

A Common Rural Development Policy?



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Keys to Unlock the Potential of LEADER Approaches in Rural Areas

Further reform of the Common Agricultural Policy should acknowledge an increasingly holistic and place-based approach that offers all rural enterprises the opportunity to flourish and diversify.

With severe cuts to public spending, it is an imperative that EU and domestic funding for rural areas are aligned.

Members of Local Action Groups build up a deep understanding of local economic and social circumstances over a period of time and continuity between programmes ensures this capacity is not lost.

Rural communities have a growing role in the delivery of renewable energy and food and water security for our nations and LEADER investment has great potential in supporting innovation and building capacity to deliver these goals.

There are great benefits when LEADER development plans are synchronised with domestic regeneration initiatives and community strategies, especially when delivered by independent and locally governed organisations.

Networking is a fundamental characteristic of the LEADER approach and is not negotiable.

In the 2007-13 period excessive control and bureaucracy has seriously hampered timely and effective delivery of LEADER: this has been recognised within the EU and must be urgently addressed.



Introduction

Very few people who live in rural areas will have ever heard of the LEADER programme. It is yet another acronym, and a French one at that, describing yet another regeneration initiative. However, this is an initiative that has, in the main, worked. A great many rural residents will have realised the benefits in terms of jobs created in new enterprises, enhanced community buildings and support for essential services. LEADER is judged to be one of the most successful initiatives ever to come from Europe.

As a recent OECD Rural Policy review puts it,

*'LEADER has had success and generated a lot of enthusiasm in many rural areas across the EU. LEADER has demonstrated the benefits that a bottom-up, integrated approach to rural development can bring with relatively little resource and its success stands in contradiction to and highlights the limits of the sectoral approach to rural areas which is still dominant in terms of financing throughout the EU and in several OECD countries.'*¹

The principles that underpin LEADER and the approach to rural development taken by Carnegie UK Trust are distinctive. Work takes place in a defined area and is managed by a partnership of local people and the public sector with the power to take decisions about where the money goes. Following meaningful involvement of the community, an action plan is drawn up that reflects economic, social and environmental priorities. It is intended that the resources be deployed on a relatively small scale and on innovative ventures. This should be seen as an investment in enterprises that are sustainable and not a regular handout.

Carnegie UK Trust has reviewed the evolution and diversity of LEADER in the UK, the Republic of Ireland and beyond and in this publication we consider the merits of more widespread and systematic use of the LEADER approach in equipping rural communities to meet their significant future challenges.



Traditional Boundaries trainees at work in Northumberland

¹ OECD, *The New Rural Paradigm*, 2006, p.91

The LEADER Story

LEADER began its life in the early 1990s. The name originated from the French: Liaisons Entre Actions de Développement de l'Economie Rurale (links between actions for the development of the rural economy). It developed into a European 'Community Initiative' designed to generate new thinking about the development of rural areas at the local level.



The LEADER initiative has progressed through a number of different manifestations: LEADER I was launched Europe-wide in 1991 as a small programme piloted in very fragile rural areas in much of rural Ireland, Scotland and Wales with only Cornwall in England being eligible. In Northern Ireland, one LEADER group (The NI Rural Development Council) was set up to focus entirely upon social economy interventions.

This experiment was deemed to be a success and led to the much larger LEADER II (1994-1999) programme, enabling many more areas to submit proposals. The essential requirement of a LEADER II programme was a focus on promotion of opportunities for economic, environmental and social development that arose within a well-defined rural area with a population of up to 100,000. There were over 900 LEADER II Local Action Groups (LAGs) Europe-wide, celebrating the diversity and distinctiveness of their areas and using those qualities as tools for local development.

The European Commission wanted the next phase of LEADER to be available, potentially, in all rural areas – not just the more deprived areas. LEADER + was to be an experiment in broadening the area covered and deepening the work by focussing on fewer measures such as adding value to local products or making the most of natural and cultural assets.

From 2007, the LEADER Programme was replaced by the LEADER Approach, becoming a method by which other parts of the European Rural Development Programme could be delivered. There is a requirement that the LEADER Approach must be used to determine how a minimum of 5% of EU funds, including potentially those directed at farmers, is deployed.

Now the future of the Common Agricultural Policy is again being reviewed and consideration is being given to the shape of rural development in Europe for the period 2014–2020. This publication draws upon past experience of LEADER programmes to highlight best practice but also to learn from things that have not gone well (particularly in the present programming period) before drawing up recommendations for future action.

The Place of the LEADER Approach in the Wider Rural Development Programme



The Common Agricultural Policy (CAP) was born in the late 1950s and early 1960s when the founding members of the European Community had just emerged from severe food shortages during and after the Second World War. Since then, the CAP has survived but as social and economic fortunes of European countries improved, reform of the CAP to suit changed circumstances proved a tortuous process; a problem that began in the 1960s and one that continues to the present day.

We have recorded the introduction and development of LEADER since the 1990's and have the shift from straightforward support to farmers to a Rural Development Policy. Yet there has always been a degree of antagonism from farming interests caused by diversion of 'their' funds to generalist rural development. An example would be modulation as a mechanism to transfer CAP funds from direct aid to farmers to rural development measures.

In the UK overall, agriculture accounts for less than 1% of GDP and 2% of the employed labour force, although it is more important in some rural areas and in Ireland 11% of the workforce are in agriculture, contributing 3% of GDP. UK farms now produce over 70% of what is possible to produce in our climate; we were far more dependent upon imports when the CAP was created. What has also changed is the part that farming plays in the food chain: in 1999, of the £55 billion contribution to UK GDP made by the food chain as a whole, farming represented only 15%. Our largely urban population now purchases food at a handful of major retailers who source from major processors and manufacturers; large and efficient farms have responded but others have been squeezed.

So, in the light of these trends, where is EU money going? You could say that in the past the Common Agricultural Policy proved too successful; interventions to buy farm output when the market price fell below an agreed level, whilst helping to reduce Europe's reliance on imported food, led to over-production and the creation of 'mountains' and 'lakes' of surplus food and drink. Now, at a time when all sections of society are facing the consequences of the financial crash, it is entirely appropriate to ask whether public money is being applied sensibly in terms of the CAP. At one end of the scale, in the UK in 2009 more than £3.5

million was paid out to 'farmers' who claimed less than £300 in subsidies; with none of the benefits of small LEADER investments, what about the costs of these tiny transactions? At the other end of the scale nearly 30 UK farm enterprises each received over £1,000,000 of public money in that year. Each year, more and more EU money is paid to the largest farm enterprises, including, for example, Nestlé and the RSPB.

It is likely that more of our food will be sourced from larger and larger farms, deploying the latest biotechnology and advanced machinery. We can glimpse the future of food production in the UK: the giant greenhouses near Thanet, with the associated electricity production and the planned units housing many thousands of dairy cows indoors. Some solutions, like the application of GM technology, are contentious and there really needs to be a serious debate about the future of food production, but this is not the purpose of this publication. We do, however, pose a question about how public money should be applied. There may be, for example, a role for EU intervention to support more cutting edge research to support greater efficiencies in future.

