that could be improved – these continuously exist. LEADER is a method, that due to its clear focus and multiple role effectively deserves to be improved. It is not just a European rural development method but one applicable everywhere. The social innovation that was born and has grown within the European Union must be disseminated to other continents too.

The innovative study proposal first introduced to the Finnish Rural Policy Committee by Mr Petri Rinne required a clear and convincing outcome. Now having received the report we are satisfied with the result. LEADER is worth further development and dissemination, and the comparison approach allows the shortcomings of the sensitive and demanding method to be revealed in a continuous process of self evaluation, true to the LEADER spirit. Many thanks to the authors for the important report. Readers, think carefully while reading.

In Helsinki, 6th of June 2008

Mr Eero Uusitalo
Professor,
Secretary General of the Finnish Rural Policy Committee

EXECUTIVE SUMMARY

Rural areas are today at a cross-roads: the requirements for increased crop production worldwide, to satisfy the needs of an ever increasing population, represent a tremendous challenge and yet the large scale industrialised agricultural model has failed to ensure balanced rural development, not only in Europe but in other parts of the world. Whereas around the middle of the last century agriculture was the mainstay of the rural economy, this is not true anymore, with small farmers often at difficulty in maintaining or developing their activity. Mechanised agriculture and the quest for productivity have considerably diminished the number of jobs that the primary sector has to offer in rural areas while new activities such as tourism have not yet compensated these losses. The end result is rural out-migration with the most capable and educated seeking better lives in urban areas, thus diminishing available human resources.

At the same time there is rising awareness that overall economic development is better ensured when regional policy addresses the disparities between urban and rural areas, so that the growth of the former is not ensured at the expense of the latter. Other trends bring into focus issues that had been considered secondary up to recently: concern for the environment applies not only to the impact of industry but also to that of large crop and animal production which represent a sizeable share of global warming. In parallel, decision makers are more and more conscious that triggering sustainable development is not only a matter of economic policy and responsible use of natural resources but also of ensuring governance frameworks and processes that supply a solid basis for implementation of measures and projects.

The rural picture today remains contrasted: in Europe many rural areas have begun to rebound but others are still lagging. Rural areas adjacent to dynamic urban areas usually benefit from market proximity while supplying to city dwellers the natural amenities that are needed in the face of urban stress. Peripheral rural areas on the other hand are those that have most suffered from distance to global markets or from the specific problems arising, in particular in terms of public service delivery, from low and even declining population densities. Between these two extremes, the majority of rural areas struggle, with more or less success, to cater to the needs of inhabitants both from an economic and social point of view. In trying to establish a typology of rural areas in terms of demographic and economic growth traditional references such as the profile of the job market, available capital and natural resources do not seem to suffice.

Where there is success, best practices and new optimism, other factors, of a more intangible character, appear to influence the shape of the future. Governance comes here to the fore with decentralisation, local initiative and local empowerment. Efficient governance today is also open to partnerships between local government and civil society and is based on networking. It is a fact that the rural areas having turned the tide around and that are experiencing growth today are mostly those where bottom-up rather than top-down processes have been applied. Responsibility not only in implementation but also in definition of policies, measures and projects is the fa-

voured approach, although it often encounters resistance from embedded interests and self-sustaining bureaucracy. OECD uses the generic term of place-based policies for these innovative approaches that call for the mobilisation of local talent and good-will.

In Europe there is one such a programme based on a mix of these different ingredients, now having close to twenty years experience and achievements to its credit: LEADER. The acronym comes from the French "*Liaisons entre Acteurs du Développement Economique Rural*" meaning 'Liaison among Actors in Rural Economic Development'. The bottom-up development methodology enlists the energy and resources of all who can contribute to the rural development process, by forming partnerships at a sub-regional level between the public, private and civil sectors. This report, based on LEADER experience in three European countries having joined the EU at different times (Finland, Ireland, Czech Republic) pursues two goals completing each other:

- Comparing LEADER implementation in the three case countries so as to better identify not only the success factors but also the obstacles to balanced rural development and gather from this mutual learning process elements that can be applied in one or more of the three Nations, on the basis of the other's experience.
- Identifying the points in common and the difference between rural areas in Europe and those of the developing world in view of transferring LEADER methodology, experience and know-how to these other countries.

The idea of such a transfer stems from a few simple considerations:

- LEADER, compared to many programmes remains quite inexpensive.
- It applies to small areas where progress can be easily witnessed and measured.
- Its principles are pretty close to those of the successful micro-credit schemes that were first applied in the developing world.
- LEADER is coherent with emerging governance trends in many countries based on decentralisation, partnerships and local initiative.

The report is aimed at an audience, both in Europe and elsewhere, particularly in developing Nations comprising:

- Decision makers at different levels of government involved in rural development policies.
- Academics, students and researchers working in these areas.
- NGO's and grass-roots champions interested in rural development and poverty reduction in the global arena but also at a local scale.

The overall structure of the report is established along the following lines:

- Despite varying national contexts, most rural areas seem to face the same issues and share the same needs.
-

- Looking at LEADER impacts and issues in each of the three case countries (below) reveals the best practices of implementation but also the difficulties to be surmounted.
- LEADER, after being adapted to 25 different European countries and governance systems, could become, under certain conditions, the object of a transfer of know-how benefiting less-developed countries and areas outside of Europe, with lessons to be learned in the process for the European countries themselves.
- The case of Mozambique is presented as a practical example of a country where a LEADER pilot is being contemplated.

Finland is the most rural country of the European Union in terms of population density. “The Rural Campaign” initiated by the European Council in 1988 can be seen as the starting point of an independent, organised rural development policy in Finland. The LEADER approach was introduced in 1997 and, due to promising results, has gained more and more significance ever since, including full mainstreaming in 2000. Effectiveness of the bottom-up principle, networking and strong local partnerships in decision-making are prominent LEADER features well implemented in Finland. Shortcomings include complex management and control processes as well as self-evaluation and indicator procedures requiring improvement, insufficient staff numbers and capacity, with in certain cases multi-sectoral integration lacking the required efficiency.

Ireland, retaining strong rural features, belongs to the group of most peripheral and least populated countries of the European Union. Since 2002, rural development in Ireland has been separated from agricultural administration and governed by the Department of Community, Rural and Gaeltacht Affairs, which is unique in Europe. Irish rural development programmes have traditionally targeted the most lagging rural regions. The experiments with LEADER started after the first evolution of the method in 1991, and full mainstreaming took place in 1995. In Ireland LEADER has put a major focus in prioritising local needs and issues and facilitating community and voluntary input to local development, reinforcing the economic environment so as to contribute to job creation and improving the organisational abilities of communities. LEADER shortcomings in Ireland are to a large extent shared with Finland, the specific ones relating to equality issues and the level of innovation. Programme administration and management have been straightforward and effective, resulting in few complaints on bureaucracy.

The **Czech Republic** is a rather densely populated country, yet having a size of rural population comparable to that of Finland and Ireland. Due to a highly centralised administration until 1990, grass-root level activism in Czech villages lags behind the other two case countries. However, the first rural development programme (Rural Renewal Programme) was launched as early as the second year after the Velvet Revolution, in 1992. This programme also took the first steps towards LEADER introduction, which took place in 2004, the year of EU accession. By mid 2006 more than 130 LEADER groups had been established or were in the process of being created, 36 of them receiving EU or state funding. The Czech LEADER programme aims to enable objectives of competitiveness, environmental protection and enhancement, quality of life and diversification of the rural economy. The creation of new jobs out of agriculture and the acquisition of skills are also

highlighted. The first results show extremely quick adaptation and empowerment of formerly marginal community groups in particular.

Despite evidence that LEADER works efficiently in different regions of the EU 25 besides those highlighted in the three case countries, particularly in many of the lesser affluent European countries and regions, a certain number of adaptations of the method would be required so as to ensure smooth introduction into the context of a developing Nation. Transferring know-how is not exporting a finished product or concept but a mutual learning process that focuses on principles, objectives and methods as well as management and financing. The conditions to be met and the adaptations to be made need to be discussed with the authorities of the countries interested in such a transfer, with a certain number of recommendations made for this purpose at the end of the report. LEADER dissemination to Mozambique, soon to be examined with government officials of that country, will hopefully inspire and encourage similar approaches in other Nations.

INTRODUCTION

Rural development and LEADER

All countries have seen a dramatic downturn of agricultural employment, particularly over the past twenty years, and Europe is no exception to this world-wide trend. This phenomenon, spurred by mechanisation and improved productivity, has led in most cases to a significant increase in unemployment in rural areas, triggering out-migration and contributing to population ageing. Since rural areas represent by far the major land-mass in all countries, this downturn brings forward essential issues not only in terms of conservation of the environment but also in terms of freedom of choice (to live where one decides and wishes to), of equity (access to quality public services in the whole country) and overall territorial development (if agriculture is not the mainstay any more what kind of activities and jobs can be sought for rural areas?).

In pursuing policies to solve these essential issues, a growing number of countries, particularly in Europe, have become aware that rebuilding confidence in rural areas by giving inhabitants the possibility to take their future into their own hands with appropriate support from the national level is an essential step. This is the whole philosophy of the LEADER approach developed over more than 15 years in three successive European programmes which seek to spark local initiative by partnerships between local government and civil society (NGOs, individuals and entrepreneurs in particular). Local Action Groups (LAGs) bring together these different actors to define their local area strategy, decide on the projects that appear the most useful to achieve the development goals and then follow closely their implementation, with established monitoring and evaluation processes permitting to measure results. Furthermore, the participatory process strengthens grass-roots involvement in major decisions, thus consolidating democracy.

This model has proved its efficiency in many countries but it can only be, by definition, an ongoing process, continuously seeking to improve its functioning and results. For this reason it appears most useful to compare different country experiences so as to consolidate the process through mutual learning and by drawing conclusions that can both strengthen it and facilitate a knowledge transfer towards lesser developed countries. The latter are in dire need of ways to retain population in rural areas, as urban migration (often followed by departure from the country), even more pronounced than in developed countries, has led to the abandon of many rural areas and resulting urban congestion. Although the scope of the problem may be different, the issues facing rural areas in developed and lesser developed countries are pretty similar: basically, how to retain a viable countryside by providing jobs and offering a decent quality of life to its inhabitants. For this reason, transfer of the know-how acquired since the inception of LEADER and LAGs appears not only possible but highly desirable as a component of future development aid programmes. Such is the long-term purpose of this project.

LEADER and developing Nations

The context, scope and purpose of the project will be developed under the angle of the issues that LEADER addresses, on the basis of shared features of rural areas in industrialised countries and the developing Nations. In spite of strong contrasts in GDP per capita, in the level of education or the role of agriculture, the LEADER approach to rural development, based on its track record, appears well suited to address the major issues of sustainable economic development and social cohesion in the developing world. Certain adaptations to other national contexts will of course be required and this report suggests some of these. Looking at the issues of poverty and illiteracy, successful mobilisation of human resources at the village level by micro-credit schemes such as those first pioneered by Mohammed Yunus in Bangladesh tend to show that principles of local self initiative and group work, that LEADER shares, are efficient in very different contexts. Conversely, many micro-credit schemes have been successfully implemented in developed countries, constituting an innovative and effective response to urban poverty and social exclusion.

Another objection that might be made relates to differences in agricultural employment trends between the developing countries and others. As mentioned above, agricultural employment has strongly diminished in the industrialised countries, whereas it constitutes an essential source of livelihood for a majority in poorer countries, where broad rural development is conditioned by the effective exploitation and access to market of agricultural resources. Under this angle, it should be stressed that the LEADER concept of rural development is all encompassing. It seeks to bring together all the actors of local development, whether farmers, retailers, service providers, public and private employees, small entrepreneurs and local government. In fact, LEADER was instrumental in the diversification of farming activities so as to procure additional revenue to farming families: multi-functionality was facilitated by many LEADER projects. Besides, LEADER plays a strong role in leveraging the talent and capacities of rural women. This is also the case of micro-credit, used mostly by women now participating actively in local development processes.

Report focus and methodology

On the basis of the preceding aims and assumptions, the Finnish Ministry of Agriculture and Forestry, with OECD and the support of the Ministry of Foreign Affairs, agreed to investigate LEADER impact in three European countries with two aims that are directly linked, the first constituting a step towards the other. The stated goals are:

- 1) assessing overall impact of LEADER in the three countries while learning lessons from others, following a principle of drawing upon best practices for continuous up-grading of the process.
 - 2) the use of this wealth of knowledge for transfer towards one or more developing countries.
-

The choice of the two countries compared with Finland in this project (Ireland and the Czech Republic) is based on straightforward reasons. The three countries are quite different from each other in the European context because of their localisation and history but all three share strong rural roots and features. Ireland and Finland are the only EU countries where the territory is fully covered by LAGs (Spain also comes fairly close to this, on the basis of strong regional autonomy). The Czech Republic, in the pre-accession phase appeared as a strong proponent of LEADER methods and after joining the EU in 2004 became the quickest of the new Member States to implement projects. All three countries started to implement LEADER in different stages, following their EU membership. Ireland started in 1990, Finland in 1996 and the Czech Republic in 2004.

The report is based in particular on statistical data and on LEADER expert interviews carried out in Finland, Ireland and the Czech Republic in 2006–07. It draws largely on the material gathered in the three countries but emphasises the Finnish experience by using the very detailed data made available in this case. Concerning interviews, one nationally well-known expert and/or civil servant was chosen on each administrative level: national, regional, sub-regional (LAG level) and local (Annex 1). The questionnaire (Annex 2) focused on the LEADER context, impacts, issues and possible suggestions for the dissemination process, also using the Finnish school mark method (scale 4–10) on different aspects to allow for quantitative comparison and analysis.

The information gathered in the expert interviews was supplemented by statistical data from each country, assisted by Ms. Elina Kirjalainen from the University of Tampere, Finland, Mr. Paul Keating from the Tipperary Institute, Ireland and Mr. Michal Arnošt from the Prague Agricultural University, Czech Republic. A lecturing mission covering all three administration levels of Mozambique (national, regional, local) at the end of 2006 provided a valuable testing ground and feedback from a developing country point of view (Annex 3). Mr. Pedro Brosei in the EU LEADER Contact Point in Brussels was also very helpful in offering EU level statistics and information. The overall findings of the study are coherent with evaluation reports concerning LEADER II and LEADER+, on the national¹²³⁴ and European levels. In the latter case, the analyses within this report appear to converge with the conclusions of the Ex-post evaluation of the Community initiative LEADER II (DG Agriculture, 2003) and those of the Mid-term evaluation of LEADER+ also published by DG Agriculture mid 2006.

The experts in charge of the report were chosen on the basis of their experience in rural development and LEADER. Philip Wade, retired OECD Administrator, worked for the OECD Directorate for Public Governance and Territorial Development from April 2000 until July 2007, being in charge of national territorial development reviews and with extensive experience in rural devel-

¹ Ex-post evaluation of LEADER II Program, Helsinki University, 2002.

² Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

³ Ex Post Evaluation of LEADER II Community Initiative 1994–99. Final report prepared for the Department of Agriculture, Food and Rural Development. 2000.

⁴ Mid-Term Evaluation of LEADER+. Phase 1 Report. Department of Community, Rural and Gaeltacht Affairs. November 2003.

opment matters, in particular through reviews and case studies on place based policies for rural development (Czech Republic, Hungary, Greece, and Spain). Before that, Philip Wade held various positions in tourism development and in Information and Communication Technologies. He resided in Ethiopia and Peru, as manager of French technical assistance programmes. He holds university degrees from Paris Sorbonne in law, public administration and economics. Petri Rinne started working as a LAG manager in South-Western Finland in 2001 and has helped launch hundreds of grass-root level projects within his region. He has gained extensive understanding of LEADER processes and projects through his own experience and by active networking with other LAGs, in Finland and in other countries. He also lectures on LEADER dissemination in most new EU member states as well as Russia. His training is in forestry from the University of Joensuu.

The report is produced within the “Transnational LEADER Dissemination Project” supported by the Finnish Ministry of Agriculture and Forestry and the Rural Policy Committee. It is managed by a Steering Group (Eero Uusitalo, Chairman; Philip Wade, Vice-Chairman, Petri Rinne, Secretary). Other participants of the Steering Group are: Ms Marjatta Selänniemi, Ministry of Foreign Affairs and Jouni Ponnikas, Lönnrot Institute (University of Oulu). The project is administered by the Joutsenten Reitti LAG in Vammala (Pirkanmaa region). It is implemented in close cooperation with the Ministry of Agriculture and Rural Development of the Czech Republic (Mrs. Kamila Matouskova, Director), the Ministry of Gaeltacht and Community Affairs of Ireland (Mr. Pat Moyonan, in charge of LEADER programmes). Other participants are the Czech, Finnish and Irish LEADER Programme operators as well as the Government of the Republic of Mozambique (Ministry of Planning and Development), the Finnish Ministry of Foreign Affairs and OECD.

CHAPTER 1: THE LEADER RESPONSE TO RURAL AREA NEEDS

1.1 What is LEADER?

1.1.1 *Brief history of the three programmes*

The acronym 'LEADER' comes from the French words "*Liaisons entre Acteurs du Développement Economique Rural*" meaning 'Liaison among Actors in Rural Economic Development'. The idea was to enlist the energy and resources of all who could contribute to the rural development process, by forming partnerships at a sub-regional level between the public, private and civil sectors. In 1990, when a group of officials at the European Commission came up with the proposal for the LEADER initiative, this concept of connecting with people was quite new. At that time, the main European Union programmes affecting the rural areas were the Common Agricultural Policy (CAP), which benefited farmers but gave little help to the environment or rural communities and the Regional Fund, which focused mainly on cities, industries and big infrastructure projects.

Because of the fact that agriculture was already losing employment at a rapid pace and also that many small rural businesses were at difficulty on account of out-migration and competition from chain stores, there was awareness that efforts needed to be made to encourage other economic sectors in the countryside. At the same time, emerging life styles and ICTs were beginning to bring hope to rural areas. Many new activities (call centres) could be delocalised out of urban areas whereas some individuals were engaging in distance working (tele-work). Tourism was also emerging as a new source of revenue for rural areas, drawing upon natural and cultural amenities. Thus, EU officials realised that a measure was needed which would focus on helping all rural people (not only farmers) and do so at local (rather than regional) level. The new approach was strongly encouraged at the time by the EU Commissioner in charge of Agriculture, Mr Ray MacSharry, from Ireland.

LEADER was then introduced in 1991 as an EU Initiative, which means that it was managed directly from Brussels, unlike the big EU programmes such as the Regional or Social Funds which are managed by the governments of member states. This approach to LEADER allowed local partnerships to gain direct access to EU funds, and thus to take action without waiting for approval from central or regional governments. The requirement that they set up formal partnerships, and produce action plans, served to push them into patterns of co-operative work that were unfamiliar in many countries. The success of LEADER over the first programming period (1991–95), led to geographical extension during the second (1996–99) with LEADER II. Lastly, LEADER+, introduced in 2000 and finalised in 2006, brought in a certain number of administrative simplifications while spreading the method over the enlarged EU-25.

The result of this Initiative, which is now in its 17th year and has just accomplished its third phase, has been a surge of initiative and local action in many rural areas. In 2000–06 the total number of

LEADER+ LAGs was 893 in the EU-15. Integrating LAGs created previously in the EU 15 under LEADER and LEADER II and those since born in the 12 new member States raises the figure significantly higher, perhaps to 1500 LAGs. The specific value of LEADER is that it has generated increasingly close partnership between public, private and civil sectors. Rural communities now realise that they can take initiative to better their own lives, without waiting for hand-outs. It has helped governments to accept that they cannot do the job of rural development alone. It has strengthened local democracy. It has brought distinct and varied benefit to rural communities, rural economies and rural environments. Lastly, LEADER has entered mainstream thinking in Europe. From 2007 onwards, it is no longer an EU Initiative, lying partly outside the main pattern of national programmes. Instead, it has become an integral part of all rural development programmes and is increasingly significant as a way of achieving rural development. It has come of age.

1.1.2 LEADER aims, principles and methodology

Aims

The LEADER approach is essentially about bringing together scarce, scattered human resources of the countryside and encouraging people to think and act for their own future. It is also, through this approach, about helping to reveal hidden human potential and local assets specific to a given area so as to leverage these in view of sustainable economic development and improved social cohesion. In traditional, centralised administration models the inhabitants of remote or lagging regions are usually accustomed to waiting passively for decisions and impacts that come from international, national, regional and sometimes municipal levels. The LEADER approach tries to turn this model upside down: the people of rural areas are considered and recognised as the best experts of their own surroundings and future. The role of government and public administration is that of a catalyst fuelling their development ideas, helping to identify those with true added value and providing support to implement them, insofar as they pursue broader development goals defined by national policy. This type of *participatory democracy* supplements *parliamentary democracy* (Figure 1) in the European sense but can well supplement other democratic models.

In effect, LEADER is a publicly encouraged programme applying methods similar to commercially based micro-credit funding. While micro-credit is designed to help the poorest of the poor people, LEADER aims at improving the performance of rural regions, with an emphasis on the most lagging. Whereas Muhammad Yunus, the main architect of micro-credit, states:⁵ “It’s not people who aren’t credit-worthy – it’s banks that aren’t people-worthy”, a LEADER philosopher might put it like this: “It’s not people who exist for the administration but the administration that exists for the people”. The LEADER approach is organised and implemented through Local Action Groups (LAGs). They are private sector operators that can take the form of an NGO (Czech

⁵ See “Banker to the Poor: Micro-Lending and the Battle against World Poverty, Mohammed Yunus, PublicAffairs, New York, 1999.

Republic and Finland) or a non-profit company (Ireland). They are self-organising and accepted by the national LEADER programme administrator based on a public call for tenders. Selection criteria for LAGs established by the Finnish Ministry of Agriculture and Forestry are found in annex 4.

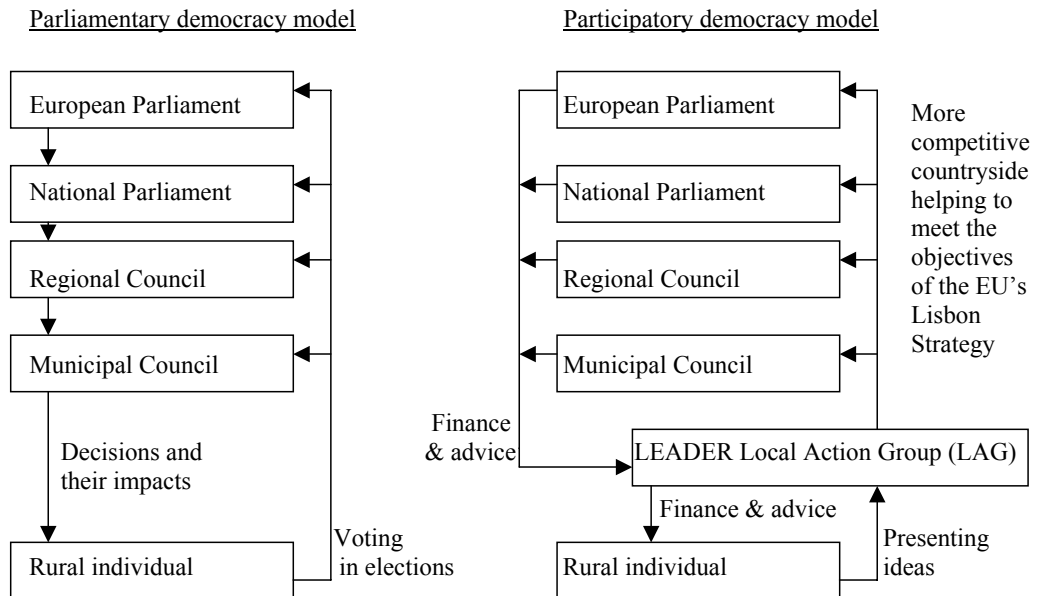


Figure 1. The participatory democracy model supported by LEADER

Principles

LEADER is based upon eight strong principles (see Table 1) that constitute prerequisites for establishment of LAGs, their operating mode and for the selection of individual projects. A project must be anchored in a given geographical area: it is an area-based approach. It must be bottom-up, emerging from autonomous local initiative. It is developed via local partnerships bringing in different categories of public and private actors with no prior exclusion. LEADER is innovative in its methods and guidelines: it is not surprising therefore that it seeks to integrate innovation (in aims, in tools, in methods) into projects. LEADER is cross-sector: it is not limited to any type of activity but rather seeks to develop synergies across sectors.

LEADER also seeks to encourage co-operation between local government and actors facing the same kind of issues. Territorial co-operation in this sense helps to achieve critical mass while trans-national co-operation is specifically geared towards exchange of ideas and know-how. Networking is an essential ingredient of LEADER. It permits value-added information exchanges and adoption of best practices and often translates into new partnerships or co-operation. Lastly,

decentralised management and financing ensure that the logic of local initiative and self confidence consolidates human capital through effective decentralisation of responsibility.

Table 1. LEADER principles.

Area-based approach	Multi-sectoral integration
Bottom-up approach	Inter-territorial co-operation (incl. transnational cooperation)
Local partnership	Networking
Innovation	Decentralised management and financing

Methodology

LAG membership is open to every individual and organisation within its boundaries, defined by the local people, following if possible functional rather than administrative borders. The choice here is one of identity based on geography, history or specialisation in certain types of products or know-how. Identity is in fact a catalyst for development: it helps to build confidence and pride in one's own area. A LAG region typically consists of 20 000–100 000 inhabitants. The LAG has in average three or four paid workers in charge of LEADER application procedures, public relations, information policy, subsidy payments and secretarial work for the Board of Directors.

The red line for each LAG's activities is defined by a *Local Development Plan* that is designed for 6–7 year periods by utilising participatory planning techniques (forums, workshops). LAG staff duty is to inform, activate and encourage local people to propose their development ideas to be financed within the plan after adequate evaluation. A feasible project is carried out in seven distinct steps (Figure 2) and begins with identification of a problem or of a true, clearly defined need. It then is developed into a project plan and application detailing the objectives, partners and proposed calendar.

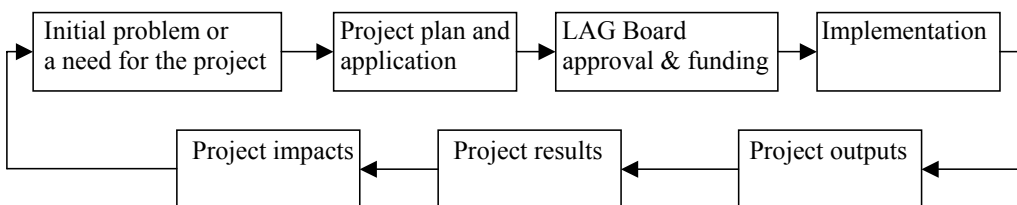


Figure 2. A development project life cycle.

The LAG Board then makes the decision on the basis of the merit of the project weighed against objective criteria assessing possible impact on the local economy and social cohesion. The implementation phase is monitored through regular milestone reports and project outputs specified *ex ante* are assessed, with overall results and long term project impacts identified by independent

experts, once the board has confirmed that the sums allocated were spent with the stated objectives and that it was managed in conformity with the initially agreed methods.

Project applications are qualified or disqualified by the LAG Board of Directors. The Board typically has 10–20 members who represent at minimum two different interest groups with equal shares each: 1) rural enterprises and associations (the private sector) and 2) local municipalities and administration (the public sector). It is crucially important that none of the stakeholders or political, ideological, religious or ethnic interest groups can take over decision making. The ideal Board members are not safeguarding the benefits of their own organisation or home village but bring in local expertise: they have a wide knowledge of the region and an extensive contact network they can utilise in their decision making. A well-functioning Board prioritises between high quality project applications and targets public funds for the most value-adding projects. To avoid the concentration of power in a few hands only, the Board must be annually re-elected by the General Assembly that consists of all members of the LAG. Also, in Finland, the same person cannot be re-elected more than five times.

Organisation

LEADER programme administration is quite similar from one country to another. Figure 3 illustrates the administration model that is generalised in the Czech Republic, Finland and Ireland. In spite of the similarity of the model, the actual functioning of the administration differs somewhat between the countries, showing that LEADER can well function within quite different administrative modes and cultures.

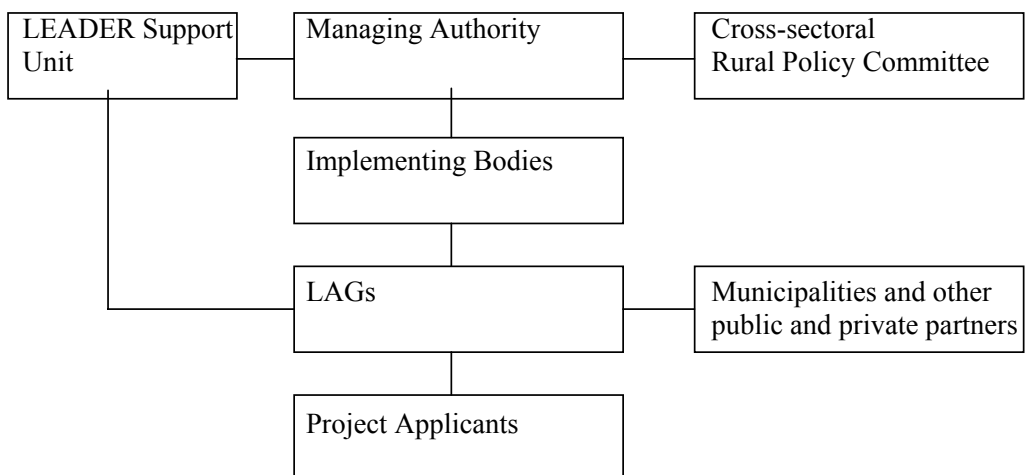


Figure 3. A generalised LEADER programme administration model.

In the Czech Republic and in Finland the Regional Ministry Offices are strong and independent units that sometimes disagree with the LAG proposals. In Ireland, with the longest LEADER experience, the model is most straightforward and the LAGs truly have full decision-making power within their own budget (a so called Global Grant strategy). Since 2003 Ireland has also a separate Ministry of Rural Development and Community Affairs governing LEADER, whereas in the other two countries rural development is hosted by the Ministry of Agriculture.

The Cross-sectoral Rural Policy Committee is well-functioning in Finland and Ireland, bringing together different ministries to prepare common decisions and evaluate impacts on the countryside of different sector policies (broad rural policy). The LEADER Support Unit provides networking, training, information and other services to LAGs and is in some cases (e.g. in Ireland) assisted by the LAGs' own, independent networks. The role of municipalities is the strongest in Finland where they contribute to 20% of the LAGs' public funds.

In addition to the organisations described above, LEADER authorities in different countries have set a number of various monitoring committees and working groups in order to follow the results as well as improve implementation techniques. Sometimes these groups are theme-specific, focusing on programme indicators or environmental issues, for example. LAGs and their projects are constantly subject to accounting audits or administrative inspections carried out by authorities on different administrative levels. Internal and external programme evaluation takes place at least once in a 6–7-year programme period at each level of governance.

1.1.3 Financial aspects

EU LEADER funding

In comparison with other EU Structural Funds programmes and projects, the cost of LEADER within the EU budget devoted to agriculture appears marginal. In the EU rural development programme for 2007–13 it accounts for some 5% of total expenditure (environmental subsidies for farmers take the lion's share). The European Union invested 1 500 million Euros in LEADER II (1996–99) and 2 105 million Euros in LEADER+ (2000–06). National public and private contributions are added on top of the EU share, so that the overall budget of LEADER+ is 5 047 million Euros. Concerning the 2007–2013 programming period, 69 750 million Euros (EU funds in 2004 prices) have been allocated for Rural Development in the Inter-institutional Agreement, including Bulgaria and Romania.

EU funding is technically conceived as “match funding” for a contribution coming from own, national sources. The shares of the different types of funding for a project are subject to European and national rules. The national sources for funding can be of different types: on one side there can be public national funding from different sources such as the budget of central or regional governments as well as from municipalities. In addition or instead there can be private funding,

coming from NGOs or enterprises. In many cases funding comes from the project promoters themselves.