However, a great many UK and Irish farms do not fall into this category: the great majority of our farms that produce a smaller % of our food. The vast majority of small to medium sized farms continue to sell their commodities anonymously into the food chain through auction marts or a handful of dairy food companies. In some areas, even with EU payments, farmers derive only a subsistence income. More than half of UK farmers (55%) would struggle to stay in business without direct payments, with 35% operating at a loss². With average farm incomes in Ireland of only £14,400 in 2009, a decline of 38% over the last 2 years, costs of production are increasingly in excess of income, with serious implications for the viability of the entire food supply chain and the rural community. For example, in an area of North West Cork and South East Kerry 73% of the farms are considered to be non-viable³. What are the options for these farms?

There has already been an exodus from farming especially from the dairy sector, but this is happening in a haphazard manner. If the farm enterprise is to secure an increased income, there are four options: improving efficiency, adding some value to the products of the farm, bringing more income in from off-farm activities or relying on additional income from environmental schemes or renewable energy. With labour having already been reduced to the bare minimum and with limited

² Farm viability in the European Union; Assessment of the impact of changes in farm payments (2010) Vrolijk, de Bont, Blokland and Soboh, LEI

³ See www.irdduhallow.com/agriculture

financial resources for investment, efficiencies will be constrained, although there maybe opportunities for co-operation in buying to reduce input costs. For the later three options, there is a very great need for the farmer to interact more directly with the wider economy and community.

There are, for example, a number of ways that the farmer can secure higher prices or 'add value' to his products:

- Cutting out the middleman and selling directly to the customer (farm shops, farmers markets)
- Community supported agriculture (where a community pledges support to a farm operation so growers and consumers share the risks and benefits of food production)
- Niche products (for example, Protected Designation of Origin for Stilton cheese)
- Adding value through processing (e.g. milk into cheese)
- Novel markets (for example producing light lambs for halal markets)
- Organic production and marketing

There are a great many examples of these strategies being supported with LEADER resources. As illustrated by the case of farmer's wife, Diane Halliday below, a characteristic of this investment is the creation of more sustainable enterprises, able to function in the marketplace and that are less dependent on handouts in future.

Small to medium farm enterprises are unlike businesses in the rest of the economy. They function at a household level, with family members inputting an unquantified (and often unrewarded) amount of labour. Business decisions are not always made on purely financial terms and increasingly the farm enterprise is sustained through the efforts of family members who bring in income from other work off the farm. A healthy rural economy is therefore of critical importance to sustain this activity and associated income flows: a credible reason for generalist rural development.



Blodyn Aur Welsh Rapeseed Oil – Menter Môn

Case Study



A piece of cake!

The uplifting tale of the struggling farmer's wife who baked her way to a fortune, Cumbria, England

With her rural community brought to its knees by the recession, one intrepid farmer's wife turned not only her own family's fortunes around, but those of the whole town – and all with her granny's old cake recipes... As the dawn chorus fills the Mallerstang valley in Cumbria, the 18th-century farmhouse nestled in its heart slowly comes to life. Farmer's wife Diane Halliday is first up. Then the workforce arrives and the farmyard is filled with the clatter of machinery. A typical rural scene? All apart from the fact that there is not an animal, nor indeed a tractor, in sight. The noise emanating from the beautiful old barn which used to house the cows is in fact the sound of a bank of food mixers whirring away and the intermittent clanking of baking trays as oven doors open and close. Inside, Diane and a team of 12 ladies are hard at work... baking cakes.

Diane Halliday's family was unable to make a living from their farm, but her cake business has transformed their fortunes. For this is the face of a 21st-century farm, kept afloat by the ingenuity of one woman. Rather than producing milk, butter,

eggs or flour, Diane buys in the raw ingredients from neighbouring farms, mixes them all up and turns them into award-winning cakes. What started as a sideline in her kitchen is now her chief source of income, and Diane's baking venture, Country Fare, turns out thousands of cakes and biscuits every week, all made using family recipes handed down from her mother and grandmother. Diane is now the biggest employer in the valley and she sources all the ingredients locally too.

This thriving enterprise began 12 years ago when Diane realised she needed to do her bit to bring in extra income to the farm. 'This was before the idea of farmer's markets took off. But at the time, the Rural Women's Network (a LEADER funded initiative) was encouraging farmers' wives to find ways to bring in extra money. A friend started making jams and chutney to sell. So I thought I could have a go and sell a few cakes.

'I can remember the panic when I was invited to go to the first market at Appleby. I was child minding to help supplement our income and I had all these children to look after. I spent the evenings making fruitcake, gingerbread and biscuits and it was well worth the effort. On market day, I sold out by lunch time.'

By 2000, Diane and her husband, Tony, decided to convert the old barn into a bakery complete with commercial ovens. She now supplies restaurants, delicatessens and Asda stores nationwide.

Charlotte Kemp, Daily Mail, 12th June 2010

There has already been a significant shift of emphasis in terms of EU payments away from production to reward environmental management. Could the focus of support shift further to recognise other outcomes of land management? In recent times the general population has begun to be aware of the things, apart from food, that are a by-product of land management: the link between catastrophic flooding in towns and upper catchments denuded of trees, of high nature value landscapes so appreciated by visitors and the urgent need for renewable energy production. These are often referred to as 'public goods benefits' and in the past year, Carnegie UK Trust has joined with the University of Liverpool and Buccleuch Estates⁴ to explore how markets might be developed that adequately reward the range of social, environmental and economic goods. It is clear that securing these wider benefits requires new partnerships between land managers and a lot of other people. LEADER in Dumfries and Galloway also supported the Moorland Project in Langholm.

⁴ Linstead, C; Barker, T and Maltby, E (2010) 'Putting a value on the multi-faceted benefits of ecosystems services: A prospectus for a new approach to markets for ecosystem services'

Case Study



The Moorland Project, Langholm, Scotland

The Langholm area boasts spectacular landscapes, diverse wildlife, rich history and culture and a strong community spirit. The importance of the area's natural heritage is formally recognised in the designation of the Langholm and Newcastleton Hills as a Site of Special Scientific Interest and a Special Protection Area. In 2005, The Moorland Project was established to utilise this rich natural and cultural heritage to interpret and raise awareness of the importance of the Hills and to encourage the Langholm community and visitors to enjoy this special place.

The potential of the Langholm and Newcastleton Hills has long been recognised by the Langholm Initiative and the Buccleuch Estates as a valuable resource for ecotourism. Scottish Natural Heritage's Special Places Fund (scheme part funded by LEADER+) enabled this vision to be developed through the Moorland Project. The link between the Estate and the community continues to strengthen as the partnership works towards common goals.

During a twelve-month period the Moorland Project developed parking areas with interpretation panels, a series of leaflets, a moorland footpath, interactive web pages and a programme of positive public engagement. The Project's activities focused on interpreting the wildlife, archaeology and geology using local poems, writings and illustrations to demonstrate the cultural heritage of these seemingly barren hills in a new and modern way.

The level of community involvement is one of the project's greatest achievements. There is evidence of greater numbers of visitors and local enthusiasts continue to report sightings of rare wildlife. Prior to the Moorland Project the Langholm and Newcastleton Hills were largely unappreciated by the community. This project has raised the profile of the Hills dramatically and a valuable asset has been sensitively developed and careful interpretation has ensured that the Hills will continue to be enjoyed in a sustainable manner.

These new markets in 'public goods' may be especially important in upland areas. Here the land, in some of the most beautiful places in our country, is categorised from a purely agricultural perspective as a 'less favoured area'. The recently published report on the future of the uplands of England by the Commission for Rural Communities⁵ makes the point that farms in these areas, even with money from the Single Farm Payment and agri-environment schemes, many farms are barely financially viable. Yet farming practices have created these landscapes, beloved by generations of artists, poets and tourists (and enjoyed for free). An interesting point that emerges from this report is the emphasis placed on people rather than the land itself.

'People are essential to the identity of the land and to its future. The landscape has been formed by centuries of human intervention and management and people remain essential to its future development'.

Might the Common Agricultural Policy in future place a greater emphasis on promoting co-operation between the farming and non-farming rural communities and on developing the skills of people who are involved in land management to provide society at large with the benefits they appreciate but do not value fully in financial terms? Could a wider application of LEADER approaches provide the mechanism by which the better integration of farming and forestry within rural economies is achieved?

⁵ Commission for Rural Communities (2010) 'High Ground, High Value'

This view is certainly supported by evidence from Northern Ireland. Between 2000 and 2005 the Northern Ireland Rural Development Council produced a series of three baseline research reports on Northern Ireland's rural areas. Many of its conclusions support the need for a shift in emphasis in rural policy:

'There is a need to understand the significant changes taking place in the countryside and their implications, to clearly articulate how rural resources can serve broader social and economic goals, and to provide positive alternatives for the role of smaller farms in the production of a wider range of rural goods and services in the agri-rural sector.

*Areas where dependency upon agriculture is high and productivity limited require a significant redeployment of farm resources into local development. The potential for such areas to be supported by sub-regional territorial development programmes should be examined. Rural areas with high dependency upon agriculture are typically also ones where natural resources have high amenity and conservation value. The concept that high amenity territorial areas might offer the potential for job growth based upon the sustainable use of natural resources needs to be explored more fully.'*⁶

In the past there has been a criticism that LEADER Local Action Groups have failed to engage effectively with farmers. Evidence on the ground suggests that farming interests are beginning to work with other components of the rural economy through use of LEADER funds. Witness, for example, the farm apprenticeship schemes, such as the example of the North Yorkshire Moors, farm shops, the creation of food processing facilities, farm-based visitor attractions and renewable energy schemes that have already been supported. All these schemes assist farming interests to become more market orientated and more attuned to the opportunities for income generation.



⁶ Rural Policy Perspectives (2005) A Review report by the NI Rural Development Council

Case Study

North Yorks Moors Coastal and Hills LAG- Agricultural Apprenticeships © NRU



Yorkshire Moors Agricultural Apprentice Scheme, England

This exciting new scheme gives eight local youngsters a fantastic grounding in countryside management.

The apprentices, aged between 16 and 24 years, are paid a training allowance and undertake an apprenticeship for 15 to 30 months. They spend most of their time learning practical skills working alongside experienced people in the outdoor environments of the North York Moors.

Classroom based learning, provided by Askham Bryan College, complements the practical skills picked up in the field.

This provides an opportunity for young people to undertake an apprenticeship on upland farms, gaining experience and an NVQ level 2 in livestock production. Skill development will include shepherding moorland hill sheep, drystone walling, heather burning and understanding of moorland systems, and understanding of environmental schemes.

The European Commission has called for the involvement of civil society in a public debate on the role of agriculture and rural development in Europe. This aspiration has motivated the production of this document. The future of the CAP should be everybody's business, given that the issues concerned are so important.

The European Conference on Rural Development held in Cork in 1996 provided a pivotal moment in terms of policy development, identifying the importance of a move from sectoral to an integrated approach. The second European Conference held in Salzburg in 2003 was no less remarkable, with the Agriculture Commissioner, Franz Fischler, speaking about the need to devolve decision making to local areas and for simplification of funding processes. Since then, rural policy has drifted. We need an open European Conference, where plans to embed multi-sectoral rural policy, emphasising the potential of wider application of the LEADER approach can be widely debated. We need this conference not least to provide a voice for ordinary EU citizens who do not have a union or representative organisation to champion their interests.

EU policy must attempt to better quantify the value of the contribution of farming and rural communities generally to the preservation of the landscape, biodiversity, recreation, forestry, water management, renewable energy as well as food production. The value to society of rural areas and their assets must inform a vigorous debate both within the UK and Ireland and in Europe on the development of EU rural development policy with the application of public money adjusted accordingly.

The stated intention of reform is to make the transition from a focus on 'production and price' to one on 'people and place'.

Is the Common Agricultural Policy morphing into something new: A Common Rural Development Policy?

Further reform should acknowledge an increasingly holistic and place-based approach that offers all rural enterprises the opportunity to flourish and diversify

- We need a European Conference to debate plans to embed multi-sectoral rural policy, emphasising the potential of wider application of the LEADER approach.
- The proportion of funds supporting rural economic and social development should be increased.

- Rural areas should develop a comprehensive, place-based approach that includes farming interests alongside other enterprises that contribute to the success of rural areas.
- There is scope to spread the benefits of LEADER much further, if national and regional authorities were to choose to allow groups to access finance from across the EU's rural development programme. For example, some Local Action Groups in the East of England are keen to do so.
- Many LEADER Local Action Groups truly already embody the 'Big Society' aspirations of the UK Government.



Maximising the Impact of LEADER Funding

We believe that it is important that each area has access to a budget capable of delivering the aspirations of local people and to allow for the employment of a balanced staff team, including a person with a project development role and someone to manage finances and administration. The LEADER approach involves more than just the administration of grants; it involves the active development of local people and assets. It is just such activity that has been squeezed during the current programme period, especially in England, hampering progress.



At least 5% of the available Rural Development Programme funding should be available to be delivered through the LEADER approach. This means that in England, £105,000,000 must go through LEADER governance. This has to be divided between 65 Local Action Groups. Assuming that these are of a standard size (which they are not) each group on average has about £1.6m over the 5-year programming period. By contrast, Irish Local Action Groups each receive about €10 million over the programme lifetime, due to the historically high levels of EU funding allocations and a commitment to deliver 10% of Rural Development Programme funds through the LEADER approach.

In Northern Ireland 7 local action groups have received £100m between them with individual allocations ranging from £8m to £20m. Financial allocations in Northern Ireland were based upon a needs analysis and strategic development plan prepared by each Local Action Group as part of a competitive bidding process.

The rules state that Local Action Groups can only spend 20% of the funds on their running costs⁷. This means that the average English group will be able to spend £64,000 per year on staff, premises and management costs. In this imaginary example, when everything else is paid for, there is about £250,000 per year for activity on the ground.

This relatively modest amount of funding might evoke different responses; in an attempt to minimise transaction costs, the funding could be applied to a small number of projects or local decision makers may feel they have to make a large number of small awards to 'make the money go further'.

⁷ Guide for the Application of the LEADER Axis of the Rural Development Programmes 2007-2013 funded by the EAFRD, 2007

The costs of administering each LEADER grant should never become the primary consideration in determining the approval of a project; good ideas should be supported, however small scale. And the State should not arbitrarily determine minimum size of grant by diktat from above. We do, however, need an informed debate about the optimum level of overall funding needed for a LEADER area of, say, 100,000 people.