Average LAG budget

Within the EU 15, the average budget per LEADER+ LAG (for Action 1: implementation of local development strategies) was EUR 5 345 020. There were huge variations between the budget of the LAGs in the different Member States: the largest budget was up to EUR 12,4 million per LAG in Sweden, followed by Spain and Greece with more than EUR 9 million per LAG. The lowest budget available was in Belgium and France: less than EUR 1,8 million per LAG. This is in comparison to other funding tools a rather small budget. It was always regarded to be an incentive for sustainable integrated rural development and reflects also on average project costs. Generally LEADER+ does not fund big infrastructure but rather feasibility studies and small and medium-size development projects with a budget of less than a few thousand Euros.

Concerning the new Member States, the budget for the implementation of local strategies was of course rather reduced in comparison to the EU-15 LAGs under LEADER+. The budget assigned per LAG ranged from EUR 147 000 in Lithuania to almost EUR 400 000 in Hungary. The time frame for implementation was also much reduced (selection of the LAGs in phase 2 only in 2006). Besides, Romania and Bulgaria who joined the EU in 2007, will only be able to start slowly with LEADER activities during the next programming period. For the ten new members, in many cases the strategies devised could not foresee more than a few pilot projects. In addition, most of the budget for the "LEADER+ type measures" was given for the 1st phase, previous to the selection of LAGs and dedicated to training and the acquisition of skills of rural actors with the LEADER method. Romania and Bulgaria will most likely follow a similar path.

Average project budget

The average budget of a LEADER project is also relatively small. The strategy of the most successful LAGs usually mobilises a fair share of the population of the area, which means that the budget is divided into several small streams rather than into few large-scale projects. For example, out of IRD Duhallow's (Ireland) projects in 2000–06, almost half had less than 2 000 Euros to spend. External evaluations have shown that the small budgets and precise, concrete goals make LEADER projects the most cost-effective of the projects co-financed by the EU. The results of these evaluations thus counter the opinion that small scale could mean sprinkling of financing with limited result in each case. All such projects may not be entirely successful but those that are usually bear enough fruit and generate sufficiently wide impact for losses on others to be forgiven. The positive effect is further strengthened by voluntary work inputs that are very usual in grassroots level projects. It is also supplemented by the fact that small sums judiciously allocated by a LAG can lead to wide scope projects that are than financed by other sources.

A typical type of project triggering a snowball effect can be a feasibility study. In the Joutsenten Reitti LAG area (Finland), the village of Illo used to suffer from lack of good quality drinking water. The village development association ran a feasibility study costing 5 620,00 Euros, which resulted in a public-private investment worth 1,2 million Euros to build a drinking and sewage water pipeline system to the village. LEADER thus opened the way for the investment with expenses shared by the household owners, the municipality and the Ministry of the Environment. This clearly illustrates a typical role of LEADER: to initiate a process and get the snowball rolling (and growing).

1.1.4 Overall results

The overall results of LEADER have been analysed in the EU evaluations indicated previously: Ex-post evaluation of the Community initiative LEADER II (DG Agriculture, 2003) and the Mid-term evaluation of LEADER+, also published by DG Agriculture mid 2006. The latter divides the results into different themes:

1. Implementation of the LEADER method
2. Specific Actions
3. Impact on territory as regards overall objectives of structural funds
4. Impact on territory as regards overall objectives of LEADER+
5. Financing, management and evaluation of the programme.

Themes 1 and 2, covering mostly governance aspects and the role of networking are dealt with below. Theme 3, relating to impact in specific policy areas will be brought up in Chapter three, as well as most aspects of Theme 4. Theme 5 will be reviewed in Chapter four of this report. To understand the overall impact of LEADER, it is first necessary to review its territorial and demographic coverage.

LEADER coverage

LEADER covers a substantial part of rural areas within the EU. First, a total of 893 Local Action Groups (LAGs) were selected in the EU 15 under the framework of the LEADER+ Community Initiative. The area covered by selected LAGs is 1.57 million km² and the population included 52.7 million people. Concerning the new Member States, six out of the ten that joined the EU in 2004 opted to implement a "LEADER+ type measure" by the end of 2006: the Czech Republic, Estonia, Hungary, Latvia, Lithuania and Poland. The 324 LAGs selected in 2005–2006 in these countries constitute the backbone of the second phase of the "LEADER+ type measures" (Czech Republic 10, Estonia 24, Hungary 70, Latvia 17, Lithuania 10, Poland 162). The area covered by selected LAGs in the six countries is 275 839 km² and the population included is of 10 293 741 million inhabitants. LEADER+ in the EU 27 thus covers today a total of 1.845839 square kilometres, reaching 62.993 741 people living in rural areas.

LEADER results

As reviewed by the above-mentioned mid-term evaluation (MTE) LEADER appears to produce mostly qualitative results that are difficult to measure but that contribute towards creating more favourable conditions for local development through effective involvement of actors and stakeholders in joint actions and projects. This intangible character cannot be better expressed than by the term “LEADER spirit” that the LEADER+ MTE considers to be “shared by key stakeholders and conveyed by frequent interactions and exchanges between these stakeholders at administrative and local level”. On the other hand, while stressing its importance, the MTE indicates that it “can hardly come up with a detailed description of what this LEADER spirit consists of”... “because of difficulties to capture something process oriented and interactive like a spirit or perspective through standard evaluation methods”. This may appear as a shortcoming but on the other hand it is documented by many facts and statements that the evaluators examined, showing that this spirit has become a driving force behind the LEADER methodology itself.

Another result of LEADER is that, contrary to traditional thinking, “Good bottom-up does not need less, but rather another style of top-down: enabling and encouraging instead of command and control” (MTE). Such a statement demonstrates that LEADER, however strongly anchored in the local context, needs adequate support from other administrative levels to be successful. “If the LAG is left without support from top-down, it may be overwhelmed by the weight of new responsibilities” (MTE). Such a finding is conducive towards effective multi-level governance, dispelling the idea that a programme like LEADER, resting on strong principles of autonomy, might develop locally in ignorance of certain national aims. It shows, on the contrary that this need can facilitate co-ordination and convergence with broad national policy objectives.

Another factor to bear in mind in terms of new perspectives for local governance opened up by LEADER is the mandatory existence of a pilot strategy that is based on a thorough assessment of the area, of all parts of the population and their different needs. The broad consultation process that this requires is certainly an important element in expressing local area democracy while creating the pre-conditions for future networking, partnerships and co-operation. Adequate time is needed to engage in this process and lead it to fruition: the MTE recognises that this has not always been the case for new LAGs, stating that “there should have been better guidance and better examples of good practice provided in order to help rural actors to take these dimensions into account in a comprehensive and effective manner”. This illustrates pretty well the need for adequate and adapted top-down support that was indicated above.

Concerning networking, the MTE states that it “may be both the seedbed for and the outcome of co-operation” and that “in general stakeholders bestow high value on networking”. Networking is not only local area networking between different local actors but active exchanges across levels of government and with various other institutions. In particular the MTE emphasises that “LAGs appreciate being brought into contact with knowledge providers” such as universities and research bodies. Networking facilitates dissemination and know-how transfer, seen as a core element of most programmes in the opinion of the MTE.

Overall, the factors mentioned above have led to behavioural changes as a result of LEADER implementation. In spite of the short time frame of the LEADER+ evaluation exercise, this evolution is highlighted in a most straightforward way: “We consider behavioural changes and changes in interaction patterns as the core value-added of the LEADER approach”. “The degree to which this added value has been produced is determined by the extent to which the specific features of the LEADER approach, particularly the area-based, bottom-up and the partnership approach have been implemented”. The basic assessment of the evaluation here rests on the fact that “the setting up of a local partnership and the elaboration of a joint strategy have mobilised potentials in the area which otherwise would not have been addressed”. In other terms LEADER serves the purpose not only of revealing hidden assets through the local area strategy, it also helps to identify and engage the local human resources that can be gathered to define and implement it.

The size of projects and the applicants for these also appear to put LEADER in a distinct programme category addressing other needs that would not have been satisfied in another fashion. “LEADER+ is seen by many stakeholders as filling a gap left by all other programmes, specifically concerning small scale projects and beneficiaries that would not have benefited from any other support otherwise”, according to the MTE. At the same time, networking and co-operation permit “to attain the critical mass (for research, development, marketing and promotion, training and education...)” that would normally be lacking at the micro-level. Besides filling “demand niches otherwise neglected by mainstream programmes”, the “particular strength of LEADER is its ability to act as a pathfinder for mainstream programmes”. Such a statement clearly shows the synergistic character of LEADER with pre-existing programmes that it usefully completes while helping to identify local projects eligible for financing that might not have otherwise emerged.

Lastly, LEADER may contribute to a more efficient use of endogenous resources (physical, human, environmental) in two ways, as identified by the MTE:

- Through what is called “backward bonding”, based on historical and traditional features as well as natural ones of the local area. Through LEADER, these local resources “are perceived in a new light” and “turned into assets in a way that neither destroys their unique character nor undermines their value for future use”.
- By “forward bonding”, which results “from a common vision of the future which aligns local actors for a common purpose”.
- Bringing these two features together, “excellent pilot strategies interweave backward and forward bonding”. Said in another way, LEADER brings together tradition and innovation, that may be qualified as two essential ingredients of sustainable rural development.

1.1.5 Challenges for the next programming period

In the architecture of the new rural development policy for 2007–13 the European Commission valorised the LEADER approach by “mainstreaming” it into overall rural development policy. Member States thus now have the possibility to have a much broader scope of actions implement-

ed through the LEADER approach. Each national or regional rural development programme must now have a LEADER element for the implementation of bottom-up local development strategies of local action groups. A minimum of 5% of the EU contribution is reserved for LEADER (2.5% for the new Member States). Some countries, with specifically positive experiences, have voluntarily reserved a notably bigger share. For example in Ireland the LEADER budget will almost triple (Table 2).

Table 2. Public funding of LEADER in the case countries, 2000–06 and 2007–13.

Million. €	2000–06	2007–13
Czech Republic	5	25
Finland	216	242
Ireland	150	425

Source: National LEADER units

With reference to the Lisbon strategy, the European Commission stated in March 2006 that “rural development is a key tool for the restructuring of the agricultural sector, and to encourage diversification and innovation in rural areas... Local initiatives such as LEADER, which has contributed to the creation of new jobs, to the improvement of incomes and to the promotion of equal opportunities in rural areas, and support for diversification (on farm and off farm), can play an essential role in connecting people to European ideas and encouraging innovation and entrepreneurship. The environment and associated tourism are a major source of income and employment potential in rural areas”.⁶

In spite of such high level declarations the practical adjustment of agricultural and rural development policies is not an easy task in many EU member states. In order to maintain an independent and self-sustaining food production for domestic needs these countries tend to maximise direct agricultural and environmental subsidies to farms. Consumer demands on low prices as well as strong farmers’ unions add to the picture, which leads to excessive production and dumping the surplus on the world market with artificially competitive prices. This in turn prevents many third world countries from entering the market and inspires permanent criticism of the World Trade Organisation towards EU Common Agricultural Policy and extensive farming subsidies. It is true that such high levels of subsidies to farm production are also practised by other major agricultural produce exporting countries such as the United States. This situation is however evolving under the combined effects of increasing prices on the world cash crop market (higher demand, lesser production as in the case of wheat) and Doha Round proposals – particularly from Europe – to cut export subsidies and import tariffs. It is probable that these new trends, although a step in the right direction, will not constitute a major policy shift, with subsidies to farmers in the EU, Japan and the United States remaining at high levels.

⁶ The Common Agricultural Policy and the Lisbon Strategy. Newsletter – Special edition: “Putting rural development to work for jobs and growth” (03/2006). http://ec.europa.eu/agriculture/lisbon/index_en.htm.

Finding a way from the dominant agricultural model to more diverse rural economies – or towards the new rural paradigm as the OECD puts it⁷ – is definitely one of the key challenges and work fields for LEADER in 2007–13. The issue is by far a political one. For example when LEADER 2007–13 was prepared in Finland, it became obvious that the Government would allocate only 3,7% of national rural development funds to the LEADER measure, which is well below the EC minimum requirement of 5%. More than 80% of the funds was reserved to direct farming subsidies. At the same time a commitment was made to extend the rural development role of the LAGs and to increase their funding. Mid 2006, ten members of the Finnish Parliament (out of 200), representing five major political parties, expressed their concern on LAG resources by a literal question to the then Minister of Agriculture, Mr Juha Korkeaoja.⁸ In his short answer the latter referred to the declining budget of the European Agricultural Fund for Rural Development but also to the varying quality of the LAGs and their programmes.⁹ The issue is not only about political priorities but also about maintaining a true spirit of partnership between the administration and the civil sector.

Bearing in mind such difficulties that have appeared in many EU countries during discussions on allocation of priorities for the next programming period, major challenges lie ahead for LEADER. These have been listed by European LEADER+ evaluators as follows:¹⁰

- Experience gap between the old and new LEADER regions.
- Innovative approach and pilot character versus mainstreaming.
- Extension of the target group also to include the farming community and to reflect the true needs of the region.
- New applications of rural-urban interaction.
- Regeneration versus early ageing of the LAGs.
- Trust building both from the local people and the government structures point of view.
- Good vertical (rural policy) as well as horizontal (between intermediary structures at local level) integration.
- Multifunctional “local development agency” LAGs rather than narrow LEADER funding LAGs.
- Transfer to non-European rural areas within European Development Cooperation.

⁷ The New Rural Paradigm, Policies and Governance, OECD, 2006.

⁸ Literal question 551/2006 vp. Resources of the LAGs. KK 551/2006 vp – Arto Satonen /kok ym. 20.6.2006.

⁹ Minister’s answer. KK 551/2006 vp – Arto Satonen /kok ym. 11.7.2006.

¹⁰ We get to share it – the Legacy of LEADER. Robert Lukesch and Bernd Schuh 2007. In: Conference Documents. LEADER achievements: a diversity of territorial experience. LEADER+ European Conference. 22nd – 23rd November 2007, Évora, Portugal

1.2 Why this project?

1.2.1 *Different rural contexts, same issues and needs*

According to the OECD definition of rural¹¹, which is based on settlement structure within regions, more than 85% of the land area of the 30 OECD Member countries is predominantly rural. Despite significant out-migration over the past few decades, 22% of the residents of OECD countries live in predominantly rural regions. The main challenges that most of these rural regions face today, as compared to urban areas, have been investigated in a series of OECD case studies on Place-based Policies for Rural Development.¹² They have also been synthesised in a specific OECD publication assessing the state of OECD rural regions and the answers provided by evolving rural development policies¹³, with an emphasis on emerging local initiative. These challenges, showing the need for a multi-sector policy approach are the following:

- lower than average economic performance,
- falling agricultural employment,
- out-migration and ageing,
- lower levels of educational attainment,
- availability and quality of public services.

Economic performance

The most common indicator of regional economic performance is GDP per capita. Overall, rural per capita GDP was only 82% of the national averages across all OECD countries. Furthermore, average rural GDP across the OECD declined by 2% in the five years between 1995 and 2000, although disparities between rural and other regions were reduced in certain regions in certain countries over the same period. Lower economic performance can be ascribed to several mutually reinforcing factors: lower level of infrastructure (transportation, telecommunications), greater distance to markets, lower levels of entrepreneurship, reduced skill levels and higher unemployment rates amongst others. These characteristics are in particular established as constant across different countries in inter-regional evaluation of disparities that are carried out in OECD National Territorial Reviews.¹⁴

¹¹ At the local level, OECD identifies rural areas as communities with population densities below 150 inhabitants per square kilometer (500 in Japan). The main OECD territorial classifications at the NUTS 3 level are the following: predominantly rural regions (over 50% of the population live in rural communities); intermediate regions (15 to 50%); urbanised regions (less than 15%).

¹² Case studies on Place-based Policies for Rural Development: Micro-regions strategy (Mexico), 2003. Basque Country (Spain), Extremadura (Spain), Lake Balaton (Hungary), Crete (Greece) and Tuscany (Italy), 2005.

¹³ The New Rural Paradigm, Policies and Governance, OECD, 2006, from which parts of this section are extracted.

¹⁴ Mexico, Canada, Korea, Japan, Italy, Switzerland, France, Luxembourg, Finland, Norway, Hungary, Czechia

Falling agricultural employment

The share of agriculture in rural employment has dropped dramatically over the years in OECD Member countries under the effect of mechanisation and increased productivity (Table 3). Overall, within predominantly rural regions across the OECD, less than 10% of the workforce is employed in agriculture today, after a decline in the agricultural workforce of 2.3% per year during the 1990s. The strongest drops in agricultural employment in rural areas between 1990 and 2000 have been registered in Hungary, Portugal and Mexico (more than 10 percentage points). Agricultural employment in rural areas in the year 2000 remains the most important in Mexico (32%), Greece (30%) and Portugal (23%). For the EU-15, the decrease over the same period was of

Table 3. Change in agricultural employment in predominantly rural regions in the OECD.

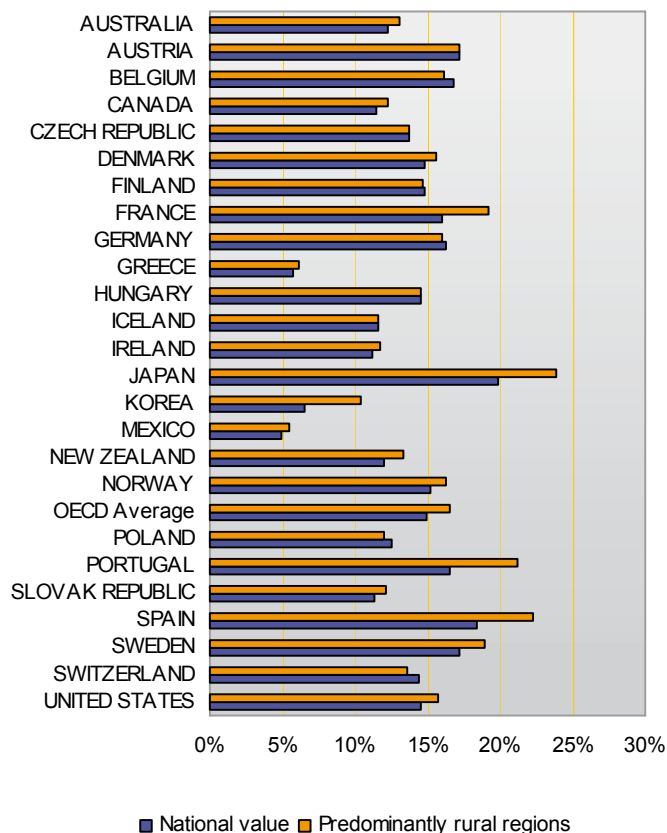
	% working in agriculture	
	1990	2000
Australia	16	14
Austria	13	n.a
Belgium	14	5
Canada	12	9
Czech Republic	n.a	12
Denmark	9	7
Finland	12	n.a
France	11	8
Germany	4	3
Greece	37	30
Hungary	24	10
Ireland	21	12
Italy	12	9
Japan	14	10
Mexico	43	32
New Zealand	21	17
Norway	9	6
Portugal	33	23
Spain	22	16
Sweden	5	4
Switzerland	8	9
United Kingdom	8	n.a
United States	6	3
OECD (20)	13	9

Source: OECD Territorial Database

4 points, down to 9% in 2000. For the EU-25, while 96% of rural land use is agricultural (including forestry) only around 13% of employment is now in agriculture, producing just 6% of gross value added in rural regions.¹⁵

Out-migration and ageing

The fact that rural regions are often affected by out-migration and tend to have older populations is well documented. The extent of ageing in rural regions varies greatly across and within countries (Figure 4). Japan, Korea and southern European countries have rural populations that are significantly older than the national average. In most other OECD countries the differences are not always as contrasted. In some cases, ageing can even result from migration inflows. Recent evidence from France and the United States thus shows that older people come to certain rural areas with climatic or other amenities because of choices in location for retirement. In a few other



Source: OECD Territorial Database

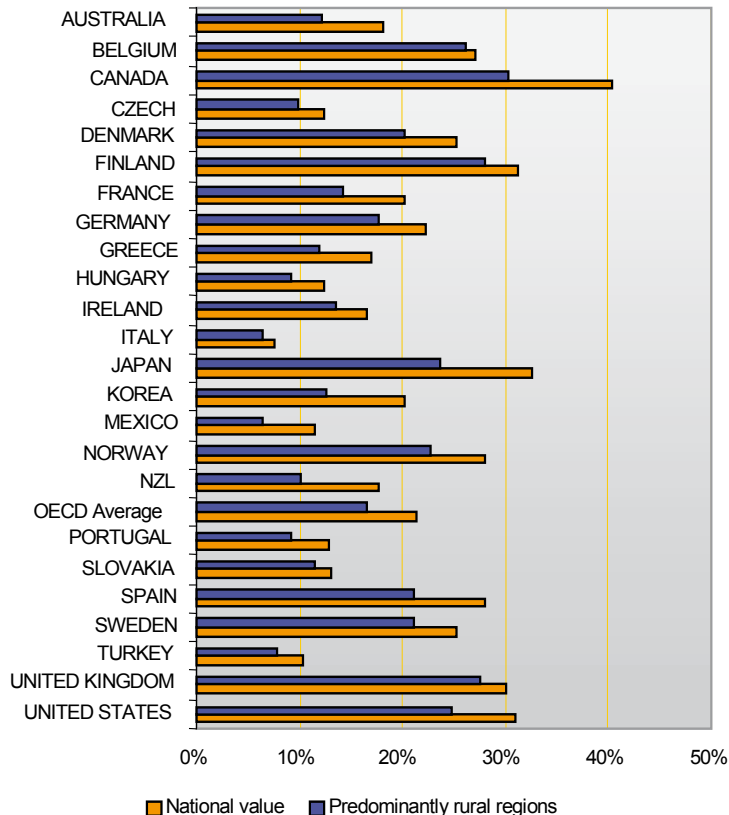
Figure 4. Elderly population (>64) in rural areas of OECD in 2004.

¹⁵ "Trends in Agricultural and Rural Development Policies in OECD countries", Conference on Coherence of Agricultural and Rural Development Policies, Bratislava, Slovakia, October 2005.

countries, the situation can be somewhat different. In rural Poland, agriculture remains an important job provider, thus retaining younger age cohorts. In Germany and Belgium, polycentric settlement patterns, diversified job markets in rural areas and relatively high levels of accessibility could explain why many of their rural regions retain a relatively higher share of young people.

Educational attainment

Another rural disadvantage that is commonly cited relates to educational attainment. The general pattern in most OECD countries is that the percentage of the population attending school up to upper secondary education level only is typically around or often above the national average in predominantly rural areas (Figure 5). On the other hand, the percentage of the rural population with tertiary education in all OECD countries is always lower than the national average. The gap is particularly significant in Canada and Japan, but it is also important in Australia, Korea, Mexico, New Zealand, Spain and France. The implication is that young people in rural areas attend school like their counterparts in other regions up to the secondary level. They then either enter the job market or leave the region to pursue tertiary education. In the latter case they often find



Source: OECD Territorial Database

Figure 5. Population with tertiary education in OECD rural regions in 2004.

employment outside their home region. A “brain drain” to urban areas thus occurs, either within the region itself or often to other parts of the country, particularly the capital region.

Public services

The economic and demographic structure of rural regions is usually not appropriate to support adequate provision of local public services, either for lack of sufficient fiscal resources or because of additional costs linked to low population densities or distances from main urban centres. Even in the Nordic countries, where equalisation schemes are designed to offset these difficulties, compensation does not always achieve the proclaimed goal of fully equal service provision, if only for lack of sufficiently skilled staff, particularly in the health sector. As rural regions, particularly the most remote and peripheral, are at difficulty in establishing the necessary critical mass of facilities, producer services and infrastructure to support both citizens and established business or entrepreneurs, the economy does not generate enough diversified employment opportunities and there are strong incentives for young people to move away. This kind of cycle, in which unemployment and lack of services lead to rural exodus, is a common pattern in rural regions ever since the agricultural sector began to shed employment.

Agricultural policy and rural development

Agricultural policy was considered until recently in many countries as practically the only policy response to the needs of rural areas. Even today, it retains a major share of funding going to rural areas. It includes both measures directed at domestic producers and trade measures to influence the market. When combined, these measures are equivalent to an estimated 1.3% of OECD GDP. Across the OECD the level of support through agricultural policies varies significantly, from less than 5% of total production values in Australia and New Zealand to around 70% in Norway and Switzerland. Agricultural policy is composed mainly of producer supports of different kinds, which make up around 70% of total support.¹⁶

Budgetary pressure and the influence of trade agreements have reduced the level of direct production-related support while that of less market distorting mechanisms such as environmental measures and rural development has increased. However, the latter remain very limited in scale in comparison to traditional market support. In the EU, only EUR 4.6 billion of the EUR 44 billion allocated through the European Agricultural Guidance and Guarantee Fund (EAGGF) in 1996 were earmarked for rural development.¹⁷ Moreover, within the rural development allocation, most funding is directly farm-related (early retirement schemes, training for young farmers).

Producer support also appears to have become less efficient as a way of helping farmers and regions that are most in need of income assistance, with funding going mostly to the largest and

¹⁶ See above mentioned OECD Bratislava conference on agricultural and rural development policies.

¹⁷ European Spatial Policy Observation Network (ESPON), 2004 report.

more efficient production units on one hand and the more prosperous and accessible rural regions (where this kind of large scale farming is best developed), on the other. Amounts conferred by this type of support are in large part proportional to output and to farm size. The largest farmers, generally also the most profitable, thus receive most of the benefits. Across the OECD, 25% of farms produce 72% of the output and receive 68% of the support, although this varies considerably across countries and commodities.¹⁸

Secondly, evidence from the EU suggests that payment structures seem to channel most support to regions that are already more prosperous (Table 4). The EU Common Agricultural Policy (CAP) assumes that raising farm incomes will promote rural economic development and contribute to other EU objectives, notably cohesion objectives. A recent series of studies by the European Spatial Planning Observation Network (ESPON), however, found that support through Pillar I of the CAP (market support) and, to a lesser extent, Pillar II (rural development) is not focused on the most disadvantaged regions of the EU (at the NUTS 3 level). The table below shows the level and dispersion of funding. Only 45% of Pillar I support goes to predominantly rural regions and only 27% to “lagging” predominantly rural regions (those with a growth rate below the national average). The research also found that Pillar I support per hectare tends to be higher in more accessible regions, and lower in more peripheral regions.

Table 4. Distribution of CAP support by OECD region type.

OECD region type	Pillar I	Pillar II (FADN)	Pillar II (Rural Development)	Per hectare
Rural – leading	18	22	20	20
Rural – lagging	27	29	26	31
Intermediate – leading	14	13	13	12
Intermediate – lagging	18	18	21	20
Urban – leading	12	7	7	8
Urban – lagging	10	7	5	5
<i>Missing</i>	<i>1</i>	<i>4</i>	<i>9</i>	<i>3</i>
TOTAL	100	100	100	100

FADN = Farm Accountancy Data Network

Source: ESPON 2004, based in part on data supplied by the OECD

1.2.2 Focus on lagging areas

EU rural regions with the lowest GDP per capita (as compared to national averages) usually combine this feature with highest unemployment, strongest out-migration and ageing. Typically the most lagging regions are also remote (far from major urban centres) and suffer from low educational attainment. The human capacity building feature of LEADER is put into a special test on

¹⁸ The Distributional Effects of Agricultural Support in selected OECD countries, OECD, 1999.

such territories. Examples from various countries offering quite distinct governance frameworks show that LEADER very often contributes towards initiating the first steps on the road of sustainable rural development in the most lagging rural regions.

Latvia

Latvia is the poorest state within the EU25 measured by GDP per capita¹⁹ (10 740 € in 2005 compared to an EU average of 21 780 €). The Daugavpils region in Eastern Latvia, close to the Belarus border belongs among the poorest Latvian regions, with a GDP of only 2 990 € per capita. The LEADER approach was introduced in the region in 2002 by British experts and the first local development strategy (Strategic plan for diminishing poverty and social exclusion) was approved the same year. The following year the Daugavpils District Partnership was already approving and funding 27 community development projects, worth 43 000 Euros. In 2004 The Partnership was only able to gather some 5 740 Euros, mostly from municipal sources, but was still able to launch 11 new micro-scale community projects. In 2005–06 the Partnership was supported by the Netherlands Community Initiative Fund and 40 more projects, worth 26 000 Euros, started.

The Manager of the Daugavpils District Partnership, Ms Inga Krekele, sees capacity building of local people as the main result of the projects that have ended so far. The Partnership has also assisted in this by organising more than 80 training sessions in the region, but more important is a learning process in every individual project no matter how small they are. Youth clubs, culture centres, women's clubs and rural tourism providers have all learnt how to solve their problems in a project form and how to find financing. The projects have also helped in forming a network of responsible community co-ordinators, through whom new funding rules and other important information can more easily be spread.

Latvia joined the EU in 2004 and only very recently has the Daugavpils District Partnership's very successful pilot work also been recognised by the first national LEADER programme, with Daugavpils' share of public funding now at 192 000 Euros (2006–08). With many years of work accomplished, a good basis of experience and growing budgets, the capacity building approach still remains central in the Partnership's goal setting: "The work of the Daugavpils District Partnership is based on documents of development elaborated in co-operation with local municipalities, businessmen and community co-ordinators. They are purpose oriented programmes for activating society to provide life quality and to attract external resources for building social capital."

Greece

Greece and its lagging regions represent an older example of LEADER application in rural development. The country has a GDP per capita of 17 940 Euros, one of the lowest amongst the former

¹⁹ EUROSTAT

EU15.²⁰ Greece has been implementing LEADER ever since its beginning in the early 1990's and has also an active role in its European level evolution, e.g. by hosting the presidency of the European network of the LAGs (ELARD) at the moment.

Ms Maria-Christina Makrandreou, in charge of LEADER planning and evaluation in the Ministry of Rural Development and Food, recognises the mountainous and most sparsely populated North-Eastern and North-Western parts of the country as the most lagging. The three regions thus mentioned – Rodopi, Epirus and Trihonida – all have a population density lower than 20 persons per square kilometre²¹ (European average: 113)²². Under the LEADER+ programme the three LAGs operating in these regions spent almost one fourth of their budgets for technical support and capacity building within their territories. This was the second most important budget line after rural tourism and a lot more significant than in more centrally located LAGs.

In the Greek case the results of rural capacity building are quite visible. Within the framework of the LEADER I and LEADER II initiatives, the ideas of an integrated, multi-sector approach, promotion of new income and employment sources, and the creation of added value to local products were established.²³ Within the LEADER+ programme, basic innovative features were introduced in the LAG territories, rendering the local economy more competitive. Since 1992 project focus has shifted from a social one towards more business oriented concerns: upgrading quality of local products and services as well as generation of rural enterprise networks are good examples. Evaluation data show that LEADER II launched more than 3 200 rural projects in Greece, 75% of which were business oriented.²⁴ The projects led to the creation of approximately 7 000 full-time and seasonal jobs in the countryside.

The Greek Minister of Rural Development and Food, Mr Evangelos Basiakos, addresses lagging regions especially in goal-setting of LEADER+²⁴: “Our Ministry, through the actions of the LEADER+ Community Initiative, promotes the development of entrepreneurial activities in rural areas and the improvement of infrastructure and services provided at the local level. The Ministry supports the promotion and accreditation of quality farming products, while substantially supporting local economies in every region of the country. The result of this co-ordinated policy is to put an end to the isolation of mountainous, disadvantaged, and island areas in regards to economic and social life. Greek provinces must successfully respond to the challenge of development and capitalise on their comparative advantages, promoting their versatility and the uniqueness of their landscape.”

²⁰ EUROSTAT

²¹ The LEADER Community Initiative. Ministry of Rural Development and Food and European Commission. 2007.

²² EUROSTAT

²³ Territorial synopses: Greece. 2007. In: Conference Documents. LEADER achievements: a diversity of territorial experience. LEADER+ European Conference. 22nd – 23rd November 2007, Évora, Portugal

²⁴ The LEADER Community Initiative. Ministry of Rural Development and Food and European Commission. 2007.

Finland

In the three case countries there are also lagging and/or remote rural areas. In Finland, the population density in Lapland may drop as low as only a few persons per square kilometre. This feature, together with long distances between the communities, reduces the level of social interaction. At a larger scale, the same holds true for the whole country, with the lowest population density (17.3 persons per square kilometre) in the EU.²⁵ Under such conditions the ability of LEADER to bring scarce resources together has a vital importance. As a matter of fact, low population density is one of the secrets of the recognised and successful LEADER implementation in Finland. LEADER II and LEADER+ have been teaching the scattered and isolated rural inhabitants and organisations to co-operate and join their forces for their common benefit, generating added value through synergistic approaches.