One way to achieve maximum impact is to align investment streams. The availability of LEADER funding should provide a strong incentive for other sources of public money to be brought to the table and to go through LEADER governance, as is done by the rural development companies in Ireland, thus achieving economies of scale. There is clearly scope for alignment of new Local Enterprise Partnership programmes in England.

In Ireland, LEADER and other local development initiatives have thrived on two parallel external drivers: the emphasis on social partnership and the availability of significant multi annual funding. With the financial crisis, the spirit of social partnership may be in decline and funding is being tightened. There is a danger that the individual and organisational capacity within rural communities could quickly become eroded without the fuel from both sources.

Finding the match funding is an inescapable issue since nothing in the world of the LEADER approach (apart from training in Ireland) is funded 100 %. Funds from the EU have to be matched by other public or private funds, although different rates of aid apply to different sorts of intervention. So funding for privately owned businesses is normally at a 30% EU grant rate in England and 50% in Ireland (although this may change), with the entrepreneur finding the rest. The overwhelming majority of projects that secure social benefits will not normally attract any private sector funds and will require public sector match funding.

Local funding will be in short supply as large public expenditure cuts are made over the next few years. However, this could provide a strong incentive for LEADER funding – and the approach it embodies – to become more central to rural development as public agencies seek to mitigate the effect of their budget cuts. It will be important, however, that LEADER is regarded as more than just a source of funds and that it remains a principled and integrated approach to local development.

A model application of this approach to LEADER and local funding seems to be occurring in Scotland where Highlands and Islands Enterprise (HIE) is using its own resource to match significant grant aid from the LEADER programmes to take forward development work in fragile areas with growth potential throughout the Highlands and Islands. In the case of Argyll and the Islands, these resources are to pay for people to produce and implement development plans in 9 communities. This type of community engagement and action planning, using a combination of EU and domestic funding, is entirely consistent with the principles of LEADER and could provide a replicable method of supporting local social and economic growth.

With LEADER funding, there is also a requirement for projects to pay for the work up front, before they can make a claim. This requirement effectively limits those who can actively participate in LEADER programmes to the 'usual suspects' because of the cash flow difficulties created for small organisations.

We have been made aware of good practice in Shetland where the Shetland Charitable Trust has developed a bridging loan scheme at a 0% interest rate which has been set up to help community organisations which are due to receive funding from the Scottish Rural Development Programme's Rural Priorities scheme. There are special reasons why the Shetland Charitable Trust has funds to take this initiative⁸, but it remains very important that managing authorities and accountable bodies, such as local authorities, try to assemble revolving funds to 'bank roll' projects – with the up front money being returned to the pot when the grant has been received. In their current LEADER programme, Somerset County Council has established a revolving fund that finances some vital smaller projects up front (the advance is deducted from future grant instalments, which are claimed for in the usual way).

Another innovative and widely used feature of LEADER funding has been the use of 'in-kind contributions', especially of time, in funding packages. In-kind contributions provide a very flexible way of making community projects happen. Of course, these contributions need to be properly quantified and recorded – and the financial grant aid must cover the real need for expenditure.

⁸ The Trust has been a recipient of funds to compensate the local population for the operation of the Sullom Voe oil terminal from the 1970s

There is a wider question about finance. However imaginative local partners are at stitching together a patchwork of funding, and deploying the resource effectively, should there be a significant increase in European resources for rural development and in particular for the LEADER approach, given its proven success (at least in places where a commitment to LEADER has been consistent and delivered in the true spirit of the original LEADER specificities) in facilitating successful rural development? We have already demonstrated the growing dependence of the farming sector on integration with the wider rural economy: should Europe develop a strategy for rural areas that reflects the challenges of the 21st century; of climate change, sustainable energy supplies, water management and food security alongside the interests of rural communities? Furthermore, this investment should generate sustainable enterprise rather than perpetual grant dependency.

Examination of LEADER programmes across the UK and Ireland over the past years suggests the following principles be applied to LEADER funding:

With severe cuts to public spending, it is an imperative that EU and domestic funding for rural areas are aligned

- The resources available for rural development should be assessed as part of a wider review of the Common Agricultural Policy.
- Money spent on excellent animation of the LEADER work is never wasted (by animation we mean getting local people involved and excited about the potential of area where they live so that they get actively involved in implementing plans).
- Good projects that help the Local Action Group meet their objectives should be supported, no matter how small the grant.
- Good LEADER applications from small organisations should be supported through the provision of soft bridging loans or bank rolling facilities.
- LEADER provides great flexibility in accepting the in-kind contributions of local people; these should be encouraged.
- There is an imperative to learn from other areas who have tried something that has worked well – not reinventing the wheel in isolation.

Taking a Long Term-Perspective- the Benefits of Continuity

Local people involved in the development of their area will be aware of the plethora of initiatives that come and go, rarely lasting for more than three years. LEADER is different. Acknowledging that good rural development takes time, LEADER programmes have each run over five years. Some areas have benefited from having a LEADER programme since the mid 1990s and have succeeded in navigating the treacherous transition from one programme to the next. This continuity has allowed some LEADER groups, like Menter Môn, Wales and the Rural Development Council in Northern Ireland to flourish and to deliver a wider range of services for their community.



Gwdihw Products – Menter Môn

Case Study



Menter Môn Furniture Reuse Centre study visit

LEADER in Anglesey, Wales

Menter Môn in Wales is an outstanding example of the development of a small LEADER Local Action Group into a multi-functional, independent organisation, serving the 70,000 people who live on Anglesey. Menter Môn delivers a wide range of services, including LEADER, under contract to the Welsh Assembly Government and other bodies. Since 1995 Menter Môn has attracted more than £35 million worth of investment into Anglesey. Importantly, Menter Môn understood the dangers of dependency on the delivery of a single grant programme and explored ways to build a portfolio of activities. It became a not for profit company, limited by guarantee in 1996 and shortly afterwards developing a trading arm, ANNOG, which developed social enterprises, including furniture reuse, waste collection, a Welsh language call centre, a countryside centre including accommodation and a bio-fuel centre. Menter Môn places a strong emphasis on its distinctive local assets, developing projects that include a waterfront enterprise centre in the old 'copper kingdom' port of Amlwch.

Other LEADER groups in Wales, such as ADVENTA in Monmouthshire and PLANED in Pembrokeshire have also progressed from strength to strength, being well supported by the Welsh Assembly Government. Continuity between LEADER programmes was also secured in the Republic of Ireland, thanks to the encouragement given by the State for the formation of rural development companies, which typically began to deliver other programmes in addition to LEADER. Throughout Scotland and Northern Ireland many successful LEADER groups moved seamlessly from one programme to another, thanks often to the intervention of local councils who provided interim support.

There is concern however among LEADER groups in Northern Ireland that the current programme, which has attempted to develop new structures with traditional social partners forming the Local Action Group and elected local councillors constituting the legal entity for LEADER, has lost some of the spirit of LEADER. The mid term evaluation of the NI Programme will no doubt raise this issue.

Case Study

The role of the Rural Development Council in supporting LEADER in Northern Ireland

The LEADER programme was introduced into Northern Ireland in 1991 and involved the establishment of the NI Rural Development Council (RDC) as a partnership of a diverse range of rural interests with a singular focus upon social economy interventions.

The RDC was actively involved in the delivery of LEADER I and part of LEADER II alongside newly developed Local Action Groups between 1994-99. RDC then provided services to the LEADER+ groups in Northern Ireland.

Between 2001 and 2006 LEADER groups in NI focused mainly upon private sector interventions while RDC used other EU funds to continue its support to the social economy. Under the current programme RDC provides the Rural Network function to the cluster of 7 Local Action Groups and acts an independent company providing a regional support service to LEADER activists across the full range of community and private sector measures.

The birth of RDC as a LEADER group has enabled it to make the transition to a delivery agent for a wide range of both European and domestic funds to rural areas and over the last 19 years RDC has invested in excess of £32m to over 500 projects.

RDC'S regional research and evidence role has enabled it to assist its own targeting of interventions and those of other funders as well as providing a strong policy influence to government.

Under the current Rural Development Programme, a partnership has developed by RDC between agricultural and rural development interests to deliver part of the Axis1 measures worth around £35m. This marks a beginning of the adoption of LEADER approaches beyond the quality of life measures.

The next step in this LEADER journey for RDC is the adoption of a development trust model for the delivery of assistance within a new single funding framework for Northern Ireland's rural areas post 2013. The development of a 'regional observatory' function is considered necessary to support and sustain local action groups.

Unfortunately, other areas experienced disruption between the end of one LEADER programme and start of the next. There was a substantial delay, approaching two years, in bringing the LEADER+ programme into being. Sadly, this resulted in loss of capacity as LEADER II Local Action Groups were dissolved and their staff moved on.

In England in the LEADER + programme there was only significant continuity in the Northern Uplands: the North Pennines, the Fells and Dales in Cumbria and the Forest of Bowland in Lancashire. Throughout much of England, LEADER II groups were informal partnerships run by district or county councils and in some cases Rural Community Councils. The majority of groups had no permanent governance structure – they existed merely to deal with the funding while it was there. In time many groups went the way of most initiatives and disappeared without trace. This must not be allowed to happen again.

This lack of continuity between LEADER programmes and the requirement to 'reinvent' new delivery structures, particularly in England, meant that some areas missed out all together. In some cases the submissions, often by local councils, were judged to be so weak that the proposals were rejected. In other areas, local partners failed to put in any proposals at all, thus denying local people access to LEADER investment. This has seriously disadvantaged some rural areas in England.

Our review of the experiences of LEADER groups over a number of programme periods has left us convinced of the benefits of continuity:

Members of Local Action Groups and organisations that have been associated with LEADER build up a deep understanding of local economic and social circumstances over a period of time and continuity between programmes ensures this capacity is not lost

- Relationships are sustained over a period with managers of businesses with growth potential
- The skills, knowledge and competence of staff in managing complex EU funding mechanisms are developed.
- Experienced LEADER groups 'hit the ground running' as soon as the new programme started.
- Continuity has allowed the purposeful development of new institutions to deliver a multitude of local services.
- Continuity over programme periods allows partners to develop a real understanding of integrated rural development, justifying the time taken at Local Action Group activity.

Advocating a More Widespread and Systematic Use of the LEADER Approach in Equipping Rural Communities to Meet our Future Challenges



There are a number of reasons why rural communities in the UK and Ireland have a vital role to play in the future of our nations.

- Our farmers have to continue to provide staple foodstuffs for our population and through exports to assist the food security of other nations. Whilst there are large and efficient farm holdings, we have seen that many farms are not viable, with incomes from the sale of commodities that cannot cover the costs of production. We have made a case for the greater integration of these smaller enterprises into the wider rural economy.
- We need to move to a low carbon economy; reducing inputs to farm systems that are derived from petro-chemicals; increasing sequestration of carbon and developing alternative sources of renewable energy.
- Our land managers and rural workers increasingly provide a multiplicity of benefits that are not fully rewarded; reliable water supplies and flood control, high nature value landscapes, access to the public and recreation space.
- The same rural communities will increasingly be required to become even more self-sufficient in the provision of a wide range of services as public funding cuts force greater centralisation in urban centres.

Such a challenging environment requires joined up thinking; the old fashioned sectoral interests that have characterised rural debates in the past are no longer appropriate. Here we advocate an integrated, well-networked and place-based approach to sustaining rural areas. We are aware of a critical mass of interest in the South West of England to implement this model.

In Ireland, LEADER Local Action Groups have already been used to deliver other national programmes such as the Rural Social Scheme and the Rural Transport Initiative. In the case of the Rural Social Scheme, Local Action Groups were asked to design, establish and manage community work programmes for people on farm assist (social security support for low income farm families). There are currently over 2000 people on this nationwide scheme, providing services as diverse as home insulation for elderly rural dwellers, rural walkways and rural heritage projects.

A recent qualitative evaluation of the scheme highlighted that:

'Implementing Bodies (LEADER), sponsoring community organisations, Rural Social Scheme participants, Pobal and the Department of Community, Rural and Gaeltacht Affairs are working together to make a real and tangible difference to the future of rural Ireland and of rural dwellers. Quality initiatives are supported and quality work is produced'.

The evaluation goes on to highlight the findings that the case studies

'Present an insight into a scheme which, despite inevitable bureaucratic requirements, is practically and sensitively implemented, one where the contributions of participants are validated and recognised and where the value of human dignity and solidarity appear to be held in high regard alongside the objectives of improving the material position of participants.'

The important learning point from this experience is the capacity of the LEADER approach to deliver both social and economic benefits. In literature that may not be familiar to rural development specialists, commentators have made a direct connection between the economic success of an area and the quality of civic networks. Robert Putnam⁹ for instance, observed that some regions of Italy, like Emilia Romagna, are blessed with vibrant networks enjoy economic stability whilst others, such as Calabria, with vertically structured politics fare badly. He singles out as essential for the success of rural areas a spirit of reciprocity and networks of civic engagement. Crucial to their success is mutual trust, social co-operation and a well-developed sense of public duty: characteristics that are embodied within the LEADER approach and in aspirations for a Big Society.



⁹ 'Making Democracy Work (1993) Putnam, R, Princeton university Press

Case Study



The Lessons of Emilia Romagna

The Emilia Romagna region of northern Italy has been widely recognised as one of the world's leading examples of a successful cooperative economy, with one third of the region's GDP derived from co-operative enterprises. With over 15,000 co-operatives in the region, this is a living laboratory for the understanding and application of the co-operative model in a modern market economy.

In addition, this region of 4 million people has over 400,000 enterprises providing a ratio of one enterprise for every ten residents. Emilia Romagna and its capital city of Bologna, now produces the highest GDP per capita, the lowest unemployment rate, the highest citizen satisfaction, and the highest output in research, innovation, and overall economic performance in Italy. In Europe's 120 economic regions, Emilia Romagna is in the top ten.

What is now known as the Emilian Model refers to the use of cooperative principles for the joint production and distribution of goods and services by private firms within their respective industrial sectors. Many of these co-ops focus on the use of innovation and the creation of excellence in such areas as artisan foods, research and technology transfer, and social service delivery.

It would be a mistake to view the value of this region solely within the terms of economic theory and social development. The lifeblood of the region flows through its culture, its culinary excellence, its architectural and artistic heritage, the abiding sense of beauty, and most of all, in the profound sense of community and sociability that is evident in the piazzas, the packed cafés, the festivals and celebrations.