Evaluation data from Finland confirms the success of LEADER in the most lagging regions and in the whole country, in terms of maintaining and developing elements of the socio-economic fabric but without managing to stop out-migration from the most remote areas.²⁶ On the other hand, LEADER alone cannot be expected to significantly stem such migratory movements. Even in a country such as Norway which has generous grant schemes, specific programmes and lower social security rates applied for employers in sparsely populated areas, out-migration from these peripheral rural areas remains a problem.²⁷ In the case of Finland, a positive sign is that during the past few years the speed of population decrease in the most remote areas has been slowing down.

Ireland

In Ireland, the rapid rate of economic growth has also benefited even the most remote rural regions.²⁸ Rural Ireland is enjoying a period of demographic stability and even growth in certain cases not witnessed for many years. Five out of the 36 Irish LAGs have a population density of less than 20 persons per square kilometre. All of are located in the western part of the country on the Atlantic coast, for example in County Kerry. As in Greece, capacity building of rural inhabitants received the second biggest funding share of the LAGs after rural tourism under LEADER II. However, evaluation results show that projects and new jobs tend to emerge more easily around the bigger population concentrations than in the smallest and most distant villages where human resources are more scant. Such a finding pleads in favour of continued capacity building efforts in the most lagging areas.

²⁵ EUROSTAT

²⁶ Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

²⁷ See Territorial Review of Norway, OECD, 2008.

²⁸ Ex Post Evaluation of LEADER II Community Initiative 1994–99. Final report prepared for the Department of Agriculture, Food and Rural Development. 2000.

1.2.3 *Transferability*

LEADER has proven its efficiency in different rural contexts, from the most remote and lagging to lesser deprived areas in the European Union. What are the points in common between rural areas in the developing world and those situated in Europe that would seem to provide a basis for transfer of LEADER know-how? What are the main differences to be taken into consideration before contemplating the transfer? Is the nature of some of these differences such that they might constitute an obstacle? If this were the case, which conditions should be observed to solve the problem? As compared to the different points analysed in previous sections, what are the similarities and the contrasts between rural areas in Europe and those in the developing world?

Rural areas in these two very different environments share features of lower economic performance and out-migration in many areas but also lower educational levels. On the other hand, falling agricultural employment in the EU countryside stands in contrast with the fact that agriculture remains in the lesser developed countries the main activity in rural areas, in many cases as a basic means of subsistence for most families. One type of farming however emerges in these countries as the main contributor to GDP and export earnings: intensive agriculture in regions where favourable soil and climate conditions, as well as adequate connection to markets permits the production of cash crops such as cotton or sugar cane for instance. Whether state owned or belonging to the private sector and multi-national corporations these modern farms only represent a fraction of the workforce engaged in agriculture, whether to produce food for auto consumption or for selling products on local markets.

In the EU, it is these small farmers, as demonstrated above, that are at difficulty in maintaining their level of resources as Common Agricultural Policy particularly benefits the biggest and the most mechanised facilities. It is these small farmers that contribute to environmental maintenance without necessarily receiving in return a compensation for their role in the conservation of a public good. Small farmers, due to insufficient earnings, are also prone on developing additional activities so as to complete their revenues. They have developed agro tourism and their wives often engage in off-farm work, at least part time. These small farmers are thus well integrated into the local community and often play an important role in Local Action Groups with projects concerning not only multi-functional agriculture but also other activities beneficial to the rural area at large. Likewise, in the developing world, small farmers can and should definitely be major actors in rural renewal through LEADER type approaches.

In one of the fields analysed above, that of educational attainment, rural regions in Europe and in the developing world do not reach urban area levels. However, there is a major difference to bear in mind: illiteracy. This factor is to be given adequate attention when thinking of introducing a development approach nurtured in countries where lack of reading and writing skills is practically non-existent. In developing countries, rural areas are even more disadvantaged from this point of view than urban areas, even if such disparities on the whole seem to be diminishing. Can this factor be an obstacle to dissemination of LEADER methodology and to use of its principles in helping to foster local initiative? Again, the best answer that can be provided from this point of

view is the success of micro-credit in developing countries and particularly Bangladesh where it originated. It is now well established that lack of reading and writing skills does not prevent individuals from borrowing small sums, understanding the basic rules, reimbursing on time and succeeding in their small businesses. Why shouldn't the same apply to LEADER, also based on a few simple ideas, easily explainable and applicable?

When looking at the issue of public services in rural areas, the contrast between developed countries and the developing world is extreme. Even if public service availability or quality in many rural areas in Europe is not as adequate as in urban areas, the situation is not comparable. In the developing world, poor health and sanitary conditions, insufficient medical personnel and lack of schools and teachers provide for a very inadequate offering in rural regions. Again, would this quite different context be an obstacle to use of LEADER approaches in identifying, conceiving and implementing projects? Probably not, as many projects could seek to cope with the basic deficiencies that are in many cases at the root of the problem or at least prevent from dealing with it. LEADER is all about local initiative and this is based on individual and collective responsibility.

Many LEADER projects target village improvement, enhancement and renovation, with direct participation of inhabitants. Why couldn't these basic principles of solidarity apply to villages in parts of the developing world, thus contributing to up-grading of sanitary conditions? Why couldn't the literacy skills of those in the village that engage in other activities than teaching also be used for the instruction of adults in the local community in whichever area this person possesses knowledge and competence? A couple of examples can easily illustrate this point. In the Czech Republic, the Posazavi LAG (South Bohemia) devised a project to clean the banks of the Sazava River (see section 3.2.6), in the context of a tourism development project. Also, individual betterment can be based on services rendered to the community. First in Bangladesh (and now in many other developing countries), "phone ladies" purchase cell phones thanks to micro-credit and offer use of what is finally a local public service at a nominal fee to other villagers.

To sum up, the place-based policy approach of LEADER rests on adequate mobilisation of human resources (LAGs), both in local government and in civil society. At the local level, individuals often have good ideas but lack the know-how and the networks to bring them to fruition. In particular they do not dispose of the information that would give access to financial mechanisms and resources, although the amounts required are quite modest. The LAG model has lifted these obstacles successfully, just as micro-credit schemes have opened new perspectives in villages in Africa, Asia and Latin America. There are many building blocks in common between the LEADER philosophy and that of micro-credit: trust, responsibility and belief that local knowledge is valuable. LEADER and micro-credit approaches can well complete each other, encouraging group and individual initiative. "Local champions" (people wishing to strengthen local development and believing it can happen on the basis of local initiative) will engage themselves both in LEADER type projects and start a business, provided access to micro-credit is possible.

Many countries in the developing world are now beginning to engage in processes of decentralisation, with growing awareness that good governance starts with increased responsibility, provided there are adequate monitoring and objective control mechanisms at the national level. Such trends definitely create favourable conditions for LEADER type approaches. Good examples of synergies of this type developed in Europe are offered by Micro-Regions in the Czech Republic and in Hungary as well as the "Pays" in France. These small voluntary groupings of municipalities offer an adequate framework for development of local initiative, whether public and/or private. It is therefore not surprising that in these countries Local Action Groups benefiting from these environments prove to be particularly dynamic. In such contexts, LAGs and local government are attuned to pursuing the same goals: improvement of the local economy and increased social cohesion through co-operation and partnerships.

CHAPTER 2: COUNTRY PROFILES

The three case countries of this study, Finland, Ireland and the Czech Republic, are very different from a historical and geographical point of view, in particular because they belong to quite different parts of the continent. Nonetheless, as generally explained in the previous chapter, their rural problems and challenges often share the same features. This chapter provides a brief statistical and rural policy background for each country, focusing on Finland and looking for comparisons in Ireland and the Czech Republic. The different definitions of “rural” are also discussed here, against which LEADER impacts and issues can then be reflected on in chapters 3 and 4.

2.1 Demography

2.1.1 *Country trends and features*

Finland

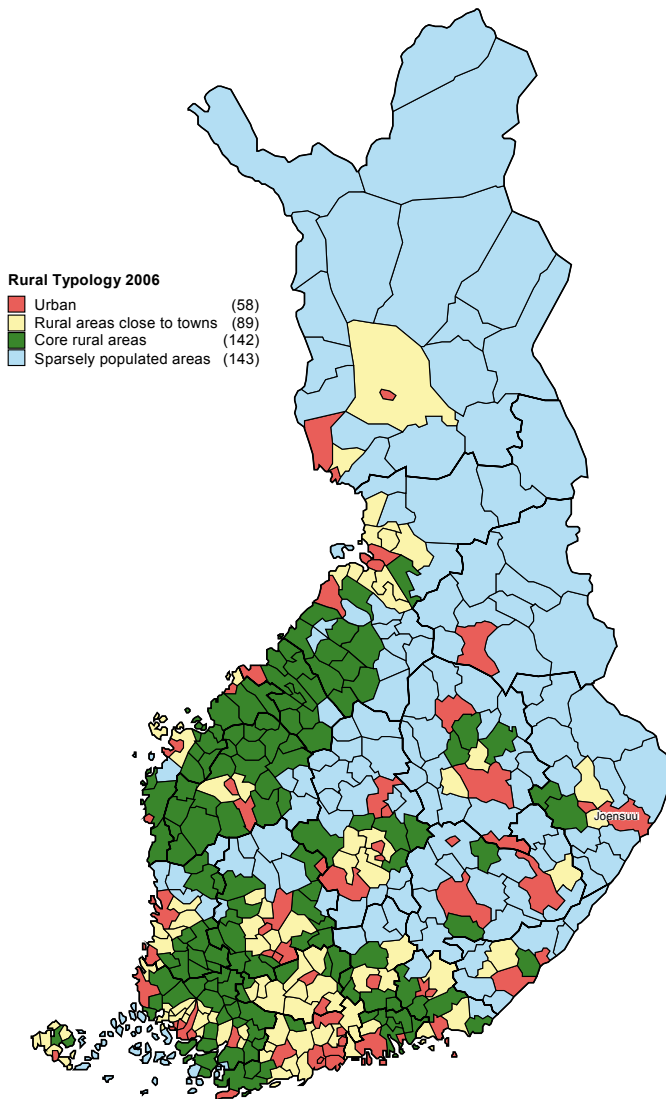
Finland had a total population of 5.3 million in 2006.²⁹ The country is divided into 432 municipalities on the NUTS 4 level (in 2005) with varying features when distinguishing urban areas from the different categories of rural areas. A three-level typology of rural areas, mainly based on population density and proximity to towns, has been established (see Figure 6), following the distinctions made by certain authors.³⁰ The typology received official recognition by the Finnish Rural Policy Committee as well as the different Ministries and it serves as a fundamental tool of rural policy-making both on the national and EU levels. This rural classification was established by applying a three stage area typology process. The first step consisted in identifying urban municipalities and thereafter rural municipalities close to urban areas. The remaining areas in the country were divided into two parts: core rural municipalities and sparsely populated rural municipalities.

Urban municipalities were identified in the Study on Urban Networks and Districts³¹ as those municipalities which form from an economic viewpoint the most important centres of population. This group was then extended to include town-like municipalities of relatively small land area and population. The basic criterion for the extension was the proportion of population living in urban locations within the municipality. In a second stage rural municipalities close to urban areas were identified according to the volume of commuter traffic between the rural locations within the municipalities and their target urban centres. Urban centres here refer to municipalities with more than 15 000 inhabitants.

²⁹ Statistics Finland

³⁰ Malinen & al. 2006: Suomen maaseututyypit. English summary: Rural Typology of Finland. Ministry of Agriculture and Forestry.

³¹ Antikainen & al. 2006: Kaupunkiverkko ja kaupunkiseudut 2006 (Urban Networks and Districts 2006). Ministry of Interior.



Source: Mallinen & al. 2006.

Figure 6. The three-level typology of rural areas in Finland.

In a third stage the remaining municipalities were identified as either core rural municipalities or sparsely populated rural municipalities by means of a multivariate analysis (principal component analysis). The municipalities were then arranged along the “core rural municipality – sparsely populated rural municipality” axis using ten variables relating to rural character, degree of isolation, and sparseness of population. The set of variables describes area structure, employment structure, dependence on agriculture as well as development problems. The borderline between core rural municipalities and sparsely populated rural municipalities was brought into closer focus by examining the values of each variable for every borderline municipality.

As a result, the 432 municipalities of Finland were classified as follows:

• urban municipalities	58
• rural municipalities close to urban areas	89
• core rural municipalities	142
• sparsely populated rural municipalities	143

41% of Finns live in 374 rural municipalities whereas 59% reside in 58 urban municipalities.³² The rate of urbanisation, particularly in the south of the country, accelerated considerably in the late 1970's due to the radical shift from primary production to an industry and even more a service based economy. The share of rural population thus dropped from 70% in 1975 to 45% in 1980. The most sparsely populated and lagging regions are located in the Eastern and Northern parts of the country. Today the regions with the highest levels of rural population are situated in South Ostrobothnia in the western part of the country (81%) and North Karelia in the east (66%).

Finland is the most sparsely populated country in the EU, with a national average of 17.3 persons per square kilometer¹⁶, as compared to an EU-27 average of 112.6.³³ The Uusimaa Region around the capital, Helsinki, is the only region reaching the OECD definition of an urban area (150 persons per square kilometre, see Section 1.2.1). The population density in rural areas of Finland is less than half of the national average (Table 5). In the east and the north there are vast areas with a population density of less than one person per square kilometre. Low population densities as well as long distances (the average size of a Finnish municipality is 731 km²) put a major pressure on maintaining public services in the most remote areas on the basis of the legal obligation of providing equal services in all parts of the country, for which the only answer is usually increased inter-municipal co-operation.

The Uusimaa region in the south and Lapland in the north as well as Kainuu in the east represent the opposite ends of settlement patterns in Finland. In the past 30 years Uusimaa has been the fastest growing region in Finland, attracting labour from the lagging regions with high unemployment.³⁴ Since 1975 Kainuu has lost one fourth of its rural population, whereas Uusimaa has grown by 55%. South Savo, Lapland and South Karelia have lost more than 15% of their rural population. The population loss is clearly due to the out-migration as the birth rates in the countryside remain higher than in urban areas.

³² Statistics Finland

³³ EUROSTAT

³⁴ Statistics Finland

Table 5. Population densities in Finnish regions in 2006

Region	Persons/square km
Uusimaa	213,3
Varsinais-Suomi	42,7
Päijät-Häme	38,8
Pirkanmaa	37,2
Kymenlaakso	36,2
Eastern Uusimaa	33,7
Kanta-Häme	32,4
Satakunta	28,9
Southern Carelia	24,2
Ostrobothnia	22,4
Åland islands	17,2
Central Finland	16,2
Northern Savo	14,9
Southern Ostrobothnia	14,4
Central Ostrobothnia	13,4
Southern Savo	11,5
Northern Ostrobothnia	10,7
Northern Carelia	9,5
Kainuu	4
Lapland	2
Rural Finland	7,8
Finland	17,3

Source: Statistics Finland

Most of out-migration in rural areas concerns young people moving for educational or professional purposes, seeking better opportunities in the capital and other major urban areas. This results in ageing, especially in the most lagging regions like South Savo, South Karelia and Kainuu, where the share of people of 65 years or above is almost double to that of Uusimaa¹⁸ (Table 6). On a national level, differences tend to level off to some extent, rural Finland actually having a higher share of children than the national average. This can be explained by the higher fertility rates of the countryside as well as family preferences to raise children in a rural environment, provided that commuting distances do not exceed 50 kilometres.

In spite of the high educational attainment in Finland, out-migration of young people from the countryside constitutes a sort of “internal brain drain”, leading to also bringing down the educational level of lagging rural areas. In rural Finland 58% of the population has professional education whereas the national average is 64%.³⁵ The educational level is the lowest in South Savo

³⁵ Statistics Finland

where almost every second person has just passed the elementary school and only 2% have University Master degrees. In Uusimaa only 37% are without professional education and 7% have a University Master degree.

Table 6: Age profiles in Finnish regions in 2006

Age profiles (%)	0–14	15–64	65–
Uusimaa	22,0	65,8	12,2
Northern Ostrobothnia	22,5	62,2	15,3
Eastern Uusimaa	20,7	64,0	15,3
Åland Islands	18,9	64,2	17,0
Pirkanmaa	18,6	63,9	17,4
Central Ostrobothnia	19,5	62,8	17,7
Päijät-Häme	17,5	64,6	17,9
Varsinais-Suomi	18,5	63,5	18,0
Central Finland	18,4	63,3	18,3
Kanta-Häme	17,9	63,6	18,5
Ostrobothnia	18,7	62,4	18,8
Kymenlaakso	16,7	63,9	19,4
Southern Ostrobothnia	17,9	62,7	19,4
Lapland	15,7	64,6	19,7
Satakunta	16,7	63,5	19,8
Northern Carelia	16,5	63,7	19,8
Northern Savo	16,8	62,6	20,6
Kainuu	15,1	63,1	21,8
Southern Carelia	15,2	62,6	22,3
Southern Savo	14,8	61,6	23,7
Rural Finland	18,4	63,5	18,1
Finland	17,3	66,7	16,0

Source: Statistics Finland

Ireland

The total population of Ireland was of 4,2 million in 2006, with a population density of 60 inhabitants per square kilometre.³⁶ Irish population growth has been one of the most remarkable and rapid in the EU: since 1980 the population has increased by almost one million. The high level of GDP growth (7.5% per year between 1995 and 2005³⁷) that has transformed the Irish economy in less than 30 years, explains this increase. Largely based on agriculture before this major structur-

³⁶ Central Statistics Office Ireland

³⁷ OECD in Figures 2006–2007.

al change, it now boasts the profile of a service (tourism) and high-tech (computer manufacturing) economy. The related increase in demographic growth rates is largely due to labour-based immigration, even though Ireland also enjoys one of the highest birth rates in Europe. Today every tenth inhabitant of Ireland is a foreigner.

The rapid evolution of the Irish economy has led to a new distribution of population within the country, with increased urbanisation and considerable growth of the capital city area (around 40% of the national population). In spite of these trends, Ireland retains strong rural features. When considering as urban only the most densely populated parts of the five biggest cities (Dublin, Cork, Galway, Limerick and Waterford), 81% of the population lives in areas considered as rural³⁸, with a population density of 48 persons per square kilometre. Indeed Ireland remains from this point of view one of the most rural countries of the EU.

On the other hand, population growth over the last decades has been reflected not only in major urban areas but also in smaller towns, acting as rural area hubs. A Town size of 1 500 (population clusters of 1 500 or more) is taken as the dividing line in applying the classifications “aggregate town” and “aggregate rural”.³⁹ A hundred years ago only 30% of the Irish lived in towns thus defined, whereas today the share is more than 60%. However the pace of urbanisation, outside of the Dublin area, has remained fairly low over the past two decades. Thus Irish population growth remains fairly balanced between the rural and urban parts of the country, with only a few counties losing their population.

The East and the West represent the opposite ends of the demographic and also development spectrum in Ireland. The Province of Leinster on the east coast around the capital city of Dublin has a population density of almost 100 inhabitants per square kilometre, whereas the Province of Connacht in the West on the Atlantic Coast has only one fourth of this proportion. Between these two extremes, most of the population remains fairly distributed over the territory, but national policy seeks to curb the increasing demographic imbalance between the capital area and the rest of the country while organising an urban hierarchy that will spur development in all parts of the country. This National Spatial Strategy (nss.ie), published in 2002, is bent on promoting eight medium sized hubs while smaller rural towns will be better supported so as to fill their local area development role more efficiently.

The dynamism of the Irish economy is also reflected in the youth profile of the population: in terms of average age, Ireland is one of the youngest nations in Europe, with the share of population younger than 15 years at 20,7% in 2005. However, every tenth Irishman has turned 65 years old and ageing is also a trend in Ireland, especially in the most rural parts. In the County of Connacht the share of +65 years old inhabitants is 13% whereas in the County of Leinster it is less than 10%. Overall, the ageing phenomenon is still far less pronounced than in most European coun-

³⁸ Department of Community, Rural and Gaeltacht Affairs.

³⁹ Central Statistics Office Ireland

tries or within the OECD (11.2% in 2005 versus an OECD average of 13.9%). Lastly, in terms of educational attainment, nationally 19.9% of Irishmen within the active population (25–64 years old) have received tertiary education⁴⁰, whereas in rural areas the average is only 13%.

Czech Republic

The Czech Republic had a total population of 10.2 million inhabitants in 2005⁴¹, that grew steadily up to the middle of the last century. Trends exhibit a very slight decrease since 1960 (10.3 million), with an increase of 0.1% from 2004 to 2005. Population density is at 130 inhabitants per square kilometre, higher than the EU-27 average of 113.⁴² The Czech Republic is a fairly urbanised country, with 70% of the population living in towns (but only 33% in municipalities with 50 000 or more inhabitants).⁴³ The capital city area of Prague regroups 12% of the national population, with other major urban concentrations located in Brno (south), Ostrava (northeast), Plzen (southwest), Ceske Budejovice (south), Usti nad Labem (northwest) and Hradec Kralove (north). Except for Prague, the other most important urban areas are located close to borders, with rural areas mostly located in inner parts of the country.

In spite of its high population density and its urban characteristics, the Czech Republic retains rather pronounced rural features in most of its territory, particularly in the innermost areas. These areas extend from the West to the East, covering large parts of the NUTS II Southwest, Southeast and Central Moravia regions. The most pronounced rural characteristics in terms of lower population density and level of agricultural activity are to be found in the NUTS III region of Vysočina (Highlands extending between the outskirts of Prague and those of Brno). Rural features appear in the proportion of rural municipalities: out of a national total of 6244 in 2003, 5612 are considered as rural (less than 2000 inhabitants), covering 74% of national territory. However, only one quarter of the population lives in these municipalities, which corresponds to 2.69 million inhabitants. Rural population density is thus 46 persons per square kilometre.⁴⁴

The average age of the population in the Czech Republic is increasing. The share of the youngest age group (0–14 years) in the Czech population was only 15% in 2005⁴⁵, which follows the overall European trend. The age patterns are fairly similar for towns and villages, however the trends are worst in the smallest villages. Rural municipalities are also distinguished by the low proportion of working-age (15–64 years) inhabitants (69,7%, in contrast to 70,8% for the Czech average). The lowest proportion of working-age inhabitants (66,5%) is recorded in the smallest rural municipalities (up to 100 inhabitants).

⁴⁰ OECD in Figures 2006–2007

⁴¹ OECD in Figures 2006–2007

⁴² EUROSTAT

⁴³ Territorial Review of the Czech Republic, OECD, 2004.

⁴⁴ National Strategic Rural Development Plan of the Czech Republic for 2007–2013, Ministry of Agriculture, 2007

⁴⁵ OECD in Figures 2006–2007

Rural depopulation has recently been slowed down or apparently halted due to the massive construction of family houses in rural municipalities adjacent to large cities and the emergence of a dense network of satellite communities around the predominantly urban areas. However in other parts, out-migration still takes place. This is particularly true in certain border regions (former heavy industry regions in the north-east and north-west), the Vysočina region (highly rural) and regions with a higher level of unemployment as well as in the smallest municipalities (from 200 to 500 inhabitants), located in rural areas that are thus losing their vitality. Lastly, tertiary education attainment in the Czech Republic is below average: less than 12% of Czechs have tertiary education (OECD: 16.5%) and in the countryside the figure drops to 10%.

2.1.2 *Summing up*

Due to discrepancies in statistical data from one country to the other it is impossible to establish homogenous comparisons on demographic trends between Finland, Ireland and the Czech Republic. In spite of this difficulty, a certain number of common evolutions appear in the three cases, situating rural areas within each country as compared to national averages.

First of all, urbanisation is increasing, although the exact measure of the phenomenon in comparative terms is delicate to establish. In Finland, 59% of the population is considered as urban in 2005, as compared to only 30% in 1975 (urban threshold: 15 000 inhabitants). In Ireland, the dividing line is somewhat smaller: at 1500 inhabitants it breaks between rural and “aggregate town”, explaining that 60% of the population is considered as urban, in spite of the rural traits of many parts of the country. In the Czech Republic, 70% of the population is considered as living in urban areas but only 33% resides in municipalities over 50 000. In the three countries, the capital city area has seen its share in the national population increase, with the most striking case being that of Ireland (40%), followed by Finland (around 20%) and the Czech Republic (12%).

Of the three countries, Finland is the most sparsely populated; with an average population density of 17.3 inhabitants per square kilometre, as compared with 60 for Ireland and 130 in the Czech Republic (EU 27 average: 113). Looking only at rural areas, the lowest figures are attained in Finland in the North and East (less than one person per square kilometre), whereas in rural parts of the Czech Republic, the figure is 46 and that of Ireland, 48. Low population densities bring forward issues in financing, delivery and accessibility of public services (see chapter one and section 2.5 below). In the area of education, it is a fact that educational levels are lower in rural areas in the three countries, in spite of efforts to provide equal opportunities everywhere.

Looking at rural out migration, the most worrisome trends are registered in certain areas of Finland (Kainuu, with 25% of the population having left the region since 1975; South Savo, Lapland and South Karelia: 15% loss over the same period). In the Czech Republic, rural out-migration is a reality in many parts but mostly within regions, as workforce mobility in the country is more

limited than elsewhere due in particular to restrictions imposed by the housing market.⁴⁶ In Ireland, only a few counties have lost population in recent periods, as the demographic boom enjoyed by the country (plus 1 million inhabitants since 1980, mostly from immigration) has benefited most areas except the Northwest coast.

Ireland is, of the 3 countries, also the one with the youngest age profile: 20.7% of the population is aged less than 15 (17.3% for Finland, 15% for the Czech Republic). Ageing is felt in all but far less pronounced in Ireland (11.2%) than in Finland (16%) or even in the Czech Republic (14%). The ageing phenomenon is felt more strongly in rural areas. For Finland, this is particularly the case of South Savo, South Karelia and Kainuu, where it is almost double than the rate of Uusimaa. In the Czech Republic, because of ageing, rural municipalities register lower rates of working age population (69.7%) as compared to the national average (70.8%). In Ireland, in the County of Connaught, the share of more than 65 year olds is of 13%, but less than 10% in the County of Leinster, neighbouring Dublin.

2.2 Labour market

2.2.1 Country trends and features

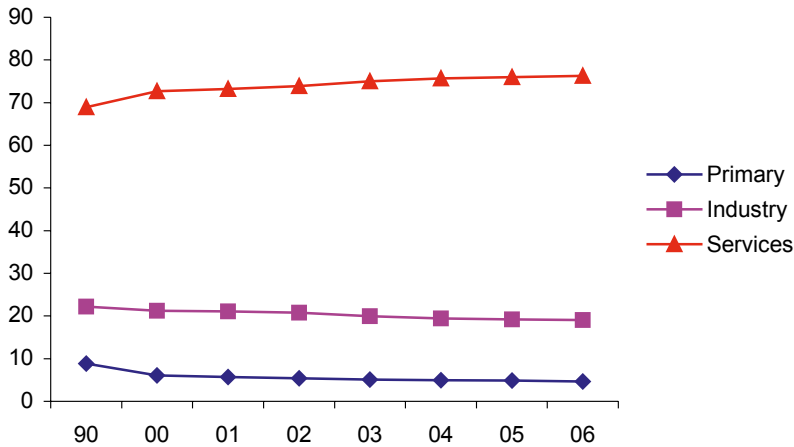
Finland

Finland is said to have transferred quite directly from a primary production economy to a service economy. The shift was particularly noticeable in the middle of the last century, during the 1960's and 1970's, when the numerous generations born after the war were not needed in a mechanised and intensified agriculture anymore. These generations then left the countryside in big numbers to find better jobs in cities and sometimes abroad. Figure 7 shows that the role of primary production in employment has been decreasing ever since, while the service sector has been increasing, now representing more than 70%.

Primary production now offers only 4% of jobs, but variations between regions are high. In South Ostrobothnia every tenth person is dependent on agriculture and forestry whereas in Uusimaa the ratio is one in two hundred.⁴⁷ Outside the areas where the most productive soils are to be found, in the south and in the west, one third of farms on average depend on diversification of revenues, by machine contracting, manufacturing and rural tourism. Unemployment was the worst structural problem of Finnish society during the recession of the middle of the last decade (Figure 8), growing from 3% in 1990 to 17% in 1994, under the combined effects of high interest rates and loss of privileged access to former Soviet markets.

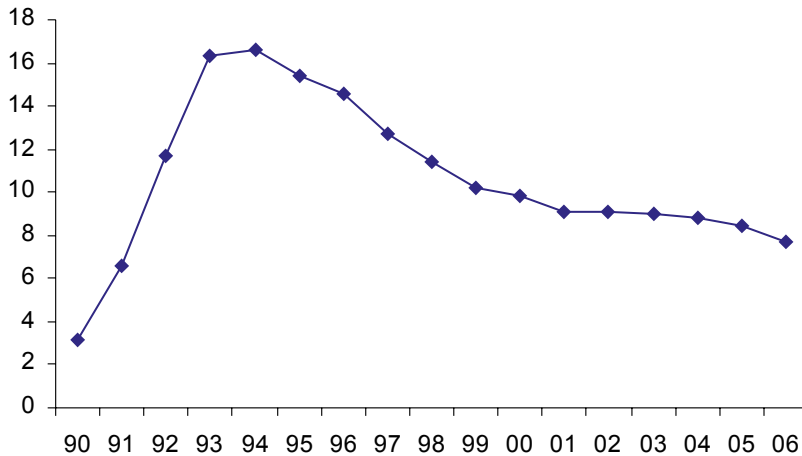
⁴⁶ Territorial Review of the Czech Republic, OECD, 2004.

⁴⁷ Statistics Finland



Source: Statistics Finland

Figure 7. Employment in Finland by sector since 1990 (%).



Source: Statistics Finland

Figure 8. Unemployment rates in Finland 1990–2006 (%).

Rapid recovery was spurred by EU membership and Finnish leadership on the burgeoning mobile and ICT markets. In spite of these positive developments and strong policy focus, unemployment remains at about 8% in 2006.⁴⁸ Surprisingly, there is on average practically no difference between the rural and urban parts of the country but differences appear when looking at lagging rural areas. In Kainuu, Lapland and North Karelia, close to every fifth person is still unemployed

⁴⁸ Statistics Finland

today. At the same time employers in the south and the west, worried about the lack of labour, call for a more flexible employment based immigration policy.

In the rural areas of the west the unemployment rate has always been modest, due to a strong tradition of self-employment and entrepreneurship. In Ostrobothnia, for example, only 5.7% of employees are unemployed today.⁴⁹ Ostrobothnia, Lapland and Varsinais-Suomi even have the highest shares of entrepreneurs in Finland. The average figure for the country, 5%, is unusually low in European terms. The situation of rural Finland reflects the national average, with entrepreneurship in the east being particularly weak.

Ireland

Ireland joined the former European Economic Community (EEC), forerunner to the EU, in 1973. A liberal market economy policy, combined with generous funding from the EU as well as substantial foreign direct investment, particularly in the ICT sector, are the three pillars explaining the remarkable growth of the Irish economy in the 1980's and 1990's. During most of the nineties, the Irish economy expanded at three times the EU average, without meeting any significant labour shortage: the baby boom in the seventies was followed by higher female participation rates and ever increasing flows of labour-based immigration. Between 1993 and 2001, Ireland thus managed to develop its labour force five time faster than the rest of the EU.

Ireland is a good example of a well-developed service economy. 81% of the Irishmen earn their living in services.⁵⁰ Over the last ten years the share of primary production has dropped from 9% to 5% and that of industry from 20% to 14%. A special feature with rural significance in the Irish service economy is the high share of international tourism: in 2006, tourist expenditure amounted to 4 700 million Euros, among the highest in the world per capita. During the current decade foreign tourist expenditure has grown 4% per year. Although the value of Irish exports has doubled over the past ten years, the tourism sector still enjoys a 5% share in foreign earnings.

Unemployment, that used to be a big issue in Ireland, has dropped from 12.2% in 1995, to 8% in 1998 and 4.3% in 2005. At the same time the labour force has grown by 35%. Tourism and other services are the main employers, also in rural areas, contributing to explain that regional differences in unemployment are small. For example, County Leitrim, located in the most sparsely populated western part of the country and having the most negative population forecasts, has slightly lower unemployment than the national average.⁵¹

⁴⁹ Statistics Finland

⁵⁰ Central Statistics Office Ireland

⁵¹ Leitrim County Council

Czech Republic

The planning economy of former Czechoslovakia until its break-up in 1992 was based mainly on the primary and secondary (heavy industry) sectors. The share and level of services was particularly low in comparison with the market economy countries of western Europe. Structural changes induced by privatisation and than preliminary steps towards EU membership brought about significant modifications in the sectoral share of employment. The share of primary sector employment decreased from 12% in 1990 to 5% in 2000 and a mere 4.3% in 2005. The same happened with the industrial sector that declined from 45% to 39% during the same period. At the same time the share of jobs in services went up from 43% to 56.4% in 2005 but employment in the service sector in rural areas remains 26% lower than in urban areas.⁵²

However, the service sector is still less developed in the Czech Republic than in the former EU 15. Regional variations are small, except between Prague and the rest of the country. The capital city, representing more than 10% of the population, concentrates one quarter of GDP and hence, most of service jobs in the Czech Republic.⁵³ A significant proportion of these resides in the booming tourism sector, with Prague having become a very popular tourism destination in Europe. On the other hand, the country is well endowed by tourism assets spread over its territory⁵⁴, meaning that there is an important development potential in this area that can have impact on development of rural areas.

Officially, unemployment did not exist in Czechoslovakia but a rapid increase was expected at the beginning of the nineties, as in other transition economies. However, unemployment only reached 8,8% in 2000 and has since remained at about 8% on average. This can be explained by different factors: a high level of FDI inflows, a rather good level of educational attainments, thus supplying the skilled labour needed, and an array of policies stimulating entrepreneurial activities. Higher unemployment rates remain in the former heavy industry areas (north-east, north-west). There are usually smaller differences between the rural and urban areas of the country other than Prague (unemployment rate close to zero). In a fairly densely populated country, many rural inhabitants commute to jobs, provided there is a good communication infrastructure. However, some rural municipalities exhibit higher than average unemployment rates but are striving to develop their tourism potential.⁵⁵

2.2.2 Summing up

The three case study countries have a strong common feature: the share of the primary sector in national employment (and hence in GDP) has dramatically decreased over the years and its proportion is not significantly different from one country to the other in 2005: 4% in the Czech Re-

⁵² National Strategic Rural Development Plan of the Czech Republic for the period 2007–2013, Czech Ministry of Agriculture, 2007

⁵³ See Territorial Review of the Czech Republic, OECD, 2004.

⁵⁴ 12 UNESCO World Heritage sites in the country, including Prague.

⁵⁵ See Moravska Trebova-Jevicko Territorial Review, OECD, 2002.

public, 4.8% in Finland, 5.9% in Ireland. In the latter case, the downward trend was particularly rapid, as 11.7% of the workforce were still employed in agriculture in 1995, as compared to 8.1% in Finland and 6.6% in the Czech Republic.⁵⁶ However, important regional variations remain. In South Ostrobothnia, the primary sector represents 10% of employment. In the Czech Republic, a typical rural area such as that of the Moravska Trebova-Jevicko micro-region featured 14% of employment in agriculture and forestry in 2001.⁵⁷

In parallel, the service sector in the three countries has seen its share grow rapidly: it represented 81% in Ireland, around 70% in Finland and 56.4% in the Czech Republic in 2005. Here again, the share of the service sector in rural areas is somewhat lower than in urban areas: the differential stands at minus 26% in the Czech Republic for the same year and comparable situations are to be found in Finland and also in Ireland.

Unemployment rates in Finland and in the Czech Republic are quite similar: 8% in the Czech Republic and 8.4% in Finland (2005), while those of Ireland are at half that level: 4.3% for that same year. National averages however conceal disparities with rural areas, particularly pronounced in the case of lagging regions: in Finland, unemployment rates in Kainuu, Lapland and North Karelia stood respectively at 17.5%, 14.5% and 12.9% in 2004, registering in all three cases strong increases since 1991.⁵⁸ The above-mentioned Czech micro-region also features higher than average unemployment rates (a differential of 3.6% with the regional average in 2001). In Ireland, such contrasts have now disappeared somewhat as the service sector (particularly tourism) has largely replaced in rural areas the jobs lost in the primary sector.

2.3 Agriculture

2.3.1 Country trends and features

Finland

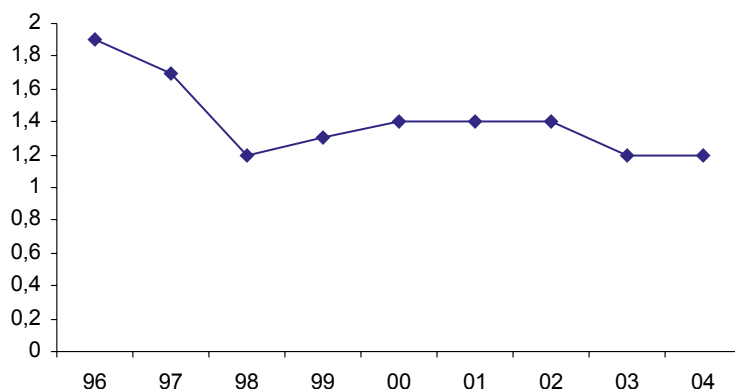
Finland is one of the northernmost countries with intensive agriculture. The main crops on 2,3 million hectares of arable land are oats, rye, wheat, barley, dry hay and silage.⁵⁹ Even though the Common Agricultural Policy (CAP) has contributed to major structural changes in the sector, possessing an independent and self-sustaining domestic food supply remains one of the basic values of Finnish society. Important subsidies to agriculture are understood as consumer subsidies rather than producer subsidies. It is a fact that the share of agriculture in GDP has been steadily decreasing since the 1960's. Since 1998, the decline has been stabilised and it has remained at a modest level of slightly more than 1% (Figure 9) in recent years. The contribution of

⁵⁶ OECD in Figures 2006–2007

⁵⁷ Moravska Trebova-Jevicko Territorial Review, OECD, 2002.

⁵⁸ Territorial Review of Finland, OECD, 2005.

⁵⁹ Agrifood Research Finland



Source: Agrifood Research Finland

Figure 9. GDP share of agriculture in Finland (%).

agriculture to gross value-added thus stood at 3.1% in 2004, as compared to 5.1% ten years earlier.⁶⁰

On the other hand, the share of forestry, in which Finland has specific expertise, is very significant in the national economy. Finland is in fact the most densely forested country in Europe (70%).⁶¹ In 2003 private forest owners, of which 22% are also farmers, gained 1500 million Euros income by selling wood from their forests to paper and sawmill industries, while agricultural income totalled 1100 million Euros.⁶² According to Statistics Finland, the overall contribution of the forestry sector to GDP is quite significant (8%) and even more to export sales (25%).

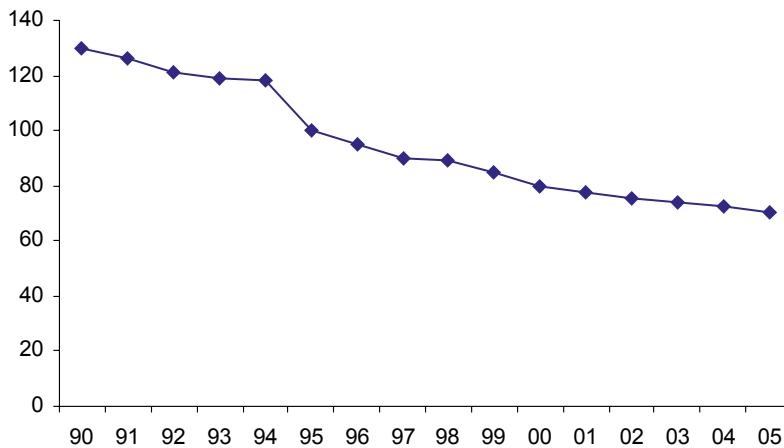
In parallel to diminishing primary sector employment and the declining share of agriculture in GDP, the number of farms has been decreasing over the past decades (Figure 10). The impact of European Union membership in 1995 is visible in the graph, as CAP policy brought producer prices down without full compensation by subsidies. Agricultural income actually dropped by 40% in the four years after membership.⁶³ Another clear trend is the increasing average size of farms. In 1990 it was just 17 hectares but in 2005 it was already double that figure. Thanks to economies of scale, the reduced number of farms has nonetheless maintained overall agricultural production at the same levels since the mid nineties.

⁶⁰ OECD in Figures 2006–2007

⁶¹ Statistics Finland

⁶² Järveläinen & al. 1998: Yksityismetsien puunmyyntitulot omistajaryhmittäin ja alueittain (Wood Sales in Private Forests by Owner Group and by Region). Metsätieteen aikakauskirja 4/1998.

⁶³ Agrifood Research Finland



Source: Agrifood Research Finland

Figure 10. Number of farms in Finland (thousands), between 1990 and 2005.

Ireland

Ireland has 4,4 million hectares of agricultural land, which represents 63% of the total area of the country.⁶⁴ Forests cover a modest share of the territory: the 600 000 hectares of forests, correspond to only 9% of land surface, the lowest proportion in the European Union. Irish agriculture is characterised by animal husbandry: 64% of the land is used for pasture and grazing and 27% for silage and hay production. Only the remaining 9% is cultivated by cereals and other crops for human consumption. Barley and wheat are the most popular cereal crops.

Agriculture has seen its share in the national economy dramatically reduced over the years: in 2004 its contribution to gross value added was of 2.5%, as compared to 7.1% ten years before. The number of farms has also been decreasing considerably. Since 1975 the reduction is of 40%. At the same time, average farm size has grown by 45%, being 35 hectares today. Thus total agricultural output has remained fairly stable over these years, thanks to increased productivity. During the past ten years the quickest shift in Irish agriculture has taken place between the dairy farms and beef production.⁶⁵ The number of dairy farms has decreased by 37% whereas beef production is the only farming system that has actually managed to increase the number of production units.

Czech Republic

The total area of the Czech Republic is 7,9 million hectares, of which agricultural land covers 4,3 million hectares (54%), 15 000 less than in 1995. On the contrary, the area of forest land has been growing and now forms one third of the land resources of the Czech Republic. Less favoured ar-

⁶⁴ Central Statistics Office Ireland

⁶⁵ Central Statistics Office Ireland

eas, where natural agricultural conditions are not optimal, represent half of the agricultural land resources.⁶⁶ The contribution of agriculture to gross value added represented 3.3% in 2004, as compared to 4.9% ten years earlier.⁶⁷

Average nominal wages in agriculture lag significantly behind those in other branches of the economy (by 28% in 2004), which can have impact in rural areas where the primary sector still represents a higher share than the national average of 4.3%. In municipalities of less than 2000 inhabitants, the proportion of people employed in agriculture is of 11.1%, showing the importance of maintaining a viable farming sector in small municipalities.

Agricultural enterprises often combine plant and animal production. However, at present animal production contributes to 58% of gross agricultural production. The most important specialisation is in cattle breeding. The second most frequent specialisation is exclusive focus on plant production. Most farmers specialised solely in plant production are wine producers (Southeast, Central Moravia). Cereals have traditionally been the most important crop in plant production. The sowing area of cereals covers approximately half of arable land. Wheat amounts to more than 50%, barley to 30%.

The present ownership structure in Czech agriculture developed fast at the beginning of transition, in 1990–95. This was caused especially by restitution claims, the sale and transformation of agricultural co-operatives and the privatisation of state-owned farms. Enterprises with more than 50 hectares of agricultural land account for 92.2% of entire agricultural land under cultivation (average size of agricultural enterprises: 71 hectares). Today Czech farms, called “agricultural enterprises”, enjoy a bigger size and better business focus than their counterparts in other new EU member states. On the reverse side the indebtedness of Czech farmers remains relatively high although it has been reduced in recent years.

2.3.2 *Summing up*

It is in Finland, the country with the largest land area that the proportion of cultivated and arable land is the lowest, as compared to Ireland and the Czech Republic, but climate (most of agriculture is concentrated in southern Finland) explains this. On the other hand, Finland appears, by far, as the country where forest dominates the landscape (78%, most forested in Europe), whereas in Ireland, forests represent a mere 9%. Arable land in Ireland and the Czech Republic represents more than 4 million hectares, twice as much as in Finland. It is in the Czech Republic that the percentage of cultivated land is the highest, at 26% (see Table 7). Cereals dominate agriculture in Finland, whereas in Ireland 64% of agricultural land is used for pasture and grazing. In the Czech Republic, animal production represents 58% of agricultural output.

⁶⁶ National Strategic Rural Development Plan of the Czech Republic for the period 2007–2013, Ministry of Agriculture, 2007.

⁶⁷ OECD in Figures 2006–2007.

Table 7. Cultivated, arable and forest land in case countries.

Mill. ha (% of total)	Finland	Ireland	Czech Rep.
Cultivated land	2,0 (5%)	0,4 (6%)	2,1 (26%)
Arable land	2,3 (6%)	4,4 (63%)	4,3 (54%)
Forest	28,1 (78%)	0,6 (9%)	2,6 (33%)

Source: Agrifood Research Finland, Central Statistics Office Ireland, National Strategic Rural Development Plan, Czech Republic.

Looking at the rural features of each country in terms of share of agricultural landscapes, it is clear that these are strong in each case: arable land represents more than half of the land surface in Ireland and the Czech Republic whereas in Finland the more modest share of agricultural land is counterbalanced by the very large share of forests (and a wood sector representing around 8% of GDP). On the other hand, the contribution of agriculture in the three countries to gross value added has been rapidly diminishing, meaning that agriculture and rural equate less and less, although the primary sector is still perceived as a major component of rural areas. In Finland, this contribution was of 3.1% in 2004, in the Czech Republic 3.3% for the same year and 2.5% in Ireland. In 1995, the percentages were respectively 5.1, 4.9 and 7.1, showing a particularly rapid decrease in the case of Ireland.

In all three countries, these evolutions of agriculture have translated into a decrease of the number of farms and a correlative increase in their average size. The strongest concentration has occurred in Ireland (40% less farms since 1975). The average size of farms in that country is now quite comparable to Finland (respectively 35 and 34 hectares). In the Czech Republic, sale of State farms and privatisation of co-operatives has not significantly reduced the average size of farms, which stands today at 71 hectares, remarkable for a country of that size, now boasting true "agricultural enterprises".

2.4 Governance

2.4.1 Governance frameworks

Finland

The Ministry of the Interior is in charge of regional policy in Finland, but many other ministries also play an important role. The Ministry of Agriculture and Forestry co-ordinates rural policy, with the Ministries in charge of Trade and Industry, Labour, the Environment and Education, to mention only a few, also playing a decisive role in the well-being and development of rural areas. In a sectoral decision-making system, a crucial question for the countryside is to know if the sectors are playing the same game or not. In Finland the policy response to this major co-ordination challenge was the creation in 1988 of the Rural Policy Committee, a working group chaired by the Ministry of Agriculture and Forestry, bringing together the main ministries with sector-based de-

cisions and initiatives affecting the countryside. The Committee serves as a rural impact assessment tool aiming to minimise possible negative impacts of governmental decisions on the countryside while best maximising positive outcomes by seeking value-added synergies.

Rural development is overseen in Finland by the Ministry of Agriculture and Forestry. It has five departments, of which the Department of Agriculture is the biggest and most influential. The Policy Division as well as the Executive Division are both located in the Department of Agriculture. The Policy Division works as a managing authority of the rural development programmes including agriculture, whereas the Executive Division acts as a paying authority. Agricultural support through the department amounted to some 1.900 million Euros in 2006. Rural development programmes, like LEADER, with a 31 million Euros annual budget, seem to have a rather marginal role on the agenda, but as developed in chapter one, the impact of LEADER cannot be measured strictly in financial terms. However, having agriculture and rural development measures managed by the same department and competing for resources can sometimes entail difficult choices.

The regional level administration was organised in a more cross-sectoral fashion when Finland joined the EU in 1995. Employment and Economic Development Centres (TE Centres) were established in each of the 15 regions on the NUTS 3 level, bringing together the departments of three ministries: Agriculture and Forestry; Trade and Industry; Labour. The departments however have a fairly independent role within TE Centres even if their mandate is one of co-ordination. The Department of Agriculture and Forestry administrates the regional rural development strategy and programme, having the administrative and supervisory role over the LAGs in the region. The Regional Rural Committee, established in 2000, bringing together the private sector, the public sector and NGOs steers the department and regional rural policy making. Yet, in many regions its role appears somewhat symbolic in comparison to individual civil servants' decision making power, as stated in the interim evaluation report of the Regional Rural Development Programme.⁶⁸

The 20 Regional Councils in Finland actually are bodies bringing together municipalities, through their elected representatives on a regional level. These are officially in charge of regional development strategies, supervised and co-ordinated by the Ministry of the Interior. In a recent development (2005), sector ministries must define regional strategies in their area that are linked with the regional development plans adopted by the Councils. The Council is a self governing body hosting a cross-sectoral Co-operation Working Group. This group appears much more influential in regional policy steering and funding allocations than the Regional Rural Committee.

As previously indicated, Finland has 432 municipalities (NUTS 4 level), which are basic local administration units with tax gathering rights, politically elected councils and a legal obligation to

⁶⁸ Keränen & al. 2004: Alueellisen maaseudun kehittämissohjelman (ALMA) väliarviointi (Interim Evaluation Report of Regional Rural Development Program). Ministry of Agriculture and Forestry.

offer public services to residents in the areas of social services, health care, education and roads in particular. The municipalities are overseen by the Ministry of the Interior, which strongly encourages the smallest municipalities to merge into bigger ones, with multiple programmes and incentives over the past few decades. The state contribution to the municipal economy (block grants) has however been steadily decreasing, leaving the smallest municipalities with the difficult task of providing all the public services required, which is now usually carried out by Joint Municipal Boards permitting to attain certain economies of scale. The national Municipal Service Renewal Project has accelerated the speed of merging during the last few years and it is even predicted that Finland will have 100 municipalities less in a few years time.

Even in areas where rural municipalities have managed to maintain their independence, they have been obliged to engage also in sub regional co-operation in various sectors of economic development. Business consulting and development as well as health care services are typical examples of sectors where cross-border co-operation is well-established and works well. LAGs that work on a sub regional level have brought their valuable contribution to this. An ideal LAG is not only a bridge builder between the grass-roots level and regional administration but also helps to overcome geographical and organisational borders. The mainstreaming of LAGs in national rural policy has resulted in an extension of their role on a sub regional level: they not only take care of the LEADER programme but they also contribute to design and implement a number of other initiatives, such as sub regional municipality strategies for example.

Another major actor in rural development in Finland is the Village Movement. It is the largest rural individuals' and communities' counterpart for public governance in Finland. Its creation was triggered by an academic study in 1976 and since that it has quickly evolved to include around 3900 rural communities today. The Movement believes that every village can engineer its own future by playing an active role in civil society. Some 2800 communities have officially registered as Village Development Associations, which design and implement village development plans, interact with the public and enterprise sectors and run local development projects. The annual turnover of local actions taken by the village associations is about 33 million Euros, with some 90% coming from public sources like LAGs. The government awarded the movement, also organised on the state and regional level, a direct state budget contribution for the first time in 2003. In the light of the smallest and most remote municipalities' financial challenges, the role of the movement seems to be ever-increasing. Of course the shift from midsummer party organiser to public service provider constitutes a challenge requiring commitment and capacity building, but sometimes this shift is the only option to maintain the village viable.

The expert interviews conducted in the process of this report also revealed a strong trust in the Village Movement, giving it a mark of 8.3 (on a scale from 4 to 10). As expected, distinct views were expressed between the different level actors in terms of rural policy governance. Local level actors appeared most concerned about the unintended effects of sector policies. On the other hand, central level actors called for stronger political commitment and lobbying from the grass-

roots level. Putting things in perspective, all agreed on the need for closer cross-sector co-operation between all administration levels as well as the re-structuring of municipalities.

Ireland

In Irish central administration, ministries are called departments. Rural development is separated from agricultural administration and governed by the Department of Community, Rural and Gaeltacht Affairs (DCRGA), which is unique in Europe. The Government established the Department in 2002, and a year later also a full Minister position was appointed for rural development. This arrangement has ensured independence of rural development from agricultural governance and lobbying. It has also made the allocation of the development funds and other resources more fair. From the OECD perspective, this can be considered as an important step towards recognition of the new rural paradigm.⁶⁹

The main focus of the DCRGA is fostering rural, local and community development, but it also takes care of maintenance and promotion of the Irish language, co-operation with Northern Ireland and other issues.⁷⁰ This department has seven regional offices through which the LEADER+ programme is administered. The Department of Finance governs all EU Structural Funds. The Department of the Environment is in charge of sustainable development and environmental protection. For rural development, the Department of Agriculture works as a paying organisation. In spite of the leading role of DCRGA, other departments are also active in matters pertaining to the countryside. A cross-sector body has thus been created in 2002 to co-ordinate rural policy and monitor the impacts of central level decision making on the countryside: the Rural Development Forum.

Below the national level, Ireland is divided into two NUTS II regions only:⁷¹ the corresponding Regional Assemblies manage regional operational programmes within the Irish National Development Plan, monitor the impact of EU programmes in their region and promote co-ordination of public services. At the NUTS III level, the country is divided into seven regions: these co-ordinate the development of economic, cultural and social strategies and also ensure functions relating to physical planning. In this area, the NUTS III level authorities play a key role in the Irish National Spatial Strategy by preparing guidelines that constitute the reference for local authority development plans.

The basic local administration unit in Ireland (NUTS 4 level) is the county. The country is divided into 26 counties. Below the county level, 85 cities and towns have their own local councils (5 City Councils, 75 Town Councils, 5 Borough Councils). Irish regional governance is straight-forward. Although the NUTS II and III levels play a fundamental role in EU structural fund strategies and

⁶⁹ The New Rural Paradigm, Policies and Governance, OECD, 2006.

⁷⁰ Many Communities – A Common Focus. Department of Community, Rural and Gaeltacht Affairs. 2006.

⁷¹ South and East Region; Border, Midlands and West Region.

in physical planning, Departments discuss directly with the 26 counties, that comprise elected councils. These possess a company tax gathering right but private persons pay only state taxes. Most of capital expenditure is financed by State grants but current expenditure is covered through local fees and rents, completed by State subsidies.

The numerous national programmes and development initiatives are problem based and often very specific. Alongside local government, civil society has adopted an active and extensive role in their implementation, often openly supported by the central Departments. The Scheme of Community Support for Older People for example is “designed to direct funding to initiatives by local and voluntary community groups to improve the security of vulnerable older people (over 65) in their homes. The scheme provides funding towards the one-off cost of installing socially monitored alarm systems, security equipment and interior emergency lighting for older people living on our offshore islands”.⁷²

It is a fact that the civil sector in Ireland is omnipresent. The number of partnerships, pressure groups, societies, voluntary community groupings, charities, co-operatives and self-help groups is most impressive in relation to the population of the country. A strong tradition of voluntary third sector work in the Irish countryside was one of the reasons for the quick and successful application of LEADER since its inception. Many Local Action Groups actually existed 30 to 40 years before LEADER became a reality. It is interesting to relate this with the fact that LEADER ideas and principles were fully supported from the beginning by the EU Commissioner in charge of Agriculture at the beginning of the nineties, an Irish citizen (see chapter one). Irish rural NGOs are sector-specific and there is no single organisation representing the villages for example. A voluntary grouping that has a strong influence on LEADER methods is the network of Irish LAGs. It plays an informational but also a political role not only in Ireland but also on the European level, hosting the presidency of the European LEADER Association for Rural Development (ELARD) in 2005–06.

The Irish rural development experts interviewed for this report were, not surprisingly, fairly content with the functioning of their rural governance system. One local level expert raised the issue of conflict between environmental protection concerns and business development, but co-ordination of different interests and activities always remains an issue. The experts gave a creditable mark of 8.6 for the Irish civil sector involved in rural development.

Czech Republic

The Ministry of Regional Development is in charge of the overall definition and co-ordination of regional policy in the Czech Republic. It was initially responsible for rural development and the implementation of LEADER but this policy area was since transferred to the Ministry of Agricul-

⁷² Many Communities – A Common Focus. Department of Community, Rural and Gaeltacht Affairs. 2006.

ture. The Ministry of Regional Development (MRD) works as a co-ordination body as well as a paying agency for EU Structural Funds, within which the infrastructure and environment oriented Cohesion Fund plays a major role in the Czech Republic. The Ministry of Finance has an accrediting and certifying role in relation to the MRD. The Ministry of the Environment administers the Cohesion Fund in regard to sustainable development and environmental management. The Ministries of Trade, Transportation as well as Culture and Heritage also influence rural development. In spite of the existence of many stakeholders, there is no formal co-ordination between the sector ministries from a rural development point of view.

The Czech Republic has seven NUTS 2 level regions that were created in 2001, with the perspective of EU membership. The NUTS II regions do not hold direct sector responsibilities but are responsible for the preparation and follow-up of development strategies (Regional Operational Programmes) in co-operation with the NUTS III level regions and national authorities. Each of these has its own State Agricultural Intervention Fund office, through which rural development programmes are implemented and monitored. The 14 NUTS 3 level regions, self governing bodies, elected for the first time in 2001, carry authority in different policy areas (secondary education, former district hospitals, the environment, secondary roads) but also agriculture.

The country is divided into 6 248 municipalities, which constitute the basic local administration units, with tax-gathering rights together with the state. The average population of a municipality is 1 636 inhabitants but on the other hand more than half have less than 390 inhabitants. The Municipality's elected council carries legal responsibility to offer public services to residents (social services, health care, education, technical infrastructure etc.). Since 1998, a national level Rural Renewal Programme has supported the voluntary co-operation of municipalities to solve their common problems. Today, around 500 unions of municipalities (micro-regions), cover about 70% of the territory of the Czech Republic. The fields of inter-municipal co-operation most commonly developed in micro-regions include village renovation, care of historical monuments, tourism infrastructure, child care and transportation.

The EU pre-accession programme SAPARD launched in the Czech Republic in 2002 helped diversify this inter-municipal co-operation. Under the initiative, the fore-mentioned voluntary groupings of municipalities built up various technical infrastructure, especially sewage treatment plants and waste disposal sites. Tourism and business development also received increased attention. In addition, SAPARD supported the preparation of the bottom-up development strategies of micro-regions⁷³, which levelled off the road for the LEADER approach in about half of these, on the basis of increasing citizen involvement.

The emergence of civil society in the Czech Republic and particularly in the countryside is a rather new phenomenon, as the previous regime opposed bottom-up development or grassroots level empowerment. 17 years after the Velvet Revolution many sector-specific NGOs exist, even in

⁷³ Moravska Trebova-Jevicko (micro-region), Territorial Review, OECD, 2002.

peripheral rural areas: sports clubs, firemen brigades and hunters' clubs are good examples. The Association for Rural Renewal and the Rural Observatory work on a national level, providing training and advice to different local associations. Also, local NGOs focusing on rural development were created at the beginning of transition, which explains that the establishment of LAGs was by far the fastest within the ten new member states that joined the EU in 2004.

The rapid evolution of rural civil society was also recognised by the interviewed Czech rural development experts, giving a mark of 8.6 (on a scale from 4 to 10) to their active villages. In overall rural policy governance terms, the experts were most worried about the absence of co-ordination between the sector ministries and development programmes. Large "white" territories on the Czech map that fall outside of all rural development initiatives also deserve a careful look. In national politics, agriculture is considered too dominant, taking some 80% of the new rural development programme funds for 2007–13. Local level experts also called for better evaluation of project applicants' profile in terms of long range commitment to sustainable rural development.

2.4.2 *Summing up*

The governance frameworks in Finland, Ireland and the Czech Republic, although somewhat different, present a certain number of common features in terms of rural governance and best practices in this area (see Box 1). In Finland, the Ministry of the Interior is in charge of regional policy; in the Czech Republic, the Ministry of Regional Development assumes that responsibility, whereas in Ireland the Department of Community, Rural and Gaeltacht Affairs (DCRG) oversees this policy area. In Finland and in the Czech Republic, the administration in charge of agriculture is also responsible for rural development, which is not the case of Ireland, where these matters are covered within DCRG. Co-ordination in rural policy was formalised in Finland as early as 1988 with the creation of the Rural Policy Committee and more recently in Ireland with the Rural Development Forum. In the Czech Republic however, no formal mechanism exists in this area.

The prerogatives of NUTS II regions in the three countries are somewhat similar, as they essentially serve the purpose of defining strategic development plans linked to EU programmes and financing. Those of the NUTS III regions differ somewhat, with the strongest efforts to bring together regional strategies and the regional policies of sector ministries made in Finland, where each of the latter must define regional objectives that are then blended into those of the regional councils. The NUTS IV level framework is quite different from one country to another: Finland has only 432 municipalities, as compared to 6 248 in the Czech Republic and the 26 counties, with 85 cities and towns existing in Ireland. Inter municipal co-operation appears strong in Finland (Joint municipal boards) and in the Czech Republic (micro-regions). In all three countries, civil society in rural areas plays an active role. In Finland it is embodied by the Village Movement, in Ireland by a strong tradition of citizen involvement and in the Czech Republic, new freedom was grasped to accelerate local initiative, as pre-accession programmes such as SAPARD showed.

Box 1: Best practices of rural governance in the case countries

- Independent Ministry for Rural Development in Ireland
- Cross-sector Rural Policy Committee on central level in Finland and Ireland
- Cost-effective sub-regional co-operation of municipalities in Finland and Czech Rep.
- Effective, responsible and influential civil sector in all countries

2.5 Policies

2.5.1 Rural programmes and projects

Finland

“The Rural Campaign” initiated by the European Council in 1988 can be seen as the starting point of an independent, organised rural policy in Finland.⁷⁴ This process helped to create a new awareness among political decision makers concerning rural development issues and launched the planning of the first Rural Policy Programme as well as the first national rural development projects, many of which were helping the country meet EU membership requirements.

The Finnish rural policy doctrine is defined within the Regional Development Act of 2002, acknowledging that even well functioning growth centre development is not sufficient, because there are logistical problems of reaching out to all rural areas, and because some peripheries have experienced the opposite of a “trickling-down effect” by urban growth processes.⁷⁵ The complementary “rural” doctrine, aiming to stimulate growth in rural areas, was implemented as the Rural Policy Programme, a “special programme” within the Regional Development Act. The 4th Rural Policy Programme was approved by the Finnish Government, for the period 2005–06.⁷⁶

In the Finnish rural policy framework the national Rural Policy Programme is regarded as a *narrow* (i.e. targeted) policy instrument, while the *broad* policy instruments are in the hands of sector Ministries (see 2.5.2). Other narrow, cross-sector instruments consist of the Government’s other “special programmes” and Policy Programmes, including the Regional Councils’ Programmes and also the EU Structural Funds Programmes. The major actors here are the Rural Policy Committee itself, the Village Movement and the Local Action Groups. The European Agricultural Guidance and Guarantee Fund (EAGGF) backs up the most important EU funded rural development programmes like the Regional Rural Development Programme and the LEADER+ programme. The mainstreaming of Local Action Groups in Finland was made possible as early as 2000 not only through LEADER+ but also two other EU funded programmes as well as the na-

⁷⁴ Viable countryside – our joint responsibility. Rural Policy Committee 2004. Rural policy programme 2005–2008. Summary.

⁷⁵ OECD Territorial Reviews, Finland, OECD 2005, from which parts of this section are extracted.

⁷⁶ Viable countryside – our joint responsibility. Rural Policy Committee 2004. Rural policy programme 2005–2008. Summary.

tionally funded POMO+ programme, applying to areas that did not fall precisely within LEADER funding criteria .

Thanks to the cross-sector Rural Policy Committee, rural programmes have been fairly well co-ordinated on the national and EU levels. Local level co-ordination is often complicated by an extensive offer of different programmes and project funding: the same sub-region may participate at the same time in rural programmes, urban programmes, research and development programmes as well as internationalisation programmes. In such a “jungle” of programmes, the most coherent regions and sub-regions manage to prepare “umbrella” strategies to identify and co-ordinate key projects better than others that have been running more scattered project baskets. The next national Rural Policy Programme is addressing the issue by promoting the idea of sub-regional rural development programmes and by putting a stronger focus on regional rural policy making.

The expert interviews defined 8.2 as a mark of Finnish rural programmes (scale 4–10). The most satisfied was the central level whereas the local level called for better programme co-ordination and less bureaucracy. Local Action Groups were unanimously seen as the most promising new form of governance, supporting local initiative and participation of citizens. As one of the interviewees put it, LEADER programme have been turning the countryside from authority governance towards citizen governance.