It is not possible to separate the economic and social achievements of Emilia Romagna from these deeper roots of community and the cultivation of quality in life. The genius of this region has been its ability to transmute the ancient sustenance of these people in their food, crafts, culture, and enterprise into a thriving economy that is the envy of Europe.

John Restakis, Organiser of trans-national exchange visits to the Emilia Romagna area.

A place-based approach, based on defined territorial areas that has strong resonance with local people and with a critical mass of population can be aggregated and applied across a country, as happens in Finland. Here the experience has been particularly successful with regards to adoption of the LEADER approach, which has been regarded as a model for other countries. Among the factors that explain this success are the pre-existing, and very strong, networks of voluntary village action, the 'mainstreaming' of LEADER with national and other EU Funds and the relative autonomy of the Local Action Groups.

Our review of LEADER leads us to advocate a more widespread and systematic use of the LEADER approach to equip rural communities to face global challenges:

Rural Communities have a growing role in the food, energy and water security of our nations and LEADER investment has great potential in supporting innovation and building capacity to deliver these goals

- There is a direct correlation between high levels of social capital and economic progress of an area. We are concerned that the current 'Impact of LEADER' research being undertaken by DEFRA may not be able to demonstrate this, yet this is a key piece of work which will influence the future of LEADER in England post 2013
- LEADER approaches should be available to rural communities, wherever they are.

Ensuring Compatibility with Locally Drawn Plans, Priorities and Programmes



Countries such as Ireland, Finland, Spain, Portugal and Greece have Local Action Groups that cover nearly all their rural areas and these are becoming a much-needed 'one-stop shop' for delivering many policies to rural citizens. There is scope for much greater synergy between the LEADER funded work and domestically defined priorities in the UK and a growing financial imperative that this happens. This will require substantial awareness raising in the public sector amongst officers who may not have knowledge of LEADER.

If we examine the key responsibilities of a LEADER Local Action Group, it is possible to define exactly where there is scope for rationalisation:

- i. Development of a local development plan: this could complement rather than duplicate work that has already been carried out by Community Planning Partnerships, ideally based on thorough local engagement. As local community planning strategies determine how domestic resources are deployed, there is potential to match LEADER funding. Volunteer representatives on community planning partnerships are frequently the very same people who serve on Local Action Groups. They often complain about 'initiative overload' and even seasoned public sector officers admit that they sit in different strategic planning meetings with exactly the same colleagues, talking about roughly the same topics!
- ii. Development of project selection criteria: different funding bodies could agree single grant application forms and shared assessment criteria
- iii. Promoting the schemes and animation of Local Action Group area – in other words - enthusing people! There will be cost savings in deploying a development team overseeing LEADER and other local programmes
- iv. Project appraisal and approval: to attain a degree of independence, project appraisal for LEADER and local schemes can be undertaken by people with these specialist skills
- v. Payment of grant and monitoring financial progress for different schemes can be undertaken by a single finance team
- vi. Evaluating community benefits and reviewing targets can be undertaken across a geographically defined area for different schemes
- vii. Networking with other LEADER areas – knowledge than can benefit all local partnerships

Only one responsibility of Local Action Groups remains, being specific to EU funding; ensuring compliance with EU regulations requires specialist knowledge. There is there an overwhelming case for rationalisation of regeneration schemes providing the geographical area of benefit is coterminous.

There are however some important provisos. A lot depends of the quality of local development strategies and as Carnegie UK Trust¹⁰ has found, there are significant failures in current practice. Whilst Community Planning Partnerships achieve reasonable vertical integration with fellow public sector bodies and agencies, community engagement is often superficial. However communities are increasingly planning their own futures and community led action plans bear a closer resemblance to the ideal LEADER plans, albeit aggregated to achieve scale.

LEADER provides a model for greater involvement of local people in decision-making. Each Local Action Group should comprise representatives from public, private and third sector partner organisations. LEADER is very unusual in insisting that at the decision making level, community representation through the private and third sectors should comprise at least 50% of the group's membership.

We have to ask, though, how well equipped individuals are to serve on Local Action groups. A study designed to produce an evidence base for the mainstreaming of the LEADER method in England, found that very little use was made of a capacity building approach in the English Local Action Groups and a strong criticism was made of the fact that resources were being used for

*'mitigating administrative burdens for project applicants rather than addressing issues concerned with awareness of the wider rural development context or strategic complementarity.'*¹¹



PLANED – community engagement event

¹⁰ 'Manifesto for Rural Communities – Inspiring Community Innovation' (2009) Carnegie UK Trust

¹¹ An Evidence Base for Mainstreaming LEADER in England, The Rural Development Company et al, June 2005 cited in The Rural Development Programme for England, 2007-2013, Section 3.1.5 Leader

In other words, too many English Local Action Groups were merely running grant schemes rather than implementing local rural development strategies. This was made worse by the fact that Regional Development Agencies (RDAs) were asked to provide training and support for Local Action Groups rather than the RDPE Network. Due to lack of experience within RDAs and their own operational constraints the training that they offered tended to focus on the administration side of things.

Carnegie UK Trust has worked closely with the Pembrokeshire LEADER group, PLANED, who have taken community engagement very seriously indeed with imaginative and persistent community action planning leading (over the years) to exemplary local development. The villages and small towns of the area have drawn up action plans – and in many places are delivering on them emphasising entrepreneurship and sustainability in their plans.¹²

Our review of LEADER suggests that there are great benefits when LEADER programmes are closely aligned with domestic programmes, especially when delivered by an independent and locally governed organisation.

- Many strategic community plans do not effectively engage members of the community and LEADER plans do not always synchronise with either community led plans or community Strategies.
- There are cost savings to be achieved when programmes are rationalised



¹² Carnegie UK Trust, A Manifesto for Rural Communities, 2009, p.27

Networking, Learning From Each Other and Knowledge Transfer

A characteristic shared by Carnegie UK Trust's Rural Programme and LEADER is a strong emphasis on the sharing of good practice and the importance of networking. Carnegie's Rural Programme works on the principle that there is not only much value in learning by doing – but also by learning from the experience of others. This is especially true in a rural area, where experience and ideas may be limited and activists few on the ground. However, once the spark is ignited, confidence quickly grows and unshackled by the bureaucracies and agencies that proliferate in urban areas, rural communities can pioneer the most innovative ideas.



'Policy runs on ideas and experience: ideas have the advantage that, if you share them around, their total value increases. They also tend to multiply. Experience helps us to grow ideas into success stories'.

Mariann Fischer-Boel, European Commissioner (2004 to 2009)

Networking has always been a strong characteristic of LEADER programmes, aiming to provide a stimulating source of ideas and sharing a body of rural development knowledge and practice that could be implemented in other places. Networking also provided space for discussion about more mundane administrative needs – helping to make these as streamlined as possible.

In previous LEADER programmes in the UK, regular networking meetings were held in different regions and site visits to projects close to the venues were included. There were also specialist day seminars on issues such as 'working with



Carnegie UK Trust LEADER convention, Nov 09

farmers'. Through this networking, a considerable amount of day-to-day support and mutual guidance was sustained between Local Action Groups. In the current programme period, where networking is designed to benefit all interests, it is important for all rural partners to share experiences.