Ireland

Irish rural development programmes have traditionally targeted the most lagging rural regions. The comprehensive CLÁR programme, initiated in 2004 and administered by the Department of Community, Rural and Gaeltacht Affairs is a good example.⁷⁷ It is an investment programme for the disadvantaged rural areas that have suffered more than a 50% drop in population since the foundation of the State in 1916. After an extension in 2006, both in area and budget, it now covers parts of 21 of the 26 Irish counties and all of County Leitrim. The population thus targeted represents 727 000 people, which represents 17% of inhabitants in Ireland. CLÁR schemes cover a wide variety of developments such as village, housing and schools enhancement, community and coastal projects, but also infrastructure (electricity conversion, roads, water supply, sewerage disposal), health and sports.

The Rural Social Scheme is another extensive rural development programme⁷⁸, introduced in 2005 by the Department of Community, Rural and Gaeltacht Affairs. The scheme aims to provide an opportunity for low-income farmers and fishermen to earn supplementary income and to provide certain services of benefit to rural communities. A broad range of work projects cover the

⁷⁷ Many Communities – A Common Focus. Department of Community, Rural and Gaeltacht Affairs. 2006.

⁷⁸ Many Communities – A Common Focus. Department of Community, Rural and Gaeltacht Affairs. 2006.

following categories: energy conservation, village and countryside enhancement, social and community care, environmental and community maintenance, cultural and heritage projects as well as maintaining foot-paths and trekking trails.

Ireland implemented the LEADER programme since its introduction in the EU in 1991. After starting with 17 pilot LAGs, the National Rural Development Fund (RDF) ensured successful mainstreaming of the initiative to cover the whole country by 1995 (36 LAGs).⁷⁹ Supported by the Fund, the so called “Area-based Rural Development Initiative” was designed to operate at the local level and provide funds for area-based local groups with a tripartite structure (local government, civil society, private sector). The local development plans financed for these areas cover administration, animation, training, rural tourism, local crafts and services, alternative farm enterprises (including small food processing) and small scale environmental activities. This initiative opened the way towards development of a specific feature of Irish LAGs: today they do not only implement the LEADER programme as in other countries, but they are also responsible for other local initiatives, giving them a strong co-ordination role in the sphere of local development. As municipalities and local governance structures have lesser powers in Ireland, LAGs have had more room to extend their operations than in other countries.

Several more sector specific rural development programmes also exist in Ireland. The Community Development Programmes, the Local Development Social Inclusion Programme and the Farm Electrification Grant Scheme under the Department of Community, Rural and Gaeltacht Affairs are good examples⁸⁰. Regarding the high number of initiatives the Irish rural development experts interviewed considered that overall co-ordination was fairly good. On the national level the cross-sectoral Rural Development Forum appears as a crucial body from this point of view. On the county and local levels different working groups take care of these co-ordination tasks. The Irish experts were also quite happy with the rural policies and programmes in general terms, giving these a mark of 8.1.

Czech Republic

The first rural development programme in the Czech Republic was launched as early as the second year after the Velvet Revolution, namely the Rural Renewal Programme, in 1992.⁸¹ The programme adopted an integrated policy approach in 1998 and started to achieve promising results. The nationally funded programme, that is governed by the Ministry of Regional Development, has supported inter-municipal co-operation and the emergence of micro-regions. The annual total budget for micro-regions’ projects has been about 20 million Euros, whereas the average budg-

⁷⁹ Operational Programme for LEADER II Community Initiative. Ex post evaluation. Department of Agriculture, Food and Rural Development. 2000.

⁸⁰ Many Communities – A Common Focus. Department of Community, Rural and Gaeltacht Affairs. 2006.

⁸¹ National Strategic Rural Development Plan of the Czech Republic for 2007–2013, Ministry of Agriculture, 2007

et of an individual project is some 40 000 Euros. The first steps towards LEADER were also taken under the Rural Renewal Programme.

The European Union pre-accession programme SAPARD provided an annual contribution of seven million Euros for Czech agriculture and countryside development in 2002–2006. The programme mostly concentrated on agriculture but also included measures like “renewal and development of villages and rural infrastructure” and “development and diversification of economic activities supporting the alternative sources of income”.

The Ministry of Agriculture started with the Operational Programme for Rural Development and Multifunctional Agriculture in 2004, aiming to adapt Czech agriculture and the countryside to EU requirements within the following two years. Some 250 million Euros were invested in competitiveness of agriculture by increasing labour productivity, added value and product quality. A key aspect was to decrease and remove the negative impact of agricultural production on the environment. LEADER+ appeared as a sub-measure of the programme. The selection of LEADER+ LAGs took place at the end of 2004. Out of 30 applications the ten best LAGs received funding.

Just before LEADER+, the Ministry of Agriculture launched a pilot called LEADER CR Programme by which it supported the 14 most capable LAGs with a budget of some 200 000 Euros. The pilot LAGs were supporting investment projects of communities, agricultural entrepreneurs and NGOs. The national LEADER CR Programme, still ongoing alongside LEADER+ and preparations for the 2007–13 programming period, has three focus areas:

1. improving the quality of life in rural areas,
2. improving the local economy, environment and production,
3. improving the use of natural and cultural resources.

The rural development experts interviewed for this report also identified as positive, regional programmes like the North-West Moravia programme in the sparsely populated mountainous northern parts of the country. All experts agreed about inadequate co-ordination between the different initiatives (i.e. there is no formal co-ordination mechanism at the national level). They stressed that on the other hand this is in some cases alleviated by skilful local level applications that prevent overlapping activities and ensure the best utilisation of each individual programme. However the overall mark for rural development programmes – 6.6 – fell far below the one for rural civil society. The most critical were the central level experts themselves.

2.5.2 Sectoral policies

Finland

The Finnish rural policy framework defines sector Ministries and their programmes and decisions as *broad* policy actors and instruments. Direct decisions on employment, the environment,

agriculture and education, amongst others, often have stronger and more immediate impacts than *narrow* policy instruments (see 2.5.1). The cross-sector Rural Policy Committee, where all relevant Ministries are involved, is an attempt to co-ordinate broad rural policy. However Finland is still far away from a systematic Rural Impact Assessment (RIA) procedure, where major sector decisions affecting the countryside would be evaluated from the rural point of view, the same way than e.g. in Environmental Impact Assessments (EIA). Such an RIA procedure could help in preventing decisions with unintended negative impact and strengthen the positive ones.

Currently some sector decisions often cause surprising and unintended effects on the countryside. One recent example is an initiative taken in 2006 to pay a 700 Euro “moving subsidy” to an unemployed person who would leave his home region and move to another municipality for a job. The purpose of course was to address the shortage of labour in the biggest cities and the regional growth centres, but the longer term consequences for the high-unemployment rural municipalities especially in Eastern and Northern Finland were ignored. One can in effect ponder whether it would have not been more advisable to retrain unemployed persons or finance the creation of new jobs rather than encourage out-migration.

The expert interviews revealed a major concern relating to small rural schools and the road network, when talking about the unintended effects of the sector decisions. Both have been suffering due to reductions in the budgets of the Ministry of Education and the Ministry of Transport and Communications. Closing down village schools and letting roads deteriorate leads to infrastructure losses that next generations may find difficult to recover. Australian policy offers here an interesting approach: all public service closures must be locally debated before being decided, meaning that the possibility of re-examining the case stays open, if local opposition is organised and grounded on solid motives.

Ireland

In Ireland the Department of Community, Rural and Gaeltacht Affairs, the Department of Agriculture and Food and the Department of the Environment make the most influential decisions affecting the countryside. Rural Impact Assessment of decision-making does not follow such strict guidelines as Environmental Impact Assessments, but the Rural Development Forum seeks to identify the impact of sectoral policies, so as to avoid negative externalities. Policy areas that the Rural Development Forum might have to investigate in the future are: reforestation that interviewed experts claim to be endangering the traditional open rural landscape and strict environmental policies that can create, in their view, difficulties for business development.

The main concern of the Irish experts interviewed relate however to agricultural policies. According to their views, strong lobbying by the Irish Farmers’ Association together with the dominant role of the Department of Agriculture and Food in rural issues has resulted in broad support of only one of the mainstays of the rural economy, one that has seen its share in local revenue and employment diminishing as elsewhere. This is of course a pretty familiar picture in many EU

countries. As one of the interviewees stated, Ireland is already producing ten times more beef than it can consume, the surplus being dumped on the world market at exceptionally low prices thanks to generous subsidies to farmers.

Czech Republic

The Czech Republic has no formal co-ordination between sector ministries from a rural development point of view. The Ministries of Regional Development, Agriculture and the Environment are those whose decisions have the most significant impacts on the countryside. By definition, their direct policy concerns usually address most needs of rural areas: regional development normally integrates broader rural development objectives, agricultural policy is opening up more than in the past to rural development perspectives and preservation of the environment improves the quality of life in rural areas. However, other national stakeholders are not necessarily guided by territorial development criteria but rather by budgetary considerations.

School closures or a reduction of funding for small rural schools are a typical example from this point of view and the Czech Republic is no exception to a phenomenon that affects other countries including those, such as Finland and Norway, where specific efforts are made to maintain a good level of public services in the countryside. In the Czech Republic, the Ministry of Education has been cutting down financial support to village schools in recent years, as funding is linked to headcount. On the other hand, urban municipalities run campaigns and offer various economic benefits to attract new inhabitants from the surrounding countryside so as to maximize state funding, which depends on the size of their population.

All Czech rural development experts interviewed for this report called for stronger central level adjustment of policies and decisions affecting the countryside. According to their view the present decision making process leads to many unintended effects in rural areas. It is a fact that neither rural development policy, nor regional development policy are co-ordinated in a formal fashion in the Czech Republic, meaning that these tasks, which are time consuming, cannot easily be dealt with in an adequate fashion, insofar as lack of sufficient human resources create a further obstacle to the harmonisation required. It appears that the institution of a national level forum or of some form of Rural Impact Assessment in the Czech Republic would constitute a useful measure to improve the overall efficiency of policy delivery in rural areas.

2.5.3 *Summing up*

Looking at the points in common and the differences between the three case study countries one remarks two features that come out strongly as being well shared: the overall impact of EU membership and EU policy on rural policy shaping on one hand and the remarkable development of LEADER, in which the three countries appear to be amongst the top European proponents. EU membership has come along at different dates for the three countries (1973 for Ireland; 1995 for Finland; 2004 for the Czech Republic) but EU policy early inspired in each case different rural

policy initiatives. In Finland, the European Council “Rural Campaign” initiated in 1988, inspired rural policy making even before membership. In Ireland, EU structural funds, in particular in rural areas, are one of the bases on which the country built to restructure its largely farm-based economy. In the Czech Republic, the 2004 Operational Programme for Rural Development and Multi-functional Agriculture, paved the way for the restructuring of the rural economy. LEADER, early adopted in the 3 countries, is mainstreamed in Ireland and Finland.

All three countries put strong focus on rural development but with distinct features and different governance mechanisms: their best practices are resumed in Box 2 below. Finland appears to be the country where rural policy is the most integrated into regional policy concerns, with the clear distinction between broad and narrow regional policy. In Ireland, emphasis is put on lagging areas and on low income earners in rural areas whereas in the Czech Republic the Rural Renewal Programme seeks in particular to encourage inter-municipal co-operation within micro-regions. In the field of policy co-ordination and rural impact assessment, the situation of Finland and Ireland on one hand and the Czech Republic on the other appears quite different. The former have implemented national level co-ordination mechanisms (Rural Policy Committee; Rural Forum) that are instrumental in developing holistic rural development strategies, whereas in the latter, co-ordination remains informal and, hence, lesser developed and on an ad hoc basis. On the other hand, even in the first two countries strict sector concerns are not always easily over-ridden, but the existence of a co-ordinating body certainly helps to focus attention on contentious issues that might have been otherwise overseen.

Box 2: Best practices of rural policy and development programmes in case countries

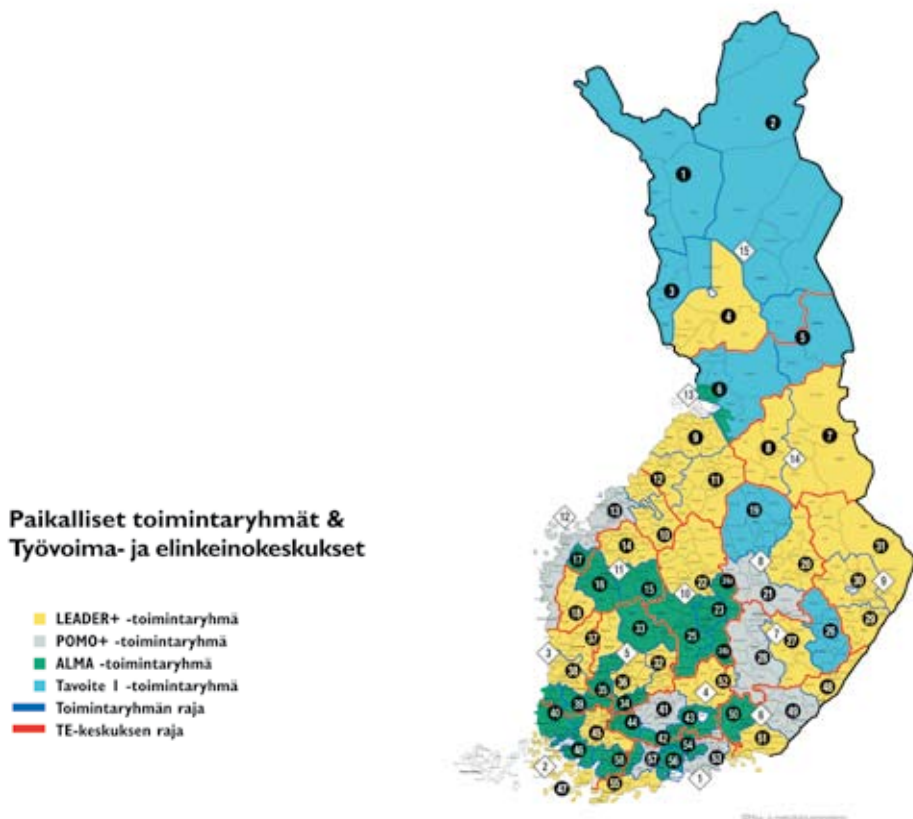
- The Government-approved “special” Rural Policy Programme in Finland
- Good central level programme co-ordination in Finland and Ireland
- Mainstreaming Local Action Groups in Finland and Ireland
- Successful extension of LAGs’ duties and local development role in Ireland
- Quick “catching up” in Czech Republic after the Velvet Revolution and piloting LEADER by national funds

CHAPTER 3: LEADER IMPACT

3.1 Coverage

3.1.1 Finland

The first 22 Local Action Groups (LAGs), in the LEADER II programme, were approved in 1997, that is to say only two years after Finland became an EU member. In parallel to LEADER II, the nationally funded POMO programme covered the funding of 26 other groups. These 48 first LAGs covered two thirds of the Finnish countryside. Based on the first positive outcomes and on the experiences from the first three years, LAGs were then mainstreamed to become major players in the following EU programming period, 58 of them practically covering the whole country in 2002 (Figure 11). The yellow colour on the map marks the actual LEADER+ LAGs whereas the other colours represent the Regional Rural Development Programme (green), POMO+ (grey) and Objective 1 (blue) programmes as well as their combinations that have been innovatively used to support the mainstreaming of LAGs. Only urban centres, a few hesitant rural municipalities and the autonomous Åland islands (LAG in 2006) left aside are marked in white.

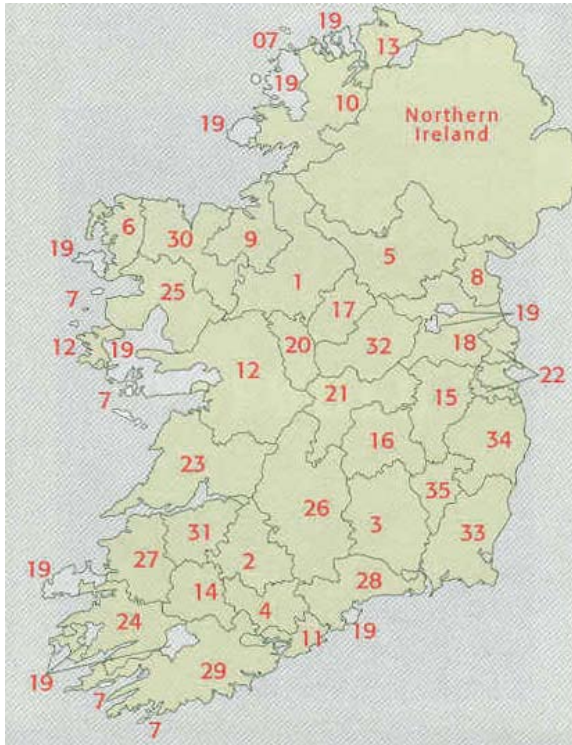


Source: Ministry of Agriculture and Forestry

Figure 11. Coverage of Local Action Groups in Finland in 2000–06.

3.1.2 Ireland

Ireland started with 17 LAGs under the LEADER I programme in 1991.⁸² The amount doubled to 36 in 1995 and progressively covered the whole country during the LEADER II programming period. In 2000–2006 both the amount and the coverage remained practically the same: LEADER+ has been implemented by 22 LAGs and a domestically funded national rural development programme (NRDP) by 13 LAGs (figure 12).⁸³ Irish LAGs had an average of 68 149 inhabitants under LEADER II, with a minimum of 3 051 and a maximum of 134 997 inhabitants.



Source: Department of Community, Rural and Gaeltacht Affairs

Figure 12. Coverage of Local Action Groups in Ireland in 2000–06.

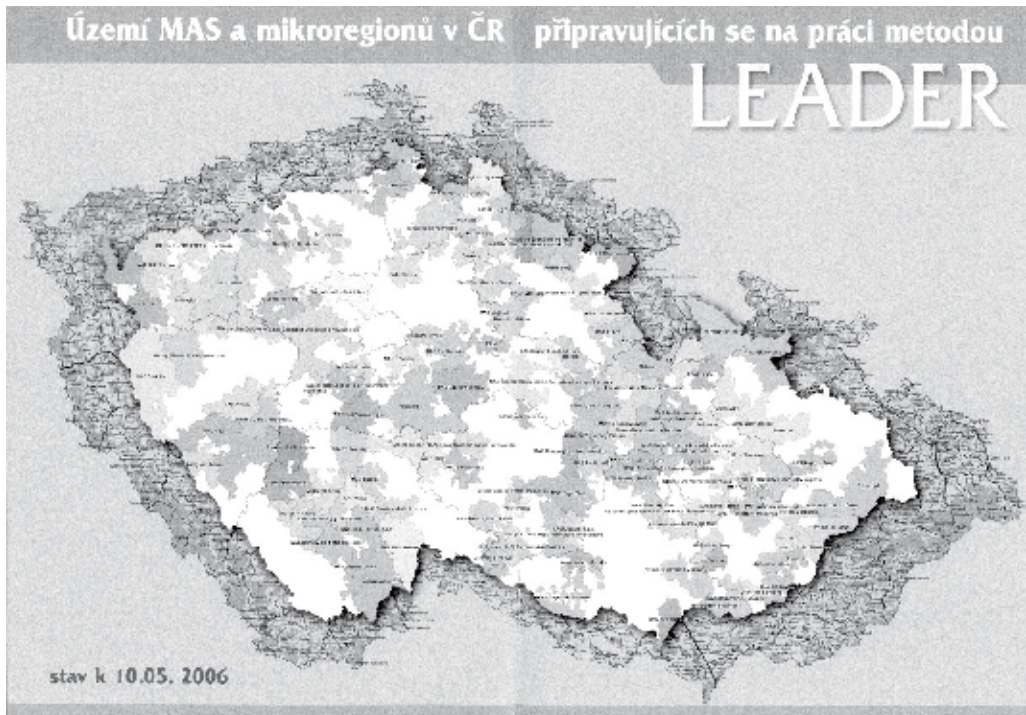
3.1.3 Czech Republic

The Czech Republic was the first country amongst the new EU member states that started with LEADER, as early as 2004, upon accession. This leading position is well in line with the fact that the Czech Republic was an early adopter of LEADER type approaches that the country embraced

⁸² Ex Post Evaluation of LEADER II Community Initiative 1994–99. Final report prepared for the Department of Agriculture, Food and Rural Development. 2000.

⁸³ Mid-Term Evaluation of LEADER+. Phase 1 Report. Department of Community, Rural and Gaeltacht Affairs. November 2003.

through the SAPARD pre-accession programme. The Czech Republic was in 2003 the accession country with the highest number of SAPARD projects approved and with the highest level of EU funding commitment.⁸⁴ The nationally funded LEADER CR first provided funding for 14 LAGs. The same year, preparation for LEADER+ was also opened, attracting applications from 31 LAGs of which ten were selected. The Czech Rural Observatory counts that by the mid of 2006 more than 130 LAGs had been established or were in the process of being created.⁸⁵ Figure 13 shows that these are pretty well spread over different rural parts of the country.



Source: Czech Rural Observatory

Figure 13. Coverage of Local Action Groups in the Czech Republic in 2006.

3.2 The contribution of LEADER

This section aims to investigate the contribution of LEADER to a certain number of policy areas and policy goals with direct impact on rural development that are common to EU countries. The themes identified for this purpose are the following:

⁸⁴ Territorial Review of the Czech Republic, OECD, 2004.

⁸⁵ LEADER. Budoucnost venkova. Czech Rural Observatory 2006.

- Slowing or stopping the rural exodus
- Influencing policies with impact in rural areas
- Increasing public participation and role of civil society
- Capacity building in rural areas
- Creating new jobs and enterprises
- Protecting the environment
- Improving the situation of women and young people
- Spreading innovation
- Fostering transnational co-operation.

These nine themes have been scrutinised by reference to LEADER evaluations in Finland and Ireland⁸⁶ and notes resulting from expert interviews in the three countries that permit to weigh the impact of LEADER in each policy area. The main results of the latter exercise will be mentioned under each heading with reference to Table 14 in the next section, that serves the purpose of synthesising the results by theme and country, thus offering the basis for a certain number of useful findings upon which further analysis can be developed. To understand the issues at stake it is first necessary to present the overall goals of LEADER in each case country.

Finland

The objectives of the Finnish LEADER+ programme can be defined from several viewpoints. The mid-term evaluation report emphasises the pilot nature of the programme by stating that the objective is “to try out new ideas in rural development”.⁸⁷ The Finnish central level expert interviews conducted within the process of the present report gave specific importance to capacity and self-esteem building as well as learning the bottom-up development culture. On the other hand, local level experts emphasised the need for establishing more concrete and quantifiable goals, such as the creation of more new jobs and enterprises.

Ireland

Based on the Irish LEADER+ mid-term evaluation⁸⁸, the programme’s overarching aim is “to encourage and help rural actors to think about the longer term potential of their area. It seeks to encourage the implementation of integrated, high-quality, original strategies for sustainable development designed to encourage experimenting with new ways of 1) enhancing the natural and cultural heritage, 2) reinforcing the economic environment, in order to contribute to job creation; and 3) improving the organisational abilities of their communities”. The Irish experts interviewed saw the LEADER objectives in very concrete terms: creation of new jobs and enterprises, turning

⁸⁶ The Czech Republic only joined the EU in 2004: the short time frame has not allowed for an evaluation exercise.

⁸⁷ Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

⁸⁸ Mid-Term Evaluation of LEADER+. Phase 1 Report. Department of Community, Rural and Gaeltacht Affairs. November 2003.

the population trend upwards, building confidence for the future as well as developing a LAG as an active, area-based development tool.

Czech Republic

In the Czech Republic, LEADER is presented as a way of promoting local partnerships, preparing local development strategies and their subsequent implementation. More specifically, LEADER is to “enable objectives of competitiveness, environment, quality of life and diversification of the rural economy”. The creation of new jobs out of agriculture and the acquisition of skills are also highlighted.⁸⁹ The Czech experts interviewed expressed similar ideas. Capacity building by mobilising rural society, promoting co-operation and partnerships as well as by developing the sense of community was defined as the most significant early objective of LEADER. LAGs are wished to become accelerators of the process, leading to improved quality of life, the environment, know-how and markets for local products. New jobs are seen as the most important quantitative indicator in the long run but not a priority in the beginning.

3.2.1 *Slowing the rural exodus or helping to reverse trends*

Finland

In spite of the positive results of LEADER+, the population of most rural parts of Finland has continued to decrease. Between 1999 and 2004, the decrease was 2.7% in the territories of LAGs located in core rural areas and 7.7% in LAGs that are situated in sparsely populated rural areas.⁹⁰ A positive sign is however that in comparison to the period 1994–1999 the speed of decrease has been slowing down. Also, the LAGs situated close to urban areas are now winning population, at an average rate of 3.1% between 1999 and 2004.

The Finnish expert interviews clearly showed that it would be unrealistic to expect that LEADER alone could change the population trends – it needs the support of sector decisions as well as other narrow policy instruments. The short time perspective is another issue: a more reliable picture could certainly be drawn after three EU programming periods. The interviewees agreed that it is most likely to consider that LEADER will continue contributing to population growth in rural areas close to cities, also extending these winning areas, while slowing down population losses in the most deeply rural areas, with in some cases a slight reversal of trends as the following example illustrates.

⁸⁹ National Strategic Rural Development Plan of the Czech Republic for the period 2007–2013.

⁹⁰ Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

Box 3: Case project, Drinking Water Cooperative of Illo village, Finland

Applicant: Illo Village Development Association (Vammala Municipality, Finland)

Problem to be solved: Bad quality groundwater resources of the village, bad quality drinking water in private wells, reducing and ageing population

Budget: 5 620,00 Euros for the year 2002

Implementation: the Village Development Association carried out a feasibility study in 2002 to evaluate establishing a Drinking Water Co-operative in the village. A local student was hired to interview all villagers from door to door. At the end of the study, the confirmation of inhabitant's expectations and of technical feasibility led to the establishment of the Co-operative.

Results: The Drinking Water Co-operative launched a 1.2 million Euros investment project in 2003 with municipal, Ministry of Environment and private funds to link Illo village to the municipal water pipeline network 14 kilometres away. Sewage water pipelines were built at the same time.

Impacts: Illo residents got better quality drinking water and a more efficient and ecological system of gathering sewage waters two years after the launching of the feasibility study. The living conditions of a distant village were remarkably improved and new, young families have been moving to the village.

Source: Joutsenten Reitti LAG, Finland

Ireland

Ireland has experienced a rapid population growth over the past decade that concerns both urban and many rural areas.⁹¹ Between the two population censuses in 1996 and 2002, the rural population of the country grew by 4.3%, while the urban population grew by 10.7%. All Irish counties increased their population but the growth was highest in counties within Leinster, especially in the counties surrounding Dublin. The slowest rates of growth occurred in the more remote counties and those furthest from major cities. The counties with slight decline or with the lowest levels of rural population growth were Mayo (-0.8%) and Kerry (1%) on the west coast. Needless to say, the trend that occurred for each area as a whole reflects the many different trends within the area, and many sub-regional areas within the LAG catchments will have experienced population declines. The extent to which LEADER has contributed to rural population growth can best be measured by its generation of new jobs.

Czech Republic

The National Strategic Rural Development Plan of the Czech Republic for the period 2007–2013 states that LEADER projects are expected to act favourably on demographic patterns in rural ar-

⁹¹ Mid-Term Evaluation of LEADER+. Phase 1 Report. Department of Community, Rural and Gaeltacht Affairs. November 2003.

eas through diversification of the economy and the creation of new jobs. On the other hand, the Czech experts interviewed were the most sceptical from the three countries about the programme's ability to have an impact on prevailing population trends (See Figure 14). In the Czech Republic rural depopulation is today most severe in the border regions with the highest levels of unemployment, the "most rural" regions like Vysočina (highland area east of Prague) and the smallest municipalities.

3.2.2 *Influencing national policies*

Finland

To understand the impact of LEADER in Finland, it is useful to recall that a "culture of consensus" prevails in the country, meaning that to achieve this normally requires a step by step approach, which is usually rather lengthy. Considering the fact that caution, not to say conservatism, often characterises rural policy thinking in many countries, it is all the more remarkable that LEADER has been so widely accepted and quickly mainstreamed in Finland. The mid-term evaluation considers LEADER as "a system innovation that has established itself in the core of Finnish rural policy methods".⁹² The report continues: "LEADER has challenged the traditional hierarchical administrative culture more than other EU Structural Funds programmes, and as a result, development-oriented civil servants are now more abundant in both central and regional governments, capable and willing to deploy and develop network-like administration by partnership. This represents a new kind of governance."

The Finnish expert interviews emphasised the role of the good, verifiable results of LEADER in its quick acceptance. All interviewees agreed that LEADER is one of the main generators of a new rural governance, while it has also benefited from the rapid growth of the Village Movement. One thing LEADER seems to be still missing, according to the interviews, is unanimous and stronger central level political support. Most decision makers, in Finland and elsewhere, still tend to follow the old, agriculture and state driven rural policy paradigm, as defined by the OECD⁹³ rather than follow the wider, more diverse path of rural development. This new rural paradigm consists in particular of a broader, more realistic mix of local operators combined with the close co-operation of the public, private and NGO sectors.

Ireland

On the eve of launching LEADER+ in 2001, Ireland experienced a major institutional change in terms of rural policy when the newly established Department of Community, Rural and Gaeltacht Affairs became its implementing Department. The Irish LEADER+ mid-term evaluation also identifies "the ongoing general approach of more devolved decision making and local participa-

⁹² Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

⁹³ The New Rural Paradigm: Policies and Governance, OECD Rural Policy Reviews, 2006.

tion, which has traditionally involved LEADER, but now involves an increasing number of other locally-implemented programmes and interventions".⁹⁴ Furthermore Ireland is seeing "the ongoing evolution of structures aimed at better integrating local development into local government systems, most notably the establishment of City and County Development Boards, and the preparation and implementation of 10 year county strategies for social, economic and cultural development".

Czech Republic

The possible impact of LEADER on national policies affecting rural areas needs to be measured in the context of deep change in the governance framework and its functioning since the Velvet revolution. There have been major changes in local government patterns, with a significant increase in the number of municipalities⁹⁵, expressing a breakaway from forced amalgamation under the socialist regime. New self-governing NUTS III regions were also created at the start of this decade. These decentralisation trends probably explain the confidence expressed by Czech expert interviewees that LEADER will influence national rural policies (figure 14). The nationally funded LEADER CR is a good example of quick central level adaptability. The experts were especially looking forward that LEADER would disseminate better project evaluation, selection and co-ordination procedures as well as continue encouraging administrative decentralisation.

3.2.3 *Increasing public participation and role of civil society*

Finland

Based on the LEADER+ mid-term evaluation, the bottom-up principle, networking and local partnership in decision-making are the LEADER characteristics that have been best implemented in Finland.⁹⁶ Different participatory meetings and information dissemination events concerning LEADER have reached in average one fifth of the LAGs' population. This has been supplemented by extensive visibility in the local media, especially local newspapers. The projects have stemmed from the inhabitants' and communities' true needs, the applicants have been primarily local actors and the projects have been implemented at the local level.

Of the various impacts assessed here, the Finnish expert interviews gave the highest grade for LEADER's impact on public participation (Figure 14). The empowerment of rural people and the bottom-up development culture have generated local "creation networks" in the countryside. These networks are characterised by free thinking and small, sometimes random-looking initiatives that yet often trigger a snowball effect thanks to hard-working individuals with blind trust

⁹⁴ Mid-Term Evaluation of LEADER+. Phase 1 Report. Department of Community, Rural and Gaeltacht Affairs. November 2003.

⁹⁵ From around 4000 to more than 6000 at the beginning of the nineties (Territorial Review of the Czech Republic, OECD 2004.

⁹⁶ Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

in their ideas. Free thinking and unfettered public participation really occur when LAG development programmes are not too narrow or limitative. LAGs themselves are not the masters of rural development within their territory but the citizens are. However, even the involvement of civil society has its limitations, which are met if it starts assuming the basic responsibilities of the public sector but without the backing of tax paid, adequate financing.

Ireland

Based on the Irish LEADER II evaluation, the programme was perceived – more than anything else – to have put a major focus in prioritising local needs and issues and facilitating community and voluntary input to local development.⁹⁷ One LAG expressed it in the way that “the local problems had become more ‘solvable’ than previously”. The bottom-up approach was also credited with stimulating innovative ideas, local empowerment and diversification. It extended an invitation to local people to become involved in the development process, to express opinions and bring new ideas into the local development arena. It promoted a sense of identity and control over local affairs. It unlocked local potential, helped to take the “fear” out of dealing with agencies and facilitated the emergence of new ideas through its animation process. In terms of lessons to be learned, a number of LAGs were of the view that participative democracy should still be strengthened, that communities should play an even greater role in local development and that LAGs need to be more flexible because of the rapid pace of change in the rural economy.

The Irish experts interviewed for this report were particularly satisfied with LEADER impact on public participation, giving it the highest score amongst the nine policy areas investigated (Figure 14). The general awareness of LEADER was actually measured by random citizen interviews by the Irish LEADER II evaluation. About one-third of respondents said they had heard of LEADER when prompted, and two-thirds stated that they had not. Awareness of LEADER was slightly higher among males, among married people, among the middle-aged people (35–49; 50–54) and among higher socio-economic groups. Farmers were much more aware of LEADER than non-farmers, as were rural (43%) over urban dwellers (25%).

Czech Republic

The Czech interviews gave the highest grade for LEADER impact on public participation as well (Figure 14). The rapid adoption of LEADER in the Czech Republic is a good example of efficient LEADER dissemination and extension of public participation. Czech policies actually created a rather favourable climate, whether by active participation in the SAPARD pre-accession programme for rural areas or by support of micro-regions encouraging partnership approaches in local development (see preceding sections). The committed participation of one person⁹⁸ and a

⁹⁷ Ex Post Evaluation of LEADER II Community Initiative 1994–99. Final report prepared for the Department of Agriculture, Food and Rural Development. 2000.

⁹⁸ Ms Renata Knotková, trainee in the Ministry of Regional Development (2003) who investigated LEADER and disseminated findings at the national level.

study on early development of LEADER in the Czech Republic⁹⁹ set the LEADER ball rolling in Prague and in rural areas. It was caught by the mayors of rural municipalities: as much as 80% of the Czech LAGs were initiated by them. The third ring of LEADER dissemination already included the rural businesses, NGOs and other organisations whereas the fourth one then reached rural individuals. This brings up an appropriate metaphor: LEADER promotes public participation in pretty much the same way that a stone generates rings when it is dropped in the water.

3.2.4 *Capacity building in rural areas*

Finland

LEADER projects have built local human capital in two ways: first, project operators have learnt to take bottom-up initiatives and solve their problems independently in a project form. The Finnish evaluation results show that in average some seven persons have become trained “insiders” in every project in terms of application procedures, project administration and bottom-up development philosophy as a whole.¹⁰⁰ Second, the training projects have provided specific skills and knowledge in rural tourism, forestry, traditional building methods and numerous other fields. In Finland every project has specifically trained an average of five persons.

Local experts who were interviewed in Finland gave good scores to capacity building through LEADER but also emphasised the value of learning by doing in LEADER projects. Such a practical learning process has proved very effective in the countryside where other people’s example has always been a more attractive reference and teaching source, rather than written ones. However, the central level experts called for a smooth, nation-wide training system, to enhance the readiness of LAG applicants to run and administrate their projects more efficiently.

Ireland

Based on LAG’s skills and capacity, the Irish LEADER II LAG selection embraced two different categories:¹⁰¹

- 1) an initial emphasis on the acquisition of skills, i.e. the animation/capacity building stage of development for the LAGs themselves, leading later to the implementation of a local development plan.
- 2) the implementation of local development plans by LAGs as in LEADER I (including the functions of animation and capacity building targeting the population of the LAGs).

⁹⁹ Carried out by Mr Oldřich Čepelka, National Rural Observatory.

¹⁰⁰ Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

¹⁰¹ Ex Post Evaluation of LEADER II Community Initiative 1994–99. Final report prepared for the Department of Agriculture, Food and Rural Development. 2000.

This capacity building process ensured the equal readiness of all LAGs to respond to the challenges of rural development. Evaluation data show that under LEADER II the 36 Irish LAGs organised 11 719 seminars, public meetings and workshops, which had an average of nine participants.¹⁰² The LAGs advised directly 88 750 individuals, which led to 13 665 project applications. LEADER information was further delivered by 8 841 newspaper articles or other media publications. Figure 14 shows that the Irish experts interviewed gave just as high a grade for the LEADER capacity building impact as they gave for the public participation impact.

Czech Republic

Czech experts gave a lower score than their counterparts in the other case countries concerning LEADER's impact on rural capacity building (Figure 14). This best illustrates the short history of LEADER in the Czech Republic. A common belief in some of the new EU member states is that rural people retain a generally passive attitude due to the centrally governed past, suggesting that capacity building efforts will encounter certain difficulties. On the other hand, in spite of strong central steering under the socialist regime, local associations remained quite active in former Czechoslovakia. Leadership is a key component. The Posazavi LAG in Central Bohemia defines the key message behind its recognised success as follows: "The whole system is necessarily built on active individuals. These persons are pulling one another along and other people by a snow-ball principle. If you manage to join a sufficient quantity of these persons from different sectors, you have a LAG. And if you succeed to introduce friendly relations among them, you have won. Co-operation, partnership and success shall follow."¹⁰³

3.2.5 New job and enterprise creation

Finland

The stated aim of the Finnish LEADER+ programme has been to contribute to the creation of 2400 new jobs and 500 new companies over the programming period. By the end of June 2005, 60% (1447 jobs) of the new job target and half of the new companies target had been achieved by a total of 3 175 projects.¹⁰⁴ Difficulty in creating enough permanent new jobs and companies seems to remain a weak point of LEADER in Finland, in contrast to the production of more intangible and difficult to measure results such as "rural self confidence" and esteem. There are nonetheless important needs in rural areas for certain categories of the population. The creation of new jobs can help to satisfy these as the example below of the Care House for the Elderly shows. In spite of different obstacles, job creation objectives were finally reached during LEADER II and will most

¹⁰² Ex Post Evaluation of LEADER II Community Initiative 1994–99. Final report prepared for the Department of Agriculture, Food and Rural Development. 2000.

¹⁰³ Territorial synopses: Czech Republic. 2007. In: Conference Documents. LEADER achievements: a diversity of territorial experience. LEADER+ European Conference. 22nd – 23rd November 2007, Évora, Portugal

¹⁰⁴ Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

likely be reached in LEADER+, but the future challenge will be to consolidate these and possibly meet even higher job creation targets. At this stage, outside pressure and the LAGs own interim evaluations have led to increasing business orientation in projects.

The Finnish interviewees saw LEADER as a particularly well-functioning tool with micro-enterprises that have a pilot nature with a generally high level of risk. The fairly small financial contributions of LEADER allow higher risk than bigger programmes but can still be of crucial relevance for a small business. A major concern raised was unequal treatment of Finnish LAGs in 2000–06 in the context of the overall goal of job creation: LEADER+ LAGs have had better access to direct company support than LAGs under other programmes, thus generating new jobs and companies more efficiently than others. This problem will be solved in 2007–2013, when all LAGs will have full-fledged LEADER status and will be financed under the same national rural development programme.

Box 4: Case project, Care House for Elderly People, Finland

Applicant: Association of Elderly People (Hämeenkyrö Municipality, Finland)

Problem to be solved: Lack of jobs in countryside, limited supply of privately owned high-quality home-like care houses for elderly people who cannot manage living alone

Budget: 20 830.00 Euros for the year 2004

Implementation: the Association of Elderly People carried out a feasibility study in 2004 to evaluate establishing a Care House for Elderly people in the Municipality of Hämeenkyrö. The project brought three entrepreneurs together in the form of a new partnership: a care service provider, a physiotherapist and a catering service provider. They examined the local market, licenses required, suitable premises and training needs and produced the marketing material.

Results: The newly established partnership (in form of a Ltd. company) launched a 0.6 million Euros private investment project in 2004 to establish a private care house for elderly people in an apartment house owned by the municipality.

Impacts: Seven new jobs were created when the house was opened in February 2005. The house can accommodate 12 elderly persons at the same time and utilises the most up-to-date personal localisation and safety procedures.

Source: Joutsenten Reitti LAG, Finland

Ireland

One of the goals of the Irish LEADER+ programme is to create 1 700 new jobs and 150 new companies.¹⁰⁵ By the mid-term evaluation 28% of the job target (481 jobs) had been met and the com-

¹⁰⁵ Mid-Term Evaluation of LEADER+. Phase 1 Report. Department of Community, Rural and Gaeltacht Affairs. November 2003.

pany target had already been exceeded (192 companies) by a total of 1 834 projects. The Irish LEADER II programme helped create 4 849 new jobs and 1 097 businesses.¹⁰⁶ In this regard the goal-setting of LEADER+ seems modest, despite a smaller territorial coverage (13 LAGs in 2000–2006 are financed under the NRDP programme). Within sub-measures of the LEADER II programme, support to SMEs seems to have been the most effective in job generation (29% of new jobs).

Czech Republic

The lowest score given by Czech experts amongst the nine themes examined goes to creation of new rural jobs and businesses (see Figure 14). One of the explanations given is that SMEs are reluctant to apply for recruitment subsidies under the EU condition that they must maintain the job for at least five years after the final payment. On the other hand the experts underlined that it is difficult to measure results objectively as there are for the time being no indicators nor is there any evaluation method of the indirect employment effects of the existing LEADER projects.

3.2.6 Protection of the environment

Finland

Environmental protection has not been one of the core objectives of the Finnish LEADER programme, but several LEADER+ projects have also been promoting ecological sustainability.¹⁰⁷ In most cases these projects have not been carried out for the sake of nature itself, but rather to increase aesthetic or recreational value. Landscape management projects and lake improvement projects are typical examples of these approaches.

From the various impacts evaluated here, the Finnish expert interviewees considered LEADER's impact on environmental protection the weakest. On the other hand, if one refers to the short environmental impact assessment form filled in as a compulsory attachment of every project application, small scale LEADER projects do not by definition have any negative impact on the rural environment either.

Ireland

In the Irish LEADER II programme the activities and impacts under the environmental measure were divided among the four main areas of support, namely improving awareness, measures in favour of the built/social and cultural environment, protection of the natural environment and

¹⁰⁶ Ex Post Evaluation of LEADER II Community Initiative 1994–99. Final report prepared for the Department of Agriculture, Food and Rural Development. 2000.

¹⁰⁷ Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

activities relating to waste management or alternative energies.¹⁰⁸ Not surprisingly, the second category was dominant – for example the nation-wide “Tidy Town Contest” was strongly promoted – but also the protection of the natural environment received a total of 206 capital grants. However, Figure 14 illustrates that the Irish are not regarding LEADER as a specific tool for environmental protection, as impact in this policy area received the lowest score among the nine themes reviewed.

Czech Republic

It is interesting to note that the Czech experts interviewed give a good note to impact on the environment by LEADER projects, as compared to the pretty low score given by Finns and Irishmen. The latter do not consider that the environment can be really improved through LEADER whereas the former believe that environmental protection can be furthered by concern expressed at the local level within LAGs (Figure 14). This reflects LEADER’s adaptability in different conditions. The Czech countryside has a high priority for environmental enhancement after an era of heavy industrial exploitation, even though the experts admitted that the environment is not the main target of their LEADER programme. On the other hand some projects focus the environment, with links to other policy areas such as tourism, as the example of the Sázava River (Box 5) in South Bohemia shows.

Box 5: Case project, Clean River Sázava, Czech Republic

Applicant: Posázavi o.p.s. (Posázaví Region, Czech Republic) in 2006.

Problem to be solved: Untidy banks of the River Sázava, one of the main recreational assets crossing the LAG territory

Budget: 13 000 euros in 2007

Implementation: Posázavi o.p.s. hired a project manager to co-ordinate and support mostly voluntary-based cleaning of the river banks. Responsible waste treatment and recreational values were promoted at the same time.

Results: The river banks became clean and more aesthetic.

Impacts: Recreation and tourist values as well as environmental awareness were improved.

Source: Posazavi LAG, Czech Republic

¹⁰⁸ Ex Post Evaluation of LEADER II Community Initiative 1994–99. Final report prepared for the Department of Agriculture, Food and Rural Development. 2000.

3.2.7 *Improving the situation of women and young people*

Finland

Most LEADER+ projects in Finland are neutral from a gender point of view.¹⁰⁹ This reflects a fairly high level of gender equality in Finland. The recognition of equality has however largely remained a statement, the meaning of which has seldom been analysed. Women have been seen as getting their fair share of benefits, while men are not conceived as a special group. Gender-biased projects for women and female entrepreneurs are related to traditional women's interests whereas projects for men deal with traditional men's interests. Thus, projects have rather supported traditional gender roles instead of challenging them. Very few projects have been targeted at men, addressing their most difficult social issues in rural areas such as loneliness or alcoholism.

Projects implemented by young people represent the fourth most common type of LEADER development projects.¹¹⁰ All LAGs have supported projects aimed at young people or related to their interests. Also a number of projects have contributed to improve the quality of life of elderly people, as indicated above. More emphasis on this age category would nonetheless help to face the ageing phenomenon, which is particularly acute in many Finnish rural areas and is spurring the creation of new services and products for Seniors.¹¹¹

Ireland

Equality issues are almost non-existent in the Irish LEADER II evaluation but overall better taken care of by LEADER+, on the basis of the mid-term evaluation.^{112 113} The latter shows that the goal-setting of job creation, capacity building and other measurable objectives consists of 50% of women and 50% of men, of which the target of young people (less than 30 years old) is 25%. The mid-term evaluation suggests that the targets will be met even though the indicators for both women and youth are lagging behind, more severely for women. A minimum of 30% of women in the LAG Boards of Directors has been nearly met (29% recorded). The proportion of women in decision-making has however been increasing (14% in LEADER I, 21% in LEADER II).¹⁰² A more even gender balance now exists in relation to LEADER staff and project beneficiaries, in particular since some projects aim precisely to bring LEADER up to level in this area, as the example in Box 6 illustrates.

¹⁰⁹ Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

¹¹⁰ Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

¹¹¹ See Territorial Review of Finland, OECD 2005.

¹¹² Ex Post Evaluation of LEADER II Community Initiative 1994–99. Final report prepared for the Department of Agriculture, Food and Rural Development. 2000.

¹¹³ Mid-Term Evaluation of LEADER+. Phase 1 Report. Department of Community, Rural and Gaeltacht Affairs. November 2003.

Box 6: Case project, Women in Leadership, Ireland

Applicant: Ballyhoura Development Ltd (County Limerick, Ireland)

Problem to be solved: Women under-represented in decision making and leading positions

Budget: 6 666.00 Euros for the year 2004

Implementation: A rural women's group designed and organised a training programme "Women in leadership" that consisted of ten training modules during eight months. The topics included career and personal development, life and timetable management, timetable issues, leadership skills etc.

Results: 15 women passed the training programme successfully. Ten of them became subsequently employed or active in local NGOs and further training programmes.

Impacts: The training programme provided new role models not only for the participants themselves but the whole community around them. The new role models have shown that the future of rural women only depends on their own choices and priorities. Since 2004, the training has been repeated twice.

Source: LEADER+ Magazine 2/2005. European Commission.

Czech Republic

From the Czech Republic there is not much evidence relating to LEADER's effect on equality issues yet. However Posázavi LAG managers do state that, when setting up their partnership structures, the quick involvement of three local Mothers' Centres appeared as a most welcome surprise.¹¹⁴ The experience from Latvia and other new EU member states tells the same story: more or less marginal groups eagerly utilise LEADER's empowerment opportunities so as to gain recognition in local affairs. Expert interviews from the Czech Republic seem to corroborate this view point as this theme received a pretty good note and ranking amongst the nine reviewed (Figure 14).

3.2.8 Innovation*Finland*

Local Action Groups usually consider innovation and pilot approaches to be the most difficult of LEADER principles to implement. New solutions are sometimes not easy to identify and apply in the countryside that rather trusts in more traditional ways of doing things, both in terms of LAG animation activities and individual project contents. Looking at innovative approaches in Finland, variations between different LAGs are particularly high.¹¹⁵ Truly seeking a pilot nature for

¹¹⁴ Territorial synopses: Czech Republic. 2007. In: Conference Documents. LEADER achievements: a diversity of territorial experience. LEADER+ European Conference. 22nd – 23rd November 2007, Évora, Portugal

¹¹⁵ Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

projects has also in some cases been rendered more difficult by the fact that regional ministry offices are sometimes reluctant to accept the most innovative projects, claiming that they are too prone to risk.

In spite of these difficulties, the Finnish LEADER+ mid-term evaluation states that the programme features a whole range of both technical and functional innovations within the projects themselves, for example in relation to information technology and public service provision in the most remote rural areas. This is fully in line with the high ranking given to Finland in terms of innovation by international fora such as the European Innovation Scoreboard (EIS). The expert interviews also gave fairly high grades for innovative approaches (Figure 14) while calling at the same time for more experimental and risky projects. From this point of view, Finland yet has to take full advantage of LEADER, by better capitalising on its innovative potential.

Ireland

The Irish LEADER+ mid-term evaluation asked LAGs to provide examples of their most innovative activities.¹¹⁶ Most LAGs provided a number of cases, of which the majority could objectively be described as innovative especially in the local context. The concept of innovation implicit in the responses was quite broad and covering the strategy for the area, new products and processes and new approaches to marketing. Some were environmental and cultural in character while others were concerned with new methods for addressing target groups. Only a minority involved new products, such as the Biogreen Energy project presented below (Box 7). LAGs were also asked to establish the proportions of their perceived innovation they considered as imitative, adaptive or radical. 40% of the innovations were classified as imitative, 35% adaptive and 25% radical. There was a tendency for the longer established or multi-programme LAGs to report a higher proportion of adaptive or radical innovation than other LAGs. In any case, Figure 14 illustrates the firm belief in LEADER's innovative character in the Irish context.

Box 7: Case project, Biogreen Energy Products, Ireland

Applicant: Irish Farmers Association (County Wexford)

Problem to be solved: Decreasing incomes of traditional farms, environmental pressure to replace fossil fuels

Budget: 129 334.00 Euros for the years 2002–2004

Implementation: Irish farmers studied the German process of pressing bio-diesel from rape seeds and transferred the technology to Ireland assisted by German and Dutch LAGs. The project supported the transfer of know-how, production machinery investments and re-structuring of three cars to run by bio-diesel.

¹¹⁶ Mid-Term Evaluation of LEADER+. Phase 1 Report. Department of Community, Rural and Gaeltacht Affairs. November 2003.

Results: Bio-diesel production was launched in County Wexford. In 2004 the local farmers already produced 200 tons of rape seed oil. So far the use of oil has been experimental.

Impacts: The project helped in development of a new source of farm income, which will show its full potential in the next few years when the Irish Government shall experiment by making bio-fuels tax-free products. The side-product of oil pressing also generated a new source of forage for cattle and already has a profitable market.

Source: LEADER+ Magazine 3/2005. European Commission.

Czech Republic

The Czech expert interviews gave their second highest grade to LEADER's impact on innovation (Figure 14). This seems to result first of all from the new approach and methodology to rural development, perhaps not so much from the innovative projects yet, as the time frame to evaluate their effective innovative impact is too short. According to the Posazavi LAG, under LEADER "it was possible to initiate new partnerships among sectors for which co-operation was unthinkable in the past, and especially between the public sector and entrepreneurs".¹¹⁷ Innovation, it appears, can be something quite simple and obvious and strategic at the same time, by creating the bridges without which projects can or cannot be implemented!

3.2.9 Transnational co-operation

Finland

Less than 2% of Finnish LEADER+ projects have had a transnational scope.¹¹⁸ According to the LEADER+ Contact Point Finns have still been most active lead partners in transnational LEADER+ projects together with the Irish and the Swedes. Approximately half of the projects have been feasibility studies looking for the right partner or possible solutions to common development issues between rural regions in different countries. Youth, culture, rural tourism and business development have been the most common topics of transnational projects. Based on the interim evaluation of LEADER+, transnational project participants considered the transnational focus meaningful and value-adding.

The experts interviewed consider the transnational goals of LEADER significant but laborious to reach. Building up profitable partnerships over cultural barriers requires lots of time and patience, but such is the route chosen by certain LAGs, as the example in Box 8 illustrates. From a transnational point of view the Finnish LAGs also seem quite polarised: some have effectively

¹¹⁷ Territorial synopses: Czech Republic. 2007. In: Conference Documents. LEADER achievements: a diversity of territorial experience. LEADER+ European Conference. 22nd – 23rd November 2007, Évora, Portugal

¹¹⁸ Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

adopted a motor role in local internationalisation whereas the others are just beginning to take their first steps, because of lack of language skills and time required for this purpose. It is also realistic to recognise that such projects are more likely to occur in border regions than in others. Local actors are quicker to grasp the advantages of such co-operation on the basis of existing examples and everyday life in an area open by nature to international exchanges.

Box 8: Case project, Europe Inside Us – Rural Tourism Companies' Network, Finland

Applicant: Vammala Region Business Development Agency (Vammala Region, Finland)

Problem to be solved: Low language and internationalisation skills of the local rural tourism companies

Budget: 73 286 Euros for the years 2003–2005

Implementation: The LAG assisted in finding similar type rural tourism areas in Italy and Spain. After intensive English courses company networking events were organised first in Spain (Extremadura) then in Finland and lastly in Italy (Abruzzo).

Results: 15 rural tourism companies learnt inter-cultural communication skills and were able to benchmark best practices from Italian and Spanish rural tourism operators. Based on project evaluation the companies regarded the direct contacts to similar type companies as the best outcome of the project.

Impacts: Local rural companies are more ready to serve international customers and find new ideas from foreign cultures.

Source: Joutsenten Reitti LAG, Finland

Ireland

14 of the 36 Irish LAGs under LEADER II participated in transnational activities.¹¹⁹ The overall contribution of transnational co-operation to the rural development process was perceived to be quite important to the LAGs participating in such internationalisation. The reasons given for non-participation by the other LAGs were largely dominated by the time requirement in preparing proposals, while a few LAGs either could not find a suitable partner or thought that tangible benefits to participation were not evident. The Irish expert interviews however gave a fairly high grade for LEADER's internationalisation potential (Figure 14).

Czech Republic

Transnational LEADER projects in the Czech Republic have only been possible since the beginning of 2005. The Figure 14 mark given for this activity by Czech experts shows that Czechs, at this initial stage of the process have not yet developed much awareness concerning a major aspect of the LEADER method nor do they have strong expectations stemming from LEADER's transna-

¹¹⁹ Ex Post Evaluation of LEADER II Community Initiative 1994–99. Final report prepared for the Department of Agriculture, Food and Rural Development. 2000.

tional features. On the other hand, the development of transnational relations and benchmarking have constituted a strong motivation in LAGs and proven very useful for the Czech and other LAGs in new EU member states for quick adoption of the LEADER method.

3.3 Summing up

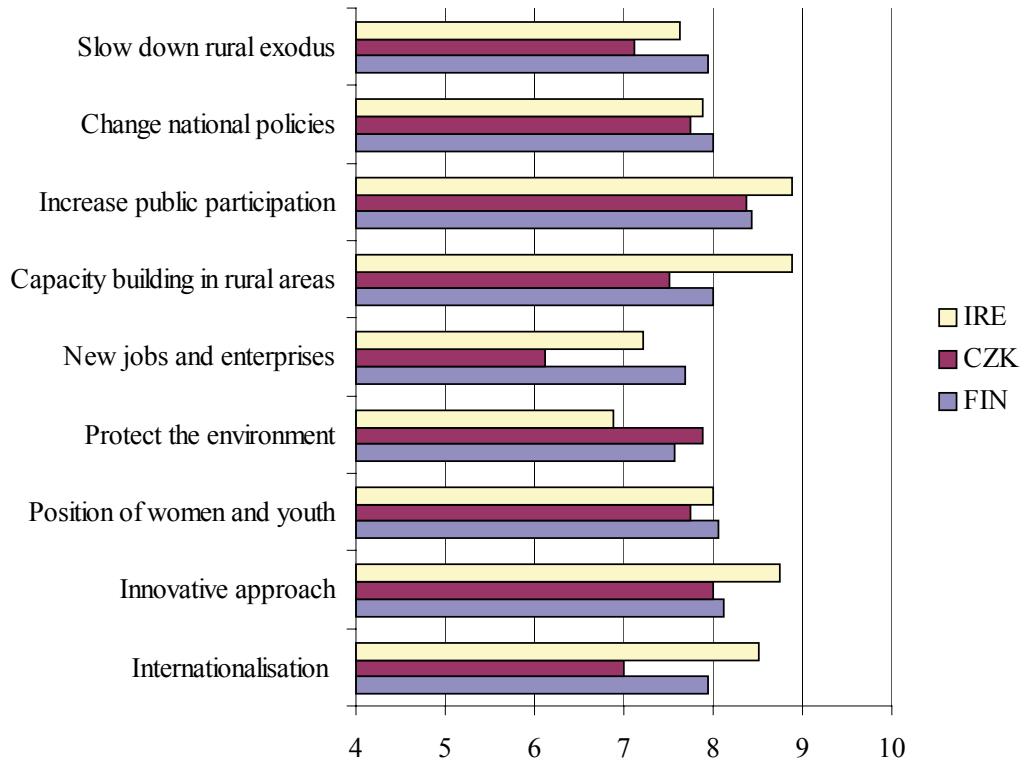
3.3.1 *The approach*

The impact of LEADER in different policy areas having been presented for the three case countries, the overall ranking of the different themes as perceived by the interviewed experts will first be presented. An analysis by country will then be proceeded with to identify points in common and differences from one country to another. In a third stage, the level of average marks per country will be investigated so as to understand why each recorded different ones. In a fourth stage, the scores given by actors at different levels of responsibility will be compared with each other. Lastly, the results per country, through the interviews but also mid-term evaluations when they are available, will be analysed by reference to the stated LEADER goals in each of these. Figure 14, that has been referred to up to now in general terms will be used in detail for the purpose of the above-mentioned investigations.

3.3.2 *Ranking of themes*

The range of marks for the nine themes spans from just over six (creation of new jobs and enterprises, Czech Republic) to close to nine (increase of public participation, Ireland). The range is thus of 3 points. None are at the minimum level (five) but neither are any at the maximum of 10, so overall judgement seems rather balanced. The highest marks are given to themes 3 (public participation), 4 (capacity building), 8 (innovation) and 9 (internationalisation), spreading between score levels seven to nine, with most around or above eight. The lowest grades are given to themes 1 (slowing of rural exodus), 2 (influence on national policies), 5 (creation of new jobs and enterprises) and 6 (the environment), spreading between mark levels six and eight, with most in a span of seven to eight, except for theme 5 which has lower average scores. Theme number 7 (gender and youth), alone, is an average position with an overall mark of around eight.

This sequencing underlines that LEADER impact is strongest in terms of human resources (citizen involvement, capacity building) and is perceived as innovative and open to international networking. On the other hand, LEADER is seen as having a more limited influence on national policy change, slowing down the rural exodus, creating new jobs or enterprises or protecting the environment. Objectively, these themes can usefully be influenced by LEADER but the objectives of the programme never explicitly sought of course to directly attain such goals that are the concern of other policy areas. Although LEADER seeks to contribute to these, the main objectives of the programme are somewhat different and the low level of financing cannot of course have significant direct impact here. It is rather indirectly, by creating awareness and contributing to a



Source: Expert interviews in Finland, Ireland and the Czech Republic.

Figure 14. Impact of LEADER on rural areas by case country.

more optimistic mindset that LEADER can play a pivotal role in rural development. Job and firm creation is part of this picture, even if it remains at levels that are not statistically significant.

3.3.3 Country ratings

We have seen previously that increase in public participation is the theme with the highest marks. It is effectively ranked number one in the three countries, with a score varying from close to 9 (Ireland) to close to 8.5 (Finland, with the Czech Republic near behind). In the case of Ireland, themes four, eight and nine score very close to public participation, which holds less true for Finland and even less for the Czech Republic. An interpretation will be provided below. Concerning the lowest scores, Finland and Ireland give these to the protection of the environment, whereas in the Czech Republic, this is the case for job and firm creation. This last theme, in Finland and in Ireland only scores slightly better than protection of the environment. One single theme remains in an average position with country ratings very close to each other: women and youth, showing that these concerns are rather well integrated into LEADER in different contexts.

The empirical conclusions that can be drawn from these rankings are that perceptions of LEADER impact from country to country offer a certain degree of homogeneity, in spite of certain differences that do not appear to contradict each other. Increase in public participation comes in strongly as the main impact area of LEADER, showing that the principle, embedded in the LEADER philosophy, is also a goal that is understood as being pretty well fulfilled. Of course this is by definition an on-going process but the declared opinion confirms a trend that is at the base of the LEADER approach. Concerning low scores, protection of the environment can only be a positive side-product of LEADER and is not central to its workings. Lastly, as far as job and firm creation are concerned, the exact impact is difficult to measure but interviewees in the three countries recognise that it is not the most important.

3.3.4 Country score levels

Figure 14 shows distinct country patterns concerning the average level of scores given by interviewees in each case country. Ireland by far gives the overall highest marks for most themes, with only three out of nine scoring very slightly lower than Finland. Finland is an intermediate position, with overall marks being on average lower than those given by Irish experts. The Czech Republic clearly scores third for average level of marks, with the protection of the environment being the only policy area where scores are, on the contrary, higher than in the other two countries (that rate this theme the lowest). Ireland gives a score of close to nine to several policy areas, Finland is in an intermediate position (around 8 to 8.5 for many themes) and the Czech Republic is the only country with a theme reaching a low of around six. All its other marks (except for theme 9, as indicated above) are clearly lower than those given in the other two case countries.

Can any conclusions be drawn from this hierarchy? It happens that Ireland is the oldest EU member amongst the three (1973), with Finland having joined in 1995 and the Czech Republic in 2004. Ireland has thus been in the LEADER stream since the beginning of the programme, which is not the case for the other two case countries. It is the country with the longest experience that gives the highest marks, followed by Finland with a longer time knowledge of the programme than the Czech Republic that gives the lowest. This empirical finding tends to show that the longer the period of experience and familiarisation with LEADER, the higher its results are rated. Another way of putting it is that LEADER really begins to have its effects well felt on the long term with progressive development of human resources capacity and involvement that in turn later produce impact on other policy areas.

3.3.5 Ratings by different level actors

LAGs

The nine themes investigated were scrutinised through interviews conducted at the national government level, the Local Action Group level and in contact with civil society represented by concerned individuals (“applicants”). Figure 15 below shows that LAGs give the highest overall

scores with really lower ones obtained for themes 5 (creation of jobs and enterprises) and 6 (the environment), with belief in slow-down of rural exodus only slightly lower rated than by the other actors. Capacity building and innovation but also public participation and influence on national policies are rated above nine for the first two themes and obtain 8.5 or more for the other two, giving in all cases much higher scores than the other two categories. This could be considered a reflection of the enthusiasm shared by most LAG members (capacity building, innovation) but on the other hand it seems a realistic appraisal relating to job and enterprise creation and the environment.

National level

National government level scores appear rather homogenous from one theme to the other, with ratings varying between slightly more than 8.5 (public participation) to 7.5 (enterprise and job creation). The first empirical conclusion that can be made is that the different themes are perceived overall as receiving impact from LEADER, with job and enterprise creation rated, as for other actors, somewhat lower. The internal homogeneity of ratings for this group can be interpreted as a broadly shared understanding of LEADER and acceptance of its usefulness in different areas relevant for rural development.