An experienced Local Action Group manager from the south of Scotland identified the following benefits of LEADER collaboration and networking:

- It shortens the learning curve.
- It allows ideas to be bounced around.
- It provides a common interpretation of the (quite complicated) official guidance – and led to the establishment of consensus and understanding of the rules and regulations.
- It gives LEADER groups a greater voice and enables policy development to happen.

In the 2007-2013 programming period, things are markedly different across the EU. LEADER is no longer a stand-alone programme but an approach to rural development in general. It follows that networking is for people and organisations concerned with the wide range of rural issues from mainstream agriculture, environment and communities. In theory, this ought to assist integration.

'Each Member State shall establish a national rural network, which groups the organisations and administrations involved in rural development.'

Article 68 (1) of the Rural Development Regulation

Each National Network is required to identify and analyse practice, to provide information about these exemplars and to arrange exchanges of experience and know-how. The Network (and in England the RDAs) should support new Local Action Groups and facilitate exchanges within the country and with other member states.

In the UK there is a UK-wide Network, a responsibility that was devolved from DEFRA to the Commission for Rural Communities (CRC), based in England. Additionally each of the devolved administrations runs its own Rural Development Programme with its own network. In the UK, a model has emerged where each jurisdiction has a rural network with the member state level network being the sum total of the four regional networks. In England there are effectively eight regional networks also.

With limited resources, it looked as if the UK National Rural Network would be entirely a creature of the network managers involved from the different jurisdictions. Encouragingly, at the end of March 2010, the NI Rural Development Council, acting as the NI Rural Network organised the first UK National Rural Network event, which was attended by about 200 delegates, including some from the Republic of Ireland and the European Network for Rural Development plus a notably large contingent from Wales. The event, which in the words of one of the organisers 'provided much needed networking for those engaged in the delivery of rural development programmes'¹³, was structured around workshops on key rural development themes – entrepreneurship, low carbon communities, woodland development, sustainable living, green tourism, engaging young people, local growing schemes, care farming and local services. Under the strap line 'Connecting Policy to Practice', there were plenary sessions on the Menter Môn experience in North Wales and thematic groups on agricultural and the wider rural community and area-based rural development and its role in empowering people at local level.

It is to be hoped that this face-to-face element and the policy emphasis will be further developed as an integral part of the UK National Rural Network's work, not least to encourage new perspectives and to build co-operation between rural areas of England and the devolved administrations, with some very experienced Local Action Groups.

During this programme period, the Networks in the devolved administrations, being better resourced, have flourished. For instance, the Scottish National Rural Network has a clear focus on well-resourced exchange visits; area based face-to-face meetings and the development of co-operation between rural areas. There is an up to date website, with the strap line 'Connecting Rural Scotland – Promoting Rural Growth' and their annual national Gathering has an ambitious programme with strong Ministerial backing. There is every chance that



Scotland National Rural Network Event

the Network will consolidate and develop into a fully functioning 'one stop shop' for all things rural in Scotland. In 'Speak up for Rural Scotland', the independent Rural Development Council (not to be confused with the RDC in Northern Ireland) makes this recommendation to government:

'Well-publicised success stories and effective networking can inspire others. The Scottish National Rural Network's website has been a great success since its launch in April 2009. We want to see all rural communities in Scotland actively involved in the network; and we want to see the Network developed further to facilitate study visits to successful communities; to provide a one-stop shop for assistance (linking to other sources of advice); and to encourage the community to produce action plans'.

In the Republic of Ireland the importance attached to networking and knowledge transfer is been very important. The Irish National Rural Network has:

'A key role in supporting stakeholders to address issues of common and pressing concern, promoting new relationships, creativity and sharing of information with and between rural communities in Ireland and other countries of the EU'.

A significant focus of the work of the Irish National Rural Network is to co-ordinate the flow of information between local beneficiaries, intermediate bodies and the managing authority. There is also a strong emphasis on documenting and disseminating best practice across the four axes and in linking with networks in other member states and supporting initiatives at EU level.

With limited resources for such a large rural area, the English Network (also administered by the Commission for Rural Communities) has actively cultivated links with existing structures such as the Northern Rural Network, to deliver events and these have been very well received. However, there has been a worrying trend in recent years for the administrators of EU Programmes in some parts of the UK, especially in England, to actively discourage networking. They fail to understand the significance of this key LEADER principle, forbidding 'out of county' travel and attendance at LEADER network meetings. This is a retrograde step: one that has to be exposed. More than this, we need DEFRA to actively empower and enable networking to take place through agreements with delivery and sub-regional delivery bodies, as well as through the local partners, so that these organisations can justify the time they spend on networking.

With the abolition of the Commission for Rural Communities, there is an opportunity for DEFRA to strengthen their commitment to both the UK and (especially) the English networks. This function could be taken in-house, as happens very effectively within the Welsh Assembly Government. There are other options though; it would be possible to establish this responsibility within a separate organisation, as happens in Northern Ireland, to separate out the policy and practice functions.

The Northern Ireland Rural Development Council, acting as the rural Network for NI, has the ability as an independent organisation to network groups across its project range, both inside and outside the LEADER framework. The border with the Republic of Ireland requires close networking to find common solutions to problems that don't stop at the international border.

The Welsh Network has pioneered a thematic approach to networking. They have four Thematic Groups, on Renewable Energy, Tourism, Agri-Food and Local Non-Food Products and each of them has had well-attended visits to exemplar projects and are providing a unique opportunity for a broad spectrum of rural representatives, support agencies and different Welsh Assembly Government

departments to get together. These Thematic Groups also provide a forum for policy input from both top down and bottom up directions. Two overnight study visits, to Menter Môn and PLANED, have showcased two of the most experienced Local Action Groups.



Menter Môn Study Visit - Hydroponics

Nor was networking intended to be limited to exchanges within the member state; purposeful transnational exchanges were also positively encouraged. This broadened perspectives, lifted rural entrepreneurs and farmers out of their comfort zone and challenged long held ideas. Of all the member states, Ireland embraced transnational work with the greatest enthusiasm. The requirement for Local Action Groups from different countries to work together on a shared endeavour, though difficult to achieve, brought accelerated change and life changing encounters for the people involved.

The role that these co-operation projects can play in encouraging inter-regional and trans-national best practice and learning has been part of the most significant and lasting legacies from the LEADER programme.

The current programme complement suggests 5% of the budget can be allocated to co-operation projects. The problem is that most of the Local Action Groups in the UK have been hampered by a new level of bureaucracy that is prohibiting them from thinking beyond their programme commitment and spend targets. Managing authorities have shown little enthusiasm for co-operation projects in case this diverts the Local Action Groups from meeting programme spend targets. The reality is that co-operation, with its well documented associated benefits, will simply not happen or will at best be left until the end of the programme period when it is effectively too late for effective action.

The Management Authority in Wales has shown significant initiative in tendering for a mentoring service for Local Action Groups to enable them to develop and implement co-operation projects. Within Northern Ireland the Rural Network is in discussions with the Management Authority to examine how the Network might provide both development and implementation support to Local Action Groups for co-operation projects. There is a role that Networks, right across Europe, might play in ensuring co-operation is given the importance and value it deserves.