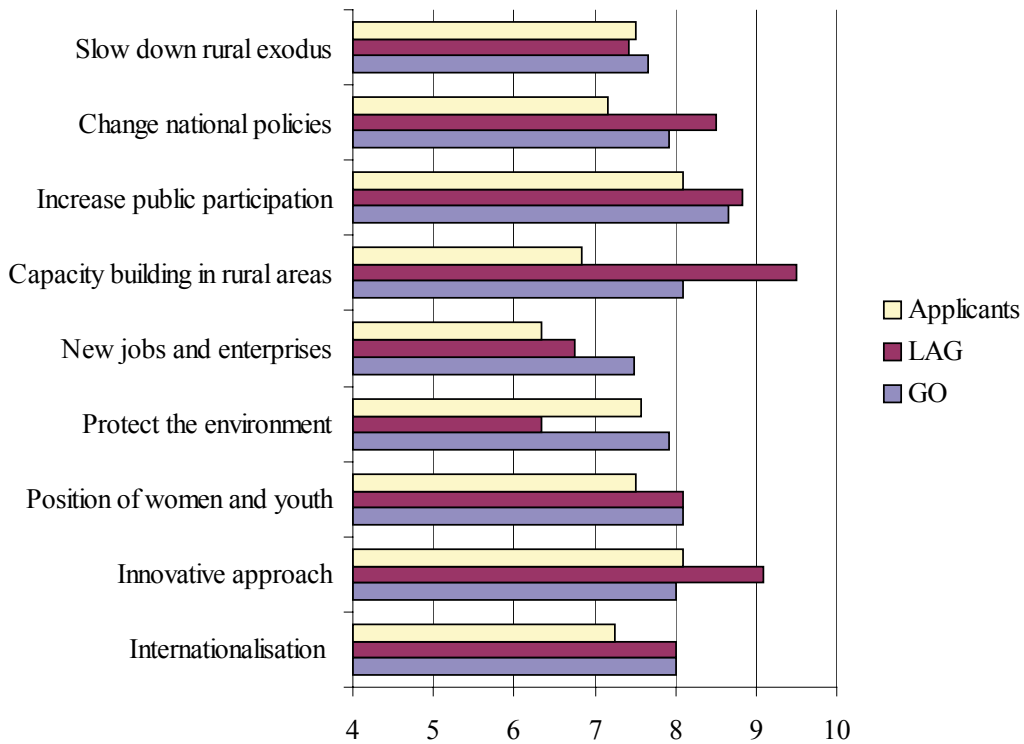
Applicants

Concerned individuals in local civil society are those giving the lowest scores to LEADER's impact in different policy areas. They however give scores of slightly over 8 to public participation and innovation, meaning that they are fully aware of two essential impacts of LEADER, that are also well recognised by the other actors. Creation of new jobs and enterprises, as for other actors is a theme with a relatively low score, with expectations in this area probably not too high. Surprisingly capacity building receives a score of less than seven, far less than that given by the other two categories (9.5 by LAGS and slightly more than 8 by government level interviewees). This contrast means that efforts at capacity building need of course to be pursued but probably also better publicised in terms of results.

3.3.6 *Impacts versus goals*

Finland

The Finnish LEADER+ objectives refer in particular to "trying out new ideas in rural development". The mid-term evaluation report indicates that although the degree of technical and functional innovations is high, the situation of the different LAGs is quite variable from this point of view. Field experts, while recognising the importance of this aspect, also acknowledge the difficulties in developing it in practical terms. The good score obtained by this theme in interviews reflects both perceived impact but also hopes that this aspect will be strengthened in the future. Central level experts insist on capacity building which is effectively well rated in terms of impact



Source: Expert interviews in Finland, Ireland and the Czech Republic.

Figure 15. Impact of LEADER on rural areas by implementation level.

while underlining the need for a smooth nation-wide system, in contrast to the more pragmatic “learning by doing” approach often developed on the field. Lastly, creation of new firms and enterprises is called for by local level experts: there are high expectations here. It seems that the quantitative goals for the LEADER+ programming period (2400 new jobs, 500 new firms) will more or less be reached, the issue being to consolidate achievements on the long run.

Ireland

LEADER+ goals for Ireland insist on development of integrated, high quality strategies to experiment new ways of enhancing heritage and reinforcing the economic environment so as to contribute to job creation and improving the organisational abilities of communities. Looking at the mid-term evaluation conclusions, the job target (1700 new jobs) was fulfilled at less than one third that level while the firm creation target (150 new companies) was already exceeded (192 at that time). Until the final evaluation report is published, the provisional statement that can be made is that the new firms do not necessarily create many new jobs themselves but they can later have more impact in this area provided that they are consolidated on the long run. Secondly, results concerning the environment are not considered that important, which explains the rather low rat-

ing given by Irish experts, even if in some areas like the built environment (Tidy Towns), rather good results seem to have been achieved. Lastly, rural exodus has practically stopped in Ireland: LEADER projects certainly contributed to this reversal, but how to quantify the direct impact? It is probably in a more diffuse and indirect way that LEADER helped to shape a new self-confident image of the countryside.

Czech Republic

In the Czech Republic, The National Strategic Rural Development Plan for the period 2007–2013 presents LEADER as a tool for local governance, underlining promotion of local partnerships and preparation of local development strategies and their subsequent implementation. In programme goals, high expectations are formulated concerning LEADER impacts which concern competitiveness, diversification of the rural economy but also the environment and quality of life. These stated objectives are understood and shared by experts who give the highest theme grade to the increase in public participation that LEADER will contribute to. Concerning both the environment and job creation, these appear rather realistic: hopes are formulated but there is awareness that the former cannot be a central goal while the latter will require time.

CHAPTER 4: LEADER ISSUES

4.1 LEADER drivers of success

The uniqueness of LEADER among other rural development methods and programmes stems from its eight core principles (table 1). To identify and understand the shortcomings and criticisms made towards the methodology and how to overcome these it is first necessary to apprehend the principles in depth. Based on them, the EU level program evaluators identify the “eight drivers of success” of LEADER:¹²⁰

1. The micro-regional scale is small enough to address the identities of local communities as a driving factor of local development, and it is at the same time large enough to bundle forces for attaining a critical mass for tangible projects and to effectively perform as a partner in global networks.

“Leader has helped in finding some common ground in bringing the whole region together. It has helped the local authorities in getting more involved. Local private and voluntary organisations have gained more experience with project development and are better prepared in developing new projects. The LAG itself was a team of people that worked in a co-operative and pleasant atmosphere. There was always a sense of working towards shared objectives.” (Plaatselijke Groep Kromme Rijngebied LAG, Netherlands)

2. The valuation of local skills and knowledge does not only boost the self-awareness of local people and changes their perception of the area in which they live, it also fosters innovative solutions and competitive advantage of value-adding activities, ultimately of the territory itself.

“Almost 40 percent of all applicants were novices applying for public funding for the first time. This means that the LAG has succeeded in activating new people to participate in developing rural areas. From the 230 projects 60 were applied by enterprises. Very often the enterprise was a new one, just starting and the funding was an encouragement to start and to create new jobs. Many of the new enterprises were started by women.” (Joensuu Region LEADER, Finland)

3. The low-threshold and demand-oriented funding allows new actors to benefit and to become active contributors to local development. Young people, women, voluntary workers, unemployed and other disadvantaged groups get access to support and funding which they otherwise wouldn't have by depending solely on mainstream programmes.

“The results of completed projects within the LEADER+ program cannot be counted only in terms of money and events. Thanks to them the number of partners, who want to be actively involved in the work of regional development, started to increase.” (Posazavi LAG, Czech Republic)

¹²⁰ We get to share it – the Legacy of LEADER. Robert Lukesch and Bernd Schuh 2007. In: Conference Documents. LEADER achievements: a diversity of territorial experience. LEADER+ European Conference. 22nd – 23rd November 2007, Évora, Portugal

4. The local partnership is a most appropriate instrument combining broad bottom-up participation of local citizens with decentralised top-down support and funding from regional and national programs. It is a formal requirement for sound governance and at the same time the showcase for the quality and consistency of the local strategy. It is the hub for networking between local actors and with external partners.

“All sectoral interests in the area are represented on the board of Arigna LEADER, while Arigna LEADER is also actively involved in with local County Development Boards who co-ordinate development plans for each County. Arigna LEADER ensures its plans for the area fit with these plans while many of the new initiatives it has undertaken have been fully supported by local agencies. The company has developed new initiatives such as a rural tourism development programme and a development programme for the creative industries. These are additional programmes to its main LEADER programme.” (Arigna LEADER, Ireland)

5. The quest for linkages and synergies between different sectors, strands of activities and thematic networks of actors brings forth a new appreciation of the interrelationships and reciprocities between the parts and the whole. In other words, the local actors are encouraged to adopt a systematic view on problems, potentials and solution paths. Often, a quality assurance and branding strategy can act as a powerful lever to bring actors within one sector, but also across sectors, together.

“The establishment of two ‘Local Quality Pacts’ (one for local products, the other one for tourism) and their evolution into clusters utilising the programme’s resources for joint promotion created the requirements for the enhancement of competitiveness in the area. It should be stressed, at this point, that the smooth co-operation between ANETH and the LAGs of other Prefectures in the Region of Central Macedonia having developed similar activities have helped attaining the regional scale with the subsequent perspective for achieving a much wider impact.” (ANETH LAG, Greece)

6. The thrust on innovation is probably less important in respect to the actual innovative content of the projects – although most brilliant innovations indeed emerged – but rather as a constant fillip to search for novel, hitherto unseen and sometimes even bold solutions apart from beaten tracks. The LAG and its staff should act as an honest broker between different types of actors, who would otherwise never have come together. However, funding rules are not always sufficiently risk-friendly, which means innovation-friendly. An Austrian LAG asserts that *“the failure of a pilot project should not be considered as a misuse of funding”*.

“It is crucial to get to know or get in touch with the innovators and visionary actors of the territory. These people are not always the noisiest or the ones in power. Success always needs a good and fruitful combination of power and innovation. This requires open minded decision makers and integrative innovators. The latter are not always the easiest to co-operate with. However, LEADER does not change anything if only those actors that have been in power for decades are the ones who are deciding upon innovation and the future of the territory.” (Ausserfern LAG, Austria)

7. Inter-territorial co-operation and networking bestows a European dimension to local development in rural areas from the very start on. It allows local actors to experience similarities and differences in utterly new dimensions, it opens up people's minds, leads to knowledge exchange, pooling and transfer and provides new perspectives for solution oriented strategies and concepts regardless of the great diversity of rural areas and governance contexts. It furthermore helps to achieve economies of scale and critical economic thresholds for regional and local projects – so that the innovative ideas can “take off” and diffuse on their own – even without public support. Some LAGs firmly integrate this inter-territorial dimension in their day-to-day business.

“The LAG started late 2003 with mutual visits to test co-operation possibilities with other LAGs in countries around the Baltic and the North Sea. The visits were usually followed by development workshops around agreed topics, as a first step towards a formalised co-operation project. We are today networking with 15 LAGs in Denmark, Sweden, Finland, Lithuania, Poland, Germany and England, and we are participating in four different co-operation projects. Our strategy has been to develop co-operation over the long term with the expectation that the co-operation projects create an added value of 5% of our development turnover.” (Vestsjælland LAG, Denmark).

8. The relative autonomy and responsible role of local partnerships in program implementation, leaving strategic choices and the selection of projects to the LAG – be it in the formal framework of a global grant or not – constitutes an invaluable incentive for individual and organisational learning. It brings forth new relationships between the local and regional/national level of governance, and it enables LAGs to become active players in bringing in additional resources of public and private origin into the area and to articulate themselves with global networks.

“Some of the initiatives and organisations being part of the Krajna & Pałuki partnership started a long time before LEADER appeared in Nakło county. Although co-operation, direct relations, support and networking are definitely the “LEADER added value”, the LEADER Pilot Programme is actually a kind of combination of different unique resources.” (Krajna & Pałuki LAG, Poland)

4.2 LEADER shortcomings

The following paragraphs present the LEADER shortcomings of the three case countries involved in this study based on the national LEADER evaluations and expert interviews. When reflected to what is stated above, it appears that most criticisms arise from the inadequate or misinterpreted application of these LEADER principles.

4.2.1 Finland

The Finnish mid-term evaluation identifies five major shortcomings of LEADER+.¹²¹ First is an overwhelming and increasing bureaucracy. The LAGs have been recognised for their low thresh-

¹²¹ Interim evaluation of the Finnish LEADER+ program, Helsinki University, 2005.

old and anti-bureaucratic approach, but LEADER+ has introduced a variety of administrative procedures that tend to scare off the smallest applicants. Excessive documentation, cash and liquidity requirements, delays in decision making and payments as well as controversial, unexpected and sometimes even personal interpretations of both EU and national regulations are good examples of these. The growing bureaucracy gives floor to consultants and professional project administration organisations but loses an essential part of the bottom-up principle.

Second, the LAGs have not utilised self-evaluation and best practices enough to improve their own processes. As intermediary organisations LAGs have not only the responsibility of gathering and processing experiences for their own use and restructuring but also of disseminating the information further both to project implementers and regional authorities. This ensures the continuous learning process and high quality of work.

Third, for the constant legitimacy of LEADER, the LAGs should better monitor and document the indicators and results of their strategy implementation. Finding the right balance between the quantitative and qualitative indicators is also important. To improve the credibility of the programme level indicators and results, the LAGs should be made responsible to gather and verify the results from their individual projects.

Fourth, the LAGs' staff capacity has not been increased in the same proportion than the LAGs' rural development duties and expectations to results and impacts. This imbalance often prevents harnessing the LEADER's full potential. The growing bureaucracy makes the situation even worse. The expectations on LAGs' impacts must be set on a realistic level.

Fifth, the LAGs must pay even closer attention to the principle of multi-sectoral integration. Since the beginning of LEADER II, the LAGs have been gradually shifting their focus towards more business-oriented projects. Thus the co-operation with regional and local business development agencies deserves a careful look. The integration should always remain a local issue and not be defined on a regional or national basis.

All Finnish experts interviewed agreed about bureaucracy being the main shortcoming of LEADER in Finland. Part of it originates in the EU but even an even bigger share rests on the national level. Incorrect application of LEADER principles has also been recorded, with for example, in one area a religious minority taking over a LAG Board of Directors. The few such cases have been however quickly corrected by a strong intervention of the Ministry of Agriculture and Forestry. Another pitfall to be avoided is putting LEADER in the hands of an existing administrative elite or sector organisations, thus losing its mobilisation and empowerment capacity. Again more bottom-up does not mean less top-down: the managing authority's supervisory and monitoring role remains crucial, so where misuse is detected, it has the power to take action.

In general the Finnish LEADER was perceived as open for everyone. In a closer look, the experts agreed that youth, farmers and certain top-down governed services of municipalities, such as el-

ementary schools and social services, were not getting their fair share. Young people were seen as a common target group of LEADER projects but they still should become more involved also in project and strategy planning. The farmers have not found the full potential of the programme yet perhaps due to their direct access to the Ministry's regional offices in the TE Centres (Employment and Economic Development Centres). The suggested cure for farmers as well as passive municipal services is simple: they must just be dragged along!

All experts agreed about the complexity of LEADER. However the central level experts also suggested that an extensive and complicated program actually requires a complex implementation in order to be manageable. Greater complexity could well be the by-product of extensive dissemination of LEADER across the country and the multiplication of projects within LAGS. One could consider up to a certain degree that this "other side of LEADER" in Finland could in a way be the ransom of success, even if bureaucracy needs to be reduced. On the other hand planning procedures are considered sound and effective by experts who state that payment procedures should be made much more straight-forward. Lastly, the Finnish LEADER administration is sometimes perceived as complicated because the TE Centres operate in between the LAGs and the Ministry. However one interviewee presented the view that TE centres have actually assisted in sound implementation by filtering some of the excessive bureaucracy and regulation misinterpretations.

4.2.2 *Ireland*

The Irish ex-post evaluation of LEADER II programme shares some of the concerns of the Finnish LEADER+ mid-term evaluation.¹²² It has also been established that the Irish LAGs should practice self-evaluation more often and undertake periodic revisions of their programme, especially due to the rapid pace of change in the Irish rural economy. In addition, the evaluation recommends "a review be carried out on the impact and performance of the indicator system, with a view to verification and simplification but without compromising the need to have full information to assess the impact of rural development programmes". The concern relating to inadequate indicators and documentation was also shared by the Irish LEADER+ mid-term evaluation.¹²³ Staffing did not cause problems in LEADER II but along with extended activities lack of personnel was perceived as a major LAG shortcoming under LEADER+. The mid-term evaluation also recommended not to set unrealistic expectations on LAGs' performance. The final concern shared by the Irish and Finnish evaluations is multi-sectoral integration. Whereas the multi-sectoral and multi-dimensional character of LEADER were well understood, there was a lesser understanding of the concept of integration either between measures or within specific project areas, like support to SMEs.

¹²² Ex Post Evaluation of LEADER II Community Initiative 1994–99. Final report prepared for the Department of Agriculture, Food and Rural Development. 2000.

¹²³ Mid-Term Evaluation of LEADER+. Phase 1 Report. Department of Community, Rural and Gaeltacht Affairs. November 2003.

The LEADER II evaluation made a few specific recommendations for Ireland. First, the LAGs should ensure that the consultation process extends to all parts and groups in their operational areas, that the representation of women and youth on boards be enhanced and that more rigorous rotation procedures be applied. Second, while most applicants relate easily to the county boundary model, this can sometimes cut across the natural catchment area of particular LAGs and it is desirable that the wishes of local communities continue to be satisfied in the definition of boundaries. Third, the emphasis on innovation should be an assessment parameter in future rural development programmes. It should be a criterion for LAG selection with respect to local development strategies. In particular, the innovative feature should be stressed in the LAG animation activities and there could be a case for biasing support towards the more innovative projects. Fourth, a number of LAGs would appreciate more technical support in the practice and methodology of rural development, and assistance on policy issues and developments relating to the implementation of LEADER type programs. It was recommended that the Department's LEADER unit should be expanded and skilled to cater for the enhanced role which the foregoing activities would require.

The Irish expert views on LEADER shortcomings were somewhat scattered and related a lot with the respondent's position. Central level experts called for more competition between the project proposals (almost all applications are now accepted in the order of submission) and stronger involvement of local authorities and politicians. Local level experts strongly felt some unrealistic expectations and the urgent need for lobbying and informing about LAGs' duties and challenges.

All experts agreed that in Ireland LEADER really is a shared vision of rural people, which can easily be demonstrated by the evaluation finding of one-third of the LAGs' population being aware of the concept. In Ireland also private persons have had the chance to become applicants whereas e.g. in Finland this has not been possible – the experts claimed that this experience has been very positive. LEADER was seen particularly effective in empowerment and involvement of the weak, marginal groups but on the other hand it could have done better with youth and farmers.

The fairly straightforward LEADER administration model (Department \leftrightarrow LAGs) was reflected in experts' views on programme complexity in Ireland. Rather than complicated, LEADER is perceived as flexible and not too constricted with rules and regulations. Both the LAG and Department officials were seen as rowing the same boat for the common good. Critical views also exist but they are mostly presented by those who didn't get what they wanted. The need to monitor public funding was commonly accepted – for example IRD Duhallow LAG is visited by the Department inspector once in every six weeks.

4.2.3 Czech Republic

In the Czech Republic, LEADER started in 2004 and thus no evaluation data yet exist. Czech experts shared the Finnish view relating to the heavy bureaucracy of LEADER. The rules are con-

sidered unclear, in particular because they seem to be often subject to quick and unpredictable changes. The complicated three tiered administration (Ministry of Agriculture \leftrightarrow State Agricultural Intervention Fund \leftrightarrow LAGs) leads to delayed payments and cash problems. Difficulties in practical application lead to consultant-driven LAGs and local academic strategies that do not have the real commitment of the local people.

The Posazavi LAG states that the biggest problem within the framework of LEADER+ was administrative difficulties not originating in EU rules but from national authorities.¹²⁴ Seen from the field, some civil servants seem to misinterpret EU rules and, by fear, tend to apply them more strictly than necessary. This especially renders the payment procedure very difficult to implement, with numerous requests for personal and organisational authorisation, separate bank accounts, legalisation of various documents etc. A gradual liberalisation took place as a result of recent discussions and a transfer of experience from the LAG to the central authorities – as a matter of fact the State Agricultural Intervention Fund finally accepted several changes not only in LEADER+ rules but also for the programming period 2007–13.

The general view of the Czech experts was that LEADER is already a shared vision of the countryside, even though sometimes still resting on too few shoulders or not always implemented by the right people. Even though in minority, bad examples bring forth distrust and must be replaced by a more professional approach. The central level experts estimated that some 50–75% of the LAGs are successful in public participation whereas in the worst cases the LAG might only include one or two persons. Local level experts were afraid that bureaucracy and the cash problem are leaving small rural businesses, NGOs and smaller municipalities aside. Such shortcomings have not either facilitated the inclusion of minorities such as Gypsies in LEADER projects so far.

4.3 The future of LEADER

4.3.1 *Risks and opportunities*

Despite the shortcomings and the challenges for the next programming period 2007–13 (see also 1.1.5), the future of LEADER looks rather bright in European rural policy making. One major piece of evidence is the mainstreaming of the methodology as an integrated part of the overall European Rural Development Programme, which has required an extensive consensus of EU decision makers and civil servants. This results in equal LEADER status of all LAGs in the EU. In 2007–13, the new EU member states will start with LEADER at full pace and simultaneously other member states, like Sweden, will increase the number and coverage of the LAGs significantly. These developments will approximately double the amount of LEADER+ LAGs in the former

¹²⁴ Territorial synopses: Czech Republic. 2007. In: Conference Documents. LEADER achievements: a diversity of territorial experience. LEADER+ European Conference. 22nd – 23rd November 2007, Évora, Portugal

EU15 (893 LAGs in 2000–06). However, EU level LEADER evaluators also identify five risk scenarios related with mainstreaming:¹²⁵

1. Submission. The LEADER method is just seen as a mandatory add-on and unwillingly executed in order to maximise EU co-funding. In this case, local partnerships would only have few options to get assigned a role in shaping local development strategies. They would even have little perspective to evolve and become sustainable by rising above the narrow limits of the role the rural development program provides for.
2. Backstreaming. The LEADER approach is enslaved by the logic and inherent constraints of the rural development measures they have been attributed to (village renewal, forest roads etc.). Local partnerships become a proxy or a willing tool of the implementing bodies of the rural development programme. The method is absorbed by the interests of the farming sector and political lobbying. Any innovative character oozes away.
3. Degeneration. The LEADER method is mainstreamed only in parts. For pragmatic or other reasons, more complex components such as inter-territorial co-operation and networking are less emphasised or even discouraged by the administration. However, experience shows that the LEADER principles only unfold their full potential if applied as a package. Administrative shortcuts may seriously damage the self-organisation capacity of local communities and, by that, the leverage effect of LEADER. Signs of degeneration can be observed where the administration unilaterally imposes the delimitation of territories, undermining the area-based approach, or where the enabling role of the national network unit as well as the LAGs' own informal networks are not emphasised enough.
4. Overload. LAGs are assigned functions in programme implementation for which they do not have the necessary skills and capacities. The managing authorities, due to an insufficient mastering of the programme or to misguided judgement, might shift too complex tasks to the local partnerships or fail to deliver appropriate information and other resources to them. Too little time to gain experiences, the lack of corresponding abilities and competencies in the voluntary and professional staff and a weak organisational set-up of the local partnership may lead to a system of failure and put damage not only to the local actors involved, but also to the reputation of the LEADER approach itself.
5. Tick-over. If there are too many contingencies built in the LEADER programme – like for example a minimum percentage of funding for co-operation projects or overly complex controlling loops for project approval and funding procedures – there is the risk that the potentials of the programme would not be exploited and local actors would become discouraged, subsequently turning away from the LEADER programme.

¹²⁵ We get to share it – the Legacy of LEADER. Robert Lukesch and Bernd Schuh 2007. In: Conference Documents. LEADER achievements: a diversity of territorial experience. LEADER+ European Conference. 22nd – 23rd November 2007, Évora, Portugal

LEADER has throughout its lifetime never been a “significant” programme in the concert of EU funded policy programs and initiatives: in terms of size it has remained under the threshold of visibility of many decision makers. In terms of European level governance, LEADER’s main challenges are still a lack of knowledge and underestimation of the potentials as well as lack of strategic co-ordination, for example between the European Commission’s DG AGRI and DG REGIO. Still the LEADER philosophy, while evolving and reflecting to other participative approaches itself, has reverberated in a considerable number of other policies and programmes at the EU level.

Thus, although the methodology is far from being sufficiently explored and codified, it has had effects on policy shaping in urban areas (URBAN initiative) as well as in the realm of human resource development (EQUAL initiative). The most recent application is a LEADER-like programme currently implemented by the European Commission’s DG Fishery to support initiatives in sea-shore and freshwater regions. The fishery policy follows here the example of fostering endogenous regional development by using the LEADER principles to address the issues brought forward by the shrinking market potential of the fishing industry.

4.3.2 Finland

The Finnish rural development experts interviewed perceived that LEADER is experiencing a kind of temporary cold spell at the beginning of the Spring of 2008. The funding share of only 3.6% in the National Rural Development Programme for 2007–13 was a big disappointment interpreted as showing the lobbying power of supporters of the old rural policy paradigm. The experts consider that focusing funds by large on a single industry only (primary production), actually makes the countryside weaker and more vulnerable in a global economy full of uncertainties. However, looking at many parallel national level programmes being prepared at the beginning of 2008, there might be more light at the end of the tunnel in 2014. The Government’s Account of Rural Policy for 2009–2020, the fifth national Rural Policy Programme (2009–2013) and the Responsible Local Community Programme (2008–13) co-ordinated by the Village Movement aim at tripling LEADER funds for the following programming period (2014–2020).

An interesting view of one expert was that LEADER should be fully decoupled from rural and agricultural governance. Based on its innovative character it could rather be a part of or at least well linked to innovation policy concerns and programmes. This could help in solving the competition from the same resources with agriculture as well as reduce bureaucracy, part of which is caused by heavy controlling procedures of farms receiving agricultural subsidies from the same fund.

All interviewees agreed that increasing bureaucracy is the biggest threat for the LEADER philosophy in Finland. A third governing body for the LAGs was even introduced at the central level in 2007: the Finnish Agency for Rural Affairs, separated from the Ministry of Agriculture and Forestry. The basic idea was that the latter is in charge of policy design whereas the former works

as an implementation office. But there are fears that the Agency may prove yet another bureaucratic organisation on top of the regional TE Centres and the Ministry itself, all mastering and setting their varied demands on LAGs, while giving contradictory and confusing instructions at the same time.

Mainstreaming LEADER as an integrated part of the national rural development programme has required the LAGs to change their pure NGO status to half-governmental status. For example the LAGs are now guided by the same law on administrative procedures than the TE Centres and the Ministry. This means the staff must take one step towards civil servant status and, consequently, two steps less towards innovation. The “risk and mistake avoiding approach” could merge the whole LEADER as a part of general programme administration, where the programme would quickly lose its specific principles and status as a method, becoming just another rural development tool. Institutions and structures tend to swallow the procedures, as one of the interviewees put it.

After quick learning in LEADER II and extension in LEADER+, the experts claimed the method will become more settled during the next programming period 2007–13. The future after this will depend on results achieved. If the threats of growing bureaucracy, the influence of old rural paradigm supporters, small circles and stagnation can be overcome, the future may look fairly good. All experts agreed that some features of LEADER could perhaps survive even after heavy cuts in funding, but this would marginalise the overall influence and role of the method in rural development. An own budget for project funding, as independent as possible, was seen as a crucial source of motivation for the LAGs.

4.3.3 *Ireland*

In Ireland, LEADER funds for the 2007–13 period increased remarkably, but the concerns about mainstreaming are the same than in Finland. How can LEADER fulfil its mainstream role, not being only pilot and experimental any more? Lack of sufficient understanding or scepticism of other local and state agencies as well as competing processes were also mentioned as obstacles to long term development of LEADER by the Irish experts interviewed.

The main concern of the Irish is LEADER’s ability to maintain community’s interest and relevance. After three subsequent programmes the mainstreamed LEADER is now in the position in which it either renews itself with its generous resources and maintains the public interest or sticks to old, safe procedures and little by little loses the accelerator role of the most topical and relevant issues. Yet the local level experts also warned about accepting every new duty that is offered to them: tackling the drug problem for example is not under the competence of the LAGs. The Irish experts were fairly pessimistic on LEADER’s chances without adequate funding. Some claimed it could nonetheless survive in certain parts of the country whereas most thought it could not without enough financial support, as past good results were obtained with already minimal funding.

4.3.4 Czech Republic

Due to the short history of LEADER in the Czech Republic, the interviewees agreed that the biggest obstacle to successful development of the method is lack of understanding it locally but also in the regional and state administration. In spite of the growing resources for the 2007–13 period, actual mainstreaming will only take place after 2013. For more effective dissemination, the experts agreed that networking and benchmarking from other EU member states plays a crucial role.

Competing for scarce resources, the local level experts suggested the LAGs should move more towards regional development expert organisations, selling their services to municipalities, companies, NGOs and state agencies. The limited budgets were not yet seen as an obstacle but perhaps even appropriate in the phase of learning the methodology. For example the budget of the nationally funded LEADER CR was only 100 000 Euros per LAG but the programme yet proved very successful. The Czech experts estimated that some half of the existing LAGs would disappear if the funding dropped below a sufficient level. The rest would move to harnessing other programmes and perhaps the most advanced ones could still implement the LEADER principles.

4.4 Summing up

The main LEADER issues identified and the possible solutions resulting from the developments above are synthesised in Table 8 below.

Table 8. LEADER issues and possible solutions

Issue	Solution
Bureaucracy and complexity	Straight-forward administration model
Lack of innovation	Linking LEADER with innovation policy
Inadequate self-evaluation and result indicators	Training and monitoring
Lack of qualified staff	Increasing staffing and training resources
Multi-sectoral integration	Networking, trust and partnership building
Equality issues	Continuing action towards women and youth

Bureaucracy and complexity do not seem to be unavoidable and automatic offshoots of LEADER development over the years, as this has not occurred everywhere. It has not developed in Ireland, has swollen in Finland and is perceived as a problem in the Czech Republic. The fact that rural development in Ireland is under the responsibility of a ministry that is now independent from agriculture has probably helped but on the other hand more direct access of LAGs to central government bodies, even before this transfer occurred, shows that this more direct line plays here a crucial role. The Irish experience could be pondered by other EU member states wishing to improve the efficiency of LEADER in terms of funding allocated. Bureaucracy is certainly contradic-

tory to LEADER which is based on quite simple principles and methods while leaving room for flexibility.

The innovation issue is an interesting case in point: LEADER embeds in its own functioning and processes innovative management and network approaches, while innovation is also sought in projects. In LEADER, innovation responds to a very wide definition embracing not only technological concerns but also activities, processes and mobilisation of human resources, while respecting traditional knowledge. The degree of innovation varies from one project to another and depends on the context: in some cases it is clearly considered an engine for project development and in others it might be viewed with a certain degree of suspicion. It is not surprising that questions relating on how to maintain and nurture innovative approaches particularly arise in Finland, that ranks high on the European Innovation Scoreboard (see section 3.2.8). At least creating some linkages with innovation policies¹²⁶ in the broadest sense could be part of the solution.

The question of self-evaluation and result indicators is an important one, with difficulties recognised in the three case countries and quite clearly by Ireland on the basis of LEADER II experience. The Irish ex-post evaluation mentioned above refers to necessary simplification but “without compromising the need to have full information to assess the impact of rural development programmes”. This is an open issue as a balance has to be struck between the two concerns. On the other hand, each LAG, depending on the projects concerned, has a certain leeway to determine the appropriate indicators that often are of a qualitative nature and hence difficult to measure objectively. In the end, the self interest of a given LAG is to define clear indicators and to apply them objectively so as to produce self-evaluations that are relevant for the national level in monitoring results and that easily permit to communicate with partners, inhabitants and the media.

Staff qualification problems are encountered in many LAGs in all EU member countries and this is not a surprise. The same issue exists in local government in many rural areas because of lack of financial resources or the reduced size of staff that does not easily permit leave for training purposes. Of course, action can be taken at the national level but this supposes adequate budgets for this purpose, and, amongst the three case countries, as indicated in section 1.1.5, only Ireland will dispose of significantly increased financial resources over the 2007–2013 programming period. In the end, the answer thus lies in most cases on LAG management itself, the inventiveness of individuals and co-operation with local government.

Multi-sectoral integration is at the core of LEADER principles, seeking to bring together different actors and sectors at the local level in view of jointly defining and implementing projects that aim to promote economic development and social cohesion. It appears from the evaluations mentioned above that this requirement is not met today as easily as at the beginning of LEADER, in

¹²⁶ In particular with the successful Centres of Expertise Programme initiated in 1994 that aims primarily to encourage innovation among SMEs through co-operation with training institutes, universities and research centres. See Territorial Review of Finland, OECD, 2005.

particular with the inflexion of the projects towards more business oriented concerns. This brings up the issues of sustainability: over time, participating SMEs need to conciliate their own business goals with wider ones that relate to the overall community's interests. True and long term integration requires careful project definition at inception and adequate concern for entrepreneurship. In the long run, a small business can remain an active partner in a project if this effectively serves its own interests and is not detrimental to profit. Active networking is required but on the basis of a realistic appraisal of common goals and individual concerns.

Equality issues, relating in particular to the situation of women and young people in LAG management and in project participation, are recognised as matters where LEADER makes the difference with traditional approaches, although these concerns, and particularly gender, are now wider societal goals. Results obtained up to now in each of the case countries are the object of section 3.2.7. These show significant achievements, particularly in Ireland, but continued efforts are required to achieve true equality. One thing that LEADER can be credited with is addressing rural women, both by their increased participation in local decision making processes (LAG boards, project management) and through projects specifically catering to their needs. Concerning youth as a target group in projects, Finland scores high but involvement of young people in project development is another matter. Here again, there is no pre-determined solution "from above", but mostly pragmatic approaches to be taken by LAG management to better associate young people with LEADER.

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Having investigated how LEADER has responded to rural area needs in Europe and why it could answer those of developing Nations (Chapter one), the specifics of each case country in terms of rural profiles and policies were reviewed (Chapter two), LEADER impact was then assessed in different policy areas (Chapter three) and LEADER issues were subsequently addressed (Chapter four). At this stage of this report, and before examining recommendations made in view of LEADER transfer towards a developing country (Chapter five), it appears appropriate to refer to the LEADER principles of mutual learning, learning by doing and networking to underline that this contemplated transfer is conceived as an interactive and mutually beneficial process. In fact:

"In view of an even brighter future of LEADER in Europe, the methodology should not only be reflected in the EU and its' other participative programmes but also outside".¹²⁷ The LEADER approach has been, in some cases and based on individual initiative, made known and transferred to non-European rural areas. In fact, it constitutes an asset of European knowledge and experience which could benefit rural areas in quite different geographical and governance contexts, with adequate adaptations. This opportunity should be systematically taken into account in Development Co-operation programmes of European countries. One should not forget that the experiences gained abroad could fertilise the European approach as well – real learning is never a one-way road.

¹²⁷ We get to share it – the Legacy of LEADER. Robert Lukesch and Bernd Schuh 2007. In: Conference Documents. LEADER achievements: a diversity of territorial experience. LEADER+ European Conference. 22nd – 23rd November 2007, Évora, Portugal

CHAPTER 5: RECOMMENDATIONS

5.1 Adaptability

When introducing LEADER into a developing world context it is useful to first recapitulate a certain number of LEADER features that plead in favour of its adaptability to such an environment. First of all, LEADER is cross sector and today local development approaches tend to give increased attention to this aspect. LEADER seeks to bring together all actors of local development, both public and private: men and women, farmers, retailers, service providers, the self-employed and employees. LEADER seeks to build partnerships so that local government and civil society can work together to promote local initiative. On the other hand, this does not entail reduced top down, but a change in nature. “Good bottom-up does not need less, but rather another style of top-down: enabling and encouraging instead of command and control”¹²⁸.

Another original and useful feature of LEADER is the fact that it is seen “as filling a gap left by all other programmes and specifically small scale projects that would have not benefited from any other support otherwise”, also in the opinion of the above-mentioned mid-term evaluation. This document underlines besides the “particular strength of LEADER...to act as a pathfinder for mainstream programmes”. These appreciations, brought forward in the EU context, appear particularly relevant for transfer of LEADER towards a developing country for several reasons:

- The central government can maintain coherence with national policies while encouraging local initiative.
- Small-scale projects are favoured instead of being left aside simply because their proponents do not have as much clout as other actors.
- Convergence with mainstream programmes goes further than simple compatibility: LEADER can help in achieving their own goals.

Lastly, efficient mobilisation of endogenous resources, whether human or material, appears as a major trait of LEADER, strongly contributing to the forging of a local sense of purpose. The mid term evaluation distinguishes “backward bonding” from “forward bonding” but both are definitely required. The former is based on historical, traditional and natural features of the local area that are “perceived in a new light” through LEADER and “turned into assets” while respecting their character and maintaining their future value. The latter results from a “common vision of the future, aligning local actors for a common purpose”. In this way, pilot strategies will combine tradition and innovation instead of opposing the two terms as is often the case.

Even if LEADER seems well adapted to a transfer towards a developing country, on the basis of a pilot approach, this requires careful checking and preparation to ensure that certain preliminary

¹²⁸ Mid-term evaluation of LEADER+, EU Commission, 2006.

conditions can effectively be fulfilled. The conditions to be met by LEADER relate to the following concerns:

- The project should be inspired by a few simple principles with goals pursued on the basis of straightforward methods integrating the local context.
- LEADER pilot(s) need to be in full coherence with national rural and agricultural development policies, as well as with development aid programmes.
- The set-up of project management needs to be carefully co-ordinated, with sensitisation and training being essential components of planned project organisation.
- To ensure coherence and better mobilise support in the country where the pilot will take place, but also in Europe, additional linkages can usefully be created.

5.2 Principles, goals and methods in the local context

The authors of this report have been convinced from the beginning of this work that a certain number of adaptations of LEADER would be required so as to ensure smooth introduction into the context of a developing Nation. Transferring know-how is not exporting a finished product or concept so a certain number of features need to be emphasised and others adapted. So as to help identifying which areas needed to be reviewed, the experts interviewed were asked the following two questions:

1. If LEADER were to be applied in a developing country context, what would be your main recommendations?
2. Which parts of the LEADER programme need to be changed or completed for this dissemination?

The recommendations concerning principles, goals and methods that follow are largely based on the answers that were provided by these experts (see annex 5) and reflect their consensus on basic issues and LEADER requirements stemming from their vision and experience at the local and/or the national level. It is interesting to note that answers here do not substantially differ, whether they were provided by central government officials or those operating on the field. Recommendations of a very general nature as well as those, quite specific, that might have been formulated by only one individual, have not been taken into account unless they bring added value to the overall proposals formulated in this section.

Principles

A certain number of very simple principles come out of the expert interviews. They may seem obvious but they are quite fundamental and adhering to these constitutes a basic requirement to refer to both in the phase of preparation and implementation. The first one follows the logic of decentralisation that could be synthesised by “we decide, we do”, meaning local level responsi-

bility and empowerment. Those, at the local level, who decide local projects, need to be directly involved in their roll-out. In other terms, they need to become stakeholders by direct and continued participation. On the other hand, the approach has to be an honest one: the pros and cons of a specific project and its risks need to be debated. A local or village level plan constitutes the reference for this. Also, local wishes and needs should constitute the basis for project decisions, implying, as stated above, a new kind of top-down, meeting with bottom-up. Lastly, a hierarchy of needs has to be established: individuals can think community-wise if they feel that efforts are made to satisfy their own basic needs beforehand.

Objectives

A concern that emerges from many expert interviews is the requirement for a step by step approach, often associated with small project sizes. The step by step approach permits to gain momentum on the basis of first achievements while permitting progressive information dissemination so as to maintain adequate mobilisation behind a project. Small project size is inherent to the LEADER philosophy and it is particularly stressed in case of transfer towards a developing country. Small size authorises tangible results more quickly and small successes more easily, thus building the trust of the population that then permits to pursue at a later stage more complex or bigger projects.

Methods

The term motivation also come up frequently in the expert interviews. Seeking to build motivation by different ways appears as essential, whether through empowerment or expectation of a given result improving everyday living conditions. Motivation appears when individuals start to believe that things can change and that change rests largely in their hands. It goes hand in hand with confidence, as dedication to a common goal supposes a certain degree of trust between individuals associated in a common project, whether they represent local government or civil society. Networking is naturally associated to this logic and can only occur if the predominant feeling is that there is in good confidence the pursuit of collective and not individual interests.

Management and financing

Lastly, most experts stressed the importance of management and financial aspects in transferring LEADER know-how. To begin with, setting up a Local Action Group requires adequate mobilisation of local leaders. This initial phase is strategic and careful attention should be given to it in project preparation. Also, qualified managers must, amongst other roles, assume fully that of facilitators and disseminators. So as to be able to fulfill their role, one expert suggestion is that the LAG manager be a full time appointed person with a basic salary so as to permit full involvement. Concerning financing, there is agreement that both municipal and private funding requirements for projects should be lower because of more limited financial capacities at the local level.

On the other hand the requirement relating to strict monitoring of expenditure is recalled to ensure that limited resources are well spent.

5.3 Integration of LEADER into national policies

5.3.1 *European examples*

LEADER can only be introduced into a country where main policy trends present a certain degree of homogeneity with LEADER principles, so that the latter helps to fulfil these. According to the European LEADER+ mid-term evaluation, the embedding of LEADER into wider rural policy may appear in three forms, with each of them exhibiting excellent results if certain conditions are met:¹²⁹

1. Strategic merging (Austria): LEADER can be designed as a pathfinder, incubator or niche specialist for designated areas of intervention. In this role it may exert a leverage effect on rural development if follow-up support from mainstream programmes is ensured. The initiative can develop a distinct profile and image and raise the attention of new project promoters according to its genuine purpose of a laboratory for innovative rural development. The conditions of excellence in the case of strategic merging are: (i) effective communication and interaction among stakeholders and in LEADER areas; (ii) efficient inter-administrative coordination at national and regional level; (iii) good technical assistance for project applicants.
2. Full mainstreaming (Finland, Ireland): LEADER can be included into rural policy as its paradigmatic core component, shaping other mainstream rural and local development measures according to its pattern. The conditions of excellence in the case of full mainstreaming are: (i) a commonly shared and comprehensive rural policy strategy under one umbrella; (ii) coordination at programme level to avoid overlaps between LEADER and LEADER-like mainstream measures.
3. Local customisation (Greece, Portugal): Even in the absence of strong coordination at higher levels of decision-making, LAGs may be able to act as local development agencies packaging the flows of funds into their area to the best of the potential beneficiaries. The conditions of excellence in the case of local customisation are: (i) high autonomy of LAGs connected with enabling and encouraging top-down support; (ii) a trustful and co-operative climate at the local level to make inter-institutional coordination possible and effective; (iii) a well endowed and skilled technical staff incorporating social and economic skills at the LAG level.

¹²⁹ Mid-term evaluation of LEADER+, EU Commission, 2006. The national programmes mentioned in brackets have been identified as good representations of different ways of embedding LEADER in rural development.

5.3.2 *Policy trends in Mozambique and LEADER*

Mozambique is one of the target countries of Finnish development aid, with recent reforms modifying the decision-making structure across levels of government. In this country, both official statements and Finnish development aid programmes underline emphases on decentralisation and local initiative in rural development. The Ministry of Planning and Development (National Directorate for Promotion of Rural Development or DNPDR), in a note dated 22nd of December 2006, following a Finnish mission to Mozambique to present LEADER, considers that the Finnish (LEADER) experience is relevant and useful for Mozambique, as it is “within the general scope of the decentralisation process” in the country. The Finnish experience is highlighted in terms of a “structure with a communitarian base promoting development at the local level (LAGs)”. The “priority to participatory approaches, including decentralised management and finances” is also mentioned.

The fact that Mozambique does not have development plans at a village level, as in Finland, but at the district level, is not considered as an obstacle as “we do not exclude the possibility of villages having their needs and ideas in relation to their own development”. It is stated that the experience of LAGs could be incorporated in the processes under course of Planning and Decentralisation of Finances and in the creation of Local Economic Development Agencies. DNPDR thus considers that it is possible to implement LAG type structures by taking into account the reality of Mozambique.

The recent overview of the LEADER+ Observatory conference (Evora, Portugal, November 22–23 2007) by Hermes Sueia, Advisor to DNPDR, indicates that “many of the approaches of the LEADER+ Programme are similar in nature to the new Mozambique Rural Development Strategy (EDR) approved in September 2007”, that “aims at mobilising the rural grassroots organisations”. He specifies that “The main pillars of the strategy are inter-sectoral and inter-institutional co-ordination; decentralisation and community participation... The objective of the strategy is to increase human development and to make rural areas more competitive and attractive by increasing the productivity of producers and rural enterprises”.

5.4 **Coherence with development aid programmes**

5.4.1 *The case of Mozambique*

A second condition to be met for introduction of LEADER in a developing world context is effective coherence with development aid programmes, as applied on the field. The Finnish mission that presented LEADER in Mozambique in November 2006 visited Mocuba District in the Province of Zambézia, an area targeted by Finnish aid programmes¹³⁰ and which could be chosen for a LEADER pilot in that country. These programmes provide bi-lateral support to rural develop-

¹³⁰ An agreement signed between the Finnish and Mozambican governments in October 2005 specifies that rural development is, alongside health and education, one of the three sectors in which development co-operation would be concentrated.

ment in the context of PROAGRI, the agricultural sector programme of Mozambique. The project aims to invigorate rural livelihoods in the project area, through sustainable agricultural production and natural resources management, processing and marketing. Within PROAGRI II, launched in 2006, the Finnish programme focuses on capacity building and institutional support to the district and local level actors implementing the activities of the programme¹³¹. The project defined on these bases spans over a four year period, from April 2006 until March 2010 and will gradually extend to a few districts neighbouring Mocuba. This extension would allow the launch of other LEADER pilots, at least in a second stage, once enough experience has been gathered through the first pilot.

The overall objective of this project is to reduce rural poverty, especially of women, also a group often targeted by LEADER projects. The comprehensive Poverty reduction strategy of the Government of Mozambique (PARPA II) provides the policy reference, as well as the decentralisation and deconcentration policy. Poverty in Zambézia Province stems from the insufficient and unsustainable utilisation of its high potential for agriculture and forestry. The factors explaining this situation are the following:

- Institutional weakness in government, civil society and the private sector
- Unsustainable and inefficient production patterns in rural development
- A weak value chain, with insufficient local processing and marketing in agriculture and forestry.

Aside from the specific goals targeting economic development, several pertain to improvement of governance mechanisms, as indicated in the Project Framework Document concerning Support to Rural Development in Zambézia. These relate to “strengthening of both basic and intermediary civil organisations so that they can effectively participate in the planning and implementation of rural development interventions and defend the rural population’s legitimate claims and rights”. “Identification and operationalisation of mechanisms for public-private partnerships” are also mentioned. These aspects are fully coherent with the fundamentals of LEADER concerning increased public participation in local affairs. Also, many LEADER projects directly aim to improve the performance of the local economy, along lines similar to those stated above.

5.4.2 Set-up of project management and components

In the second stage of the project that has produced this report (implementation of a pilot project in a priority country for Finnish development aid), a mission to Mozambique will be planned so as to secure final agreement on the project, discuss initial organisation, the management framework, the calendar of work as well as monitoring and evaluation methods. This would be followed by a visit to Finland by a delegation from Mozambique to secure additional information so

¹³¹ Support to Rural Development in Zambézia Province, Mozambique, Project Framework Document, Government of Mozambique and Ministry of Foreign Affairs of Finland, December 2005.

as to prepare project launching. The indications that follow are only possible approaches concerning project organisation that will have to be agreed upon with different partners in Finland and in Mozambique, both at the government levels and at the local levels. Decisions in this area will necessarily refer to the existing co-operation framework between Finland and Mozambique.

The framework document concerning support to rural development in Zambézia indicates that the organisational framework of the project consists of a Supervisory Board (SVB), a Steering Committee (SC), a Project Management Team (PMT) and Project Partner Organisations (PPOs). The Ministry of Planning and Development chairs the SVB while co-ordination at the provincial level is achieved through the SC, chaired by the Provincial Government. At the district level, the PMT works closely with the District Administration and the District Consultative Council, aiming to integrate its activities with the latter in mid to long term.

Implementation of project activities takes place through the PPOs, representing the stakeholders. These are relevant government ministries and their provincial and district services, the Provincial Government of Zambézia, local government organs and related consultative councils, the Municipal Council of Mocuba, the private sector and relevant private sector fora, relevant donor assisted projects and programmes in the province and nation-wide, local, national and international NGOs and associations, local CBOs and communities and the rural population of the project area.

How will the creation of a Local Action Group and the launch of a LEADER pilot fit into this framework? Can and should all of these elements be retained in this case? If this is done to maintain overall coherence, attention should be paid to the fact that the creation of the LAG (certainly comprising a good number of actors already involved in other projects) and launch of the pilot require maintaining a certain degree of flexibility so as to adequately preserve the bottom-up character of LEADER. Also, project organisation should seek to ensure not only efficient co-ordination between the national, provincial, district and municipal levels in Mozambique but also guarantee co-ordination with national level and local level actors in Finland that will provide support and expertise to the project (Ministry of Agriculture and Forestry, Rural Policy Committee; Local Action Group).

As the pilot, after approval, will be integrated into the above-mentioned project relating to support of rural development in Zambézia Province, a certain number of its features will take into account actions already launched in different areas. While setting up the LAG, concerns relating to information and sensitisation of the local population will have to be anticipated so as to have these fit adequately into the spectrum of measures already engaged in different fields. The aim here is to maintain a clear message, coherent with action already taken and not have LEADER appear as something additional and different but, on the contrary, in continuity with preceding measures. The same appears true for capacity building as the LEADER pilot will certainly capitalise on and amplify certain schemes that have begun to be implemented. In this area, LEADER can appear as a catalyst completing existing actions, thus strengthening local initiative.

5.5 Linkages with Finland

It appears logical to assume that, when transferring LEADER to a developing country, besides support from the Government of Finland, active involvement of at least one Finnish LAG¹³² would be both coherent and useful, not only in terms of sharing of know-how and transfer of experience. The LAG network itself can reach out not only to its members but also to the population of its area. Provided proper sensitisation and dissemination of information on the project at a certain stage, citizen support could be gathered and possibly additional voluntary financial contributions secured. Some of the following ideas, integrating direct LAG involvement, could be explored to this end:

- Organise seminars, training and study tours to the chosen LAG area in Finland in favour of local officials and LAG representatives from Mozambique.
- Plan transfer of know-how to Mozambique by specific missions and training sessions supervised by experts from the designated Finnish LAG, aside from direct project field work ensured by the project team.
- Organise at a later stage a LAG to LAG twinning between Mozambique and Finland to ensure a durable relationship and promote wider backing.
- Develop pupil and student exchanges as well as mutual cultural activities (music, handicraft, exhibitions on different themes).
- Enlist the support of local artists who could help in promoting the project.
- Use drawings by children from Mozambique and Finland to promote the picture of a sustainable future for the countryside.

¹³² For Mozambique, it is suggested that this be investigated within the area of Joutsenten Reitti LAG.

ANNEX 1: THE EXPERT INTERVIEWEES

Finland

Mr Asko Peltola, Manager, Council of Southern Ostrobothnia Region

Mr Heikki Pitkääkoski, Kärjenkoski Village Development Association

Mr Eero Uusitalo, Secretary General, Finnish Rural Policy Committee

Mr Timo Vesiluoma, Programme Manager, Suupohja LAG

Ireland

Mr Noel Dillon, County Manager (retired), Cork County

Ms Eileen Linehan, Community & Enterprise Team LEADER, IRD Duhallow LAG

Mr Pat Moynan, Administrator of LEADER programme, Ministry of Gaeltacht and Community Affairs

Ms Maura Walsh, Manager, IRD Duhallow LAG.

Czech Republic

Ms Barbora Cmelíková, Project Manager, Posázaví LAG

Ms Lucie Lopatová, Rural Development Advisor, State Agricultural Intervention Fund

Ms Kamila Matousková, Director, Rural Development and Environmental Policy, Ministry of Agriculture

Mr Václav Posmurný, Manager, Posázaví LAG

ANNEX 2: QUESTIONNAIRE

Questionnaire for country-based data collection on

- national level (relevant Ministries, LEADER Support Unit, LEADER Network, selected Members of Parliament)
- regional/ county level (County Councils and Managers, Regional Employment and Economic Development Centres)
- sub-regional/ LAG level (LAG Managers and Board Members)
- local level (implementers & target group of LAG projects)

1. CONTEXT

1.1 Demography

- urban/ rural population
- population density
- age profile
- education profile

1.2 Labour market

- employment by sector
- unemployment rates
- entrepreneurship by sector

1.3 Agriculture

- share of GDP
- share of land

1.4 Governance

- administrative divisions
- tax gathering

1.5 Policies

1.5.1 Rural programmes and projects

- Which EU/national/regional programmes and projects specifically concern rural areas?
 - How are these programmes coordinated between each other?
- Do these promote new types of governance in the form of:
 - Local initiative and how? (e.g. inter-municipal cooperation, public-private partnerships)
 - Participation of citizens and how?
- Do they seek to strengthen the local economy and how? (SME training, innovation etc)

1.5.2 Sectoral policies

- Which are the main sectoral policies with impact in rural areas?
-

- At national level
 - At regional level
 - Are these policies co-ordinated in rural areas and how?
 - Any unintended effects of sectoral policies?
 - In which areas?
 - What is the issue?
 - 2. LEADER IMPACT
 - 2.1 Coverage and main themes of LEADER in the country
 - expected results and most important indicators?
 - 2.2 To what extent has LEADER contributed to:
 - achieve the expected results and most important indicators?
 - slow down the rural exodus or even helped in reversing trends?
 - change national policies (e.g. highlight bottom-up approach, strengthen the role of rural policy among other policies)
 - increase public participation (social inclusion) and role of civil society?
 - capacity building in rural areas?
 - new job and enterprise creation?
 - protect the environment?
 - improve the situation of women and young people?
 - find new, innovative ways of improving socio-economic viability and quality of life in rural areas?
 - promote and disseminate new integrated approaches to rural development through pilot character of strategies, cooperation and networking?
 - more efficient use of local resources (physical, human, environmental)
 - transnational cooperation and internationalisation
 - 3. LEADER ISSUES
 - What are the major criticisms made towards the LEADER methodology? (e.g. treatment of small projects, liquidity of small applicants, delays in administration)
 - Is LEADER the shared vision and project of a few local champions or has it really mobilised all of rural society?
 - If there is room for progress here, how and why were certain actors, groups or people left aside?
 - Does LEADER design, implementation and monitoring appear too complex?
 - What are the obstacles to long term development of LEADER type approaches and programmes?
 - How does the future of LEADER look like in your country?
 - 4. ASSESSMENT AND RECOMMENDATIONS
 - If LEADER was to be applied in a developing country context what would be your number one recommendation?
-

ANNEX 3: FEEDBACK FROM THE LECTURING MISSION IN MOZAMBIQUE

REPUBLIC OF MOZAMBIQUE

MINISTRY OF PLANNING AND DEVELOPMENT

National Directorate for Promotion of Rural Development

Dear National Director,

SUBJECT: *Comments on the Experience of Rural Development in Finland*

On 5th December, the Embassy of Finland organized a seminar to discuss the Rural Development Policies and the Local Action Groups in Finland.

The seminar started with the presentation of the organization chart of the Ministry of Agriculture and Forest of Finland, institution that deals with the issues of rural development and which articulates with the Local Action Groups (LAGs), which are a model of rural development in Finland.

From the presentation and debates during the seminar, the team from the MPD-DNPDR has noted that the Finnish experience is relevant and useful, since it is within the general scope of the decentralization process in Mozambique. With the contributions presented, it allows us to reflect about our own experience and the way we still have to pursue. We also highlight that the Finnish experience is based on a structure with a communitarian base, promoting development (Local Action Groups) at local level.

One issue, DNPDR finds relevant in relation with these groups is the fact that they give priority to participatory approaches including the decentralized management and finances, issues also considered as important for the rural development in Mozambique. Obviously, there are certain similarities and differences as a result from concrete rural development processes in our country and in Finland.

By the economic strength in Finland, the country has availability to direct significant resources to rural areas, besides that it has highly skilled staff, very low poverty indexes among its population and the existence of vigorous institutions. Another issue, also vital, is the type of decentralization adopted, and the more advanced stage of Nation building in Finland.

Although Mozambique does not have development plans at a village level, as in Finland, but at district level (main territorial unit of the organization and functioning of the local State adminis-

tration and base for the planning of economic, social and cultural development), it should be highlighted that we do not exclude the possibilities of villages having their needs and ideas in relation to their own development.

The experience of LAGs can be incorporated (in the possible aspects) in the processes, under course, of Planning and Decentralization of Finances, and in the creation of Local Economic Development Agencies which also focused on Local Economic Development.

The involvement of communities in development processes, from the planning and implementation of projects in Mozambique is a reality. So, DNPDR considers that is possible to implement this type of structures in Mozambique, taking into account the Mozambican reality. However, this issue (model of development in Finland) stills needs a deepen reflection and the involvement of the two countries for the implementation of this experience, in a first phase as an experience.

It is important to highlight that in the future, we would like to be able to proceed with the exchange of experiences, approaches and intervention methodologies in rural areas. We believe that PRODEZA will contribute to proceed with the debate on these issues which are very important for Mozambique.

Maputo, 22nd December 2006

ANNEX 4: SELECTION CRITERIA FOR LAGS BY THE FINNISH MINISTRY OF AGRICULTURE AND FORESTRY

I/ LAG organisation criteria

1. The operational area of the LAG must be defined in a clear and binding manner in the application. The area of the LAG does not necessarily have to follow administrative borders. Each area can only belong to one LAG.
 2. The definition of the area of the LAG must show the population of this area and state the reasons why it is appropriate for local action and involvement as well as indicate that the area has sufficient financial and human resources. The LEADER measures must be targeted at rural areas. All municipalities or towns with less than 20,000 inhabitants are defined as rural areas in their entirety. As a general rule, the urban centre areas of municipalities or towns with more than 20,000 inhabitants are excluded from the definition.
 3. The LAG must be a competent actor (a registered association, etc.). All the actors of the area must have the opportunity to become LAG members (rules cannot exclude certain actors). There must be a sufficiently large and extensive number of members in the LAG. The members must include representatives of public administration, entrepreneurs, communities and local people.
 4. The Board of the LAG must follow the tripartition principle. The following parties must have a balanced representation (each with a share of one-third) on the Board or the decision-making body of the LAG:
 - a) municipalities (local government)
 - b) communities (organisations, associations and large companies)
 - c) local people (individuals and small entrepreneurs).The principles of tripartition and the regular terms of the Board members must be included in the rules and be visible in the composition of the Board at the time of application.
 5. The LAG must show in its application how it will organise itself internally or acquire the sufficient economic and administrative skills through co-operation.
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II/ Criteria established for LAG's local rural development programmes

1. The local rural development programme must be prepared openly and extensively using the bottom-up principle. The programme or its annexes must describe the preparation process and the parties involved.
 2. The local programme must concentrate on rural development, creating conditions and new models to develop the area in question. The objective of the programme is to improve the quality of life and living conditions in rural areas and to increase social capital by developing the communities, etc. The objectives of the programme must clearly show its contribution to the emergence of new work and income opportunities.
 3. The local rural development programme must describe and analyse the current situation of the area. The activities planned in the programme must be broad-based and include activities from many different fields.
 4. The programme must include separate objectives for measures for women, men and young people and possibly include measures targeted at various population groups. The objectives and measures of the programme must follow the principles of sustainable development.
 5. The programme or its annexes must have a clear description of how co-operation, co-ordination and complementarity with the other actors and programmes of the area have been arranged.
 6. The exchange of expertise and the division of duties in business financing must clearly be agreed upon with municipalities, regional business service centres or business associations at the regional level.
 7. The application must include an estimate of the total need for public funding and of the amount of private funding. The programme or its annexes should include an estimate of those measures in the rural development programme for continental Finland which funding is being applied for.
 8. The municipalities of the area must commit themselves to contributing 20% of the public funding received by the LAG from the rural development programme for continental Finland, except for Axis 2, which does not use municipal funding. The municipalities must commit themselves to funding according to the annual one-time payment principle ("lump sum").
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III/ Features of a good local rural development programme

1. The programme has a clear and logical strategy. The experiences of the LAG obtained from implementing the development programmes in previous programming periods have also been analysed and the result of these analyses have been considered when planning the strategy and priorities of the programme. The programme is coherent and has a “sense of purpose” to it, building on the strengths of the area and finding solutions to its weaknesses.
 2. The programme is feasible and realistic and includes ideas or solutions that are clearly new to develop the area. The programme shows how these new solutions, ideas or practices are brought within the reach of rural actors.
 3. The programme clearly describes co-operation with various parties (Regional Councils, key organisations in the area, municipalities, sub-regional units, etc.). The LAG has developed co-operation with several parties. Its role towards the other actors of the area is clear and functional.
 4. The programme includes a plan on how to activate and involve the inhabitants of the area and the various population groups and actors in developing their own area when implementing the programme.
 5. If the programme involves transnational and inter-territorial co-operation, these must have clear and reasonable objectives.
 6. The LAG has clear indicators to monitor the attainment of objectives and a plan for the practical implementation of the programme.
 7. The programme has a broad selection of activities from the various axes of the rural programme for continental Finland.
 8. The LAG has negotiated other funding for the implementation of the programme or for its activities in addition to that from the rural development programme, such as funding from other Structural Funds.
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ANNEX 5: ADAPTING LEADER FOR TRANSFER

Question 1: If LEADER were to be applied in a developing country context, what would be your main recommendations?

Eero Uusitalo, Finland:

- Local people must be gathered together and informed thoroughly: “we do, we decide”.
- Where social capital and sense of community don’t exist yet, they must be formed right from the beginning.

Asko Peltola, Finland:

- Must be applied to the local culture.
- Promoting voluntary learning process and involvement of all groups (equality!).
- Building up own future, looking for quick tangible results for the feeling of empowerment (pathway of small successes).

Timo Vesiluoma, Finland:

- Making administration (central & regional) trust the local level and transfer responsibility.
- Financiers and evaluators monitoring closely!
- Phase model, step by step with enough time.

Heikki Pitkäläkoski, Finland:

- Step by step to local hands.
- Not to give fish but teach how to fish.
- Improving the situation of women.

Pat Moynan, Ireland:

- Piloting on one area, then dissemination.

Noel Dillon, Ireland:

- Honesty in approach: pros & cons.
- Motivation of the local level: you have to do it yourself.
- Confirming that top-down LEADER initiative proves useful at local level.
- Start with something very simple: small steps bring confidence.

Maura Walsh, Ireland:

- Twinning arrangement: LAG-LAG based (e.g. one/two LAGs from old LEADER countries, one from a developing country, costs shared in a fair way).
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Eileen Linehan, Ireland:

- Process thinking, training, capacity building.

Kamila Matousková, Czech Republic:

- Smaller, quickly realisable projects (public places, cultural heritage): visibility, recognition, good reputation.
- Reliable partners: municipalities, NGOs (who are well known) → encourage them to network, co-operate with good facilitators helping in this.

Lucie Lopatová, Czech Republic:

- Skill acquisition.
- Maslow hierarchy of needs must be taken into account (first own stomach, then common good).

Václav Posmurný, Czech Republic:

1. Making the concept of co-operation clear and giving it a positive contents.
2. Big project to promote the idea of co-operation.
3. Local leaders to be mobilised → starting to build a LAG.

Barbora Cmelíková, Czech Republic:

- Bench-marking from successful countries and regions where LEADER has been recently introduced.

Question 2: Which parts of the LEADER programme need to be changed or completed for this dissemination?

Eero Uusitalo, Finland:

- Financing structure: private funding requirements lower, municipal funding requirements lower.

Asko Peltola, Finland:

- Reserve enough time, a two year project could not be sufficient!
- Get ready for opponents on national / local level.

Timo Vesiluoma, Finland:

- Private funding share must be lower, cash problem must be solved.
 - Innovation requirement lower in the beginning.
 - Village development plan.
 - Learning entrepreneurship and “how to fish”.
 - Starting from local wishes and needs.
 - Disseminators: educated and well communicating individuals transferring the knowledge to people on local level.
-

Heikki Pitkääkoski, Finland:

- Strict monitoring of expenditure.

Eileen Linehan, Ireland:

- Go back to times you started with your own European LAG and ask yourself the question.

Kamila Matousková, Czech Republic:

- Try to find money at least for one person, manager of a LAG, who then becomes fully involved and committed to this idea.
- Facilitators should help in generating a local development plan.
- "Motivation money" rather than "financing money".
- Good examples and their dissemination.

Václav Posmurný, Czech Republic:

- Not changing the people of other countries such as Mozambique for LEADER but changing LEADER for people in these countries.
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