At an EU level, there was once a great deal of leadership and content coming from the LEADER Observatory in Brussels (especially in the time that the AEIDL consultancy held the contract) with a group of consultants analysing good practice and providing an excellent evidence-base of LEADER knowledge and know how. There was literature on such things as innovation, the organisation of local partnerships, rural tourism, adding value to local products, support for small and medium enterprises plus the celebration of good practice of all sorts. Unfortunately these resources, as relevant now as they were a decade or so ago,

seem to be no longer available. The central EU support in more recent times has been rather superficial and self-congratulatory in tone, providing little analysis of what does and does not work. Resources are kept in-house for members of specialist committees rather than shared with rural citizens.

In Wales, the Network has attempted to fill this vacuum, creating an electronic library of best practice, largely from a Welsh perspective. The online resources developed by the English Network have been found to be very useful by Local Action Groups.

Our review of LEADER reinforces our belief in the power of networking:

Networking is a fundamental characteristic of the LEADER approach and is not negotiable

- A central Observatory, holding accessible technically competent information about rural development methods and techniques would ensure that Local Action Groups were supported in the development of their plans.
- There is much merit in English, Welsh, Northern Ireland and Scottish Local Action Groups developing 'east-west' links with the Republic of Ireland – not least because of a good deal of common experience and because of the shared language.
- With the abolition of the Commission for Rural Communities and the strengthening of Rural Communities policy unit within DEFRA, the principle of networking should be reinforced and supported.
- Networks can function as a 'one stop shop' hub for all rural information (as is happening in Scotland)



Administration of LEADER – Decentralising Management and Taking Decisions Locally

European funding, even for the relatively user-friendly LEADER programmes of the past, has always been complicated. However, the move to a LEADER approach has brought with it a whole new level of bureaucracy, to the extent that there is a real risk that innovation is strangled and the patience of entrepreneurs tested beyond endurance. We take the delivery system in England as an example of the most byzantine structures.



There are currently too many different organisations involved in managing the various elements of the English Rural Development Programme. This wastes a significant amount of time and money. For instance, government oversees the Programme (DEFRA), the Forestry Commission, Natural England and Regional Development Agencies manage various parts of the Programme and the Rural Payments Agency pay out funds. Whilst this approach might ensure locally important priorities are taken forward, in reality it has proved to be bureaucratic.

Processes are needlessly bureaucratic. To give one example, in relation to axes 1 and 3 of the Rural Development Programme, applicants register and gain initial advice from Business Link, are then referred to the County Project Development Service to write a business plan before being passed to the Regional Development Agency to submit an application to potentially receive funding. This chain deters applicants and reduces both the efficiency and effectiveness of the Programme.

In England, in relation to LEADER in particular there has been a considerable mismatch between the interests, style and culture of the Regional Development Agencies (top down with high level decision-making) and the Local Action Groups and the LEADER Approach (bottom up and with grassroots decision-making). Nor has there been any consistency of approach. Some Regional Development Agencies allow small grants to be allocated locally whilst others do not; some allow the appointment of project officers attached to projects and others do not. Some seem to reserve the right to 'second-guess' Local Action Group decisions. Yet others invoke the Regional Development Agencies Act of 1998, claiming that it forbids the delegation of any decision-making concerning funding whilst not acknowledging that one of the criteria to meet the '5% for

LEADER' rule is that the Local Action Group shall make the financial decision about whether or not a project is supported. There seems to be no overcoming the fact that each Regional Development Agency is a separate legal entity, needing to assess their own risks (including, apparently, seeking their own legal opinions on the eligibility of matters in the EU guidance).

The Local Action Groups are about the strategic application (and cumulative effect) of relatively small amounts of financial resources to projects and initiatives with a view over time of making an integrated impact on a place through the assets of a rural area. The Regional Development Agencies, on the other hand, speak in terms of transformational projects (which usually equate to 'very big projects') and in some places there is a mantra of 'fewer better projects'.

On 29th June 2010, the UK Government announced the abolition of Regional Development Agencies, with their work to be undertaken in future by Local Enterprise Partnerships, comprising local authorities and business partners. This re-localises programme management and potentially brings greater synergy with the LEADER approach. Local authorities are place-focussed and have a good understanding of the needs of local communities and local economies, have a track record of working in partnership and are well placed to formulate and implement delivery plans. We suggest that a local approach could not only save money, reduce bureaucracy and effectively target interventions locally, but as 'accountable bodies', the approach would also reinforce the democratic legitimacy. However, not all local authorities have demonstrated their willingness or capability to work in this way; standards are variable and there is an urgent need to boost the knowledge, skills and understanding of officers in advance of taking on the new responsibilities.

Strangling bureaucracy is not just an English problem; LEADER managers from across the UK and Ireland and within other Member States have vehemently expressed similar frustrations. Often it is the interpretation of the Operating Rules for LEADER by Member States that so constrains work on the ground.

The 'mainstreaming' of LEADER was a significant step forward and given the increase in resources available to be delivered through the LEADER approach, it is not surprising that greater scrutiny has been applied through full Commission Regulations. However there are instances where the interpretation of those rules by member states has had a negative impact upon the very principles at the heart of the LEADER approach.

For instance the de minimis rule limits grant aid for any 'economic' project to €200,000 from any State source in any three year period. The rule is being applied to community initiatives that generate incidental income streams that clearly do not impact upon the functioning of the market in any way intended to be addressed by State Aid rules. Even though there a very few of these flagship projects, they have great significance in LEADER plans; community activity of this nature should clearly be exempt from the de minimis rule. There also needs to be greater understanding of the nature of social enterprises in rural areas; these arise often as a result of market failure and exist to provide services that would otherwise not be available. In the absence of any private sector providers, these social enterprises ought also to be exempt from this rule.

We have already noted in Ireland that the resource available through LEADER is much greater than in the UK, yet the de minimis rule seems also to be applied to the rural development companies and delivery organisations that are animating LEADER. The amount of resource available for animation of the work should be proportionate to the total size of the allocation.

There have also been problems caused by the demarcation of different EU funding streams emanating from different Directorates. LEADER is sometimes being interpreted as applying only to micro-enterprises. Unfortunately the allocation of other funds such as ERDF is prescribed by other rules and is intended only for priority sectors with growth or export potential. This leaves some small to medium rural enterprises with no possible support; a real flaw in rural strategic thinking at a time when these enterprises capable of providing new jobs are artificially constrained.

There is a need for a cultural change in the management of LEADER which is all about authority. At the moment, administrators feel an obligation to regulate and control how relatively small amounts of public money are spent in the interest of accountability (up the line ultimately to the government and the Commission) On the other hand, Local Action Groups feel that they draw their authority from their Boards (representing diverse local interests) and the community planning process (by which they compiled their business plans and secured funding). Local Action Groups feel strongly that they owe it to local people to respond to local needs with the maximum flexibility and responsiveness. So the philosophical question is "whose money is this that the Local Action Group distributes?" The answer is, of course, it is public money. Local Action Groups should be directly accountable to the public in their areas in a clear and transparent way.

From our LEADER review, we conclude that the management of risk attached to LEADER programmes has been disproportionate and that this response has had a negative impact on delivery.

- Decision making power should be restored to Local Action groups in determining local priorities
- Accountable bodies should acquaint themselves with and adhere to the special principles that underpin the LEADER approach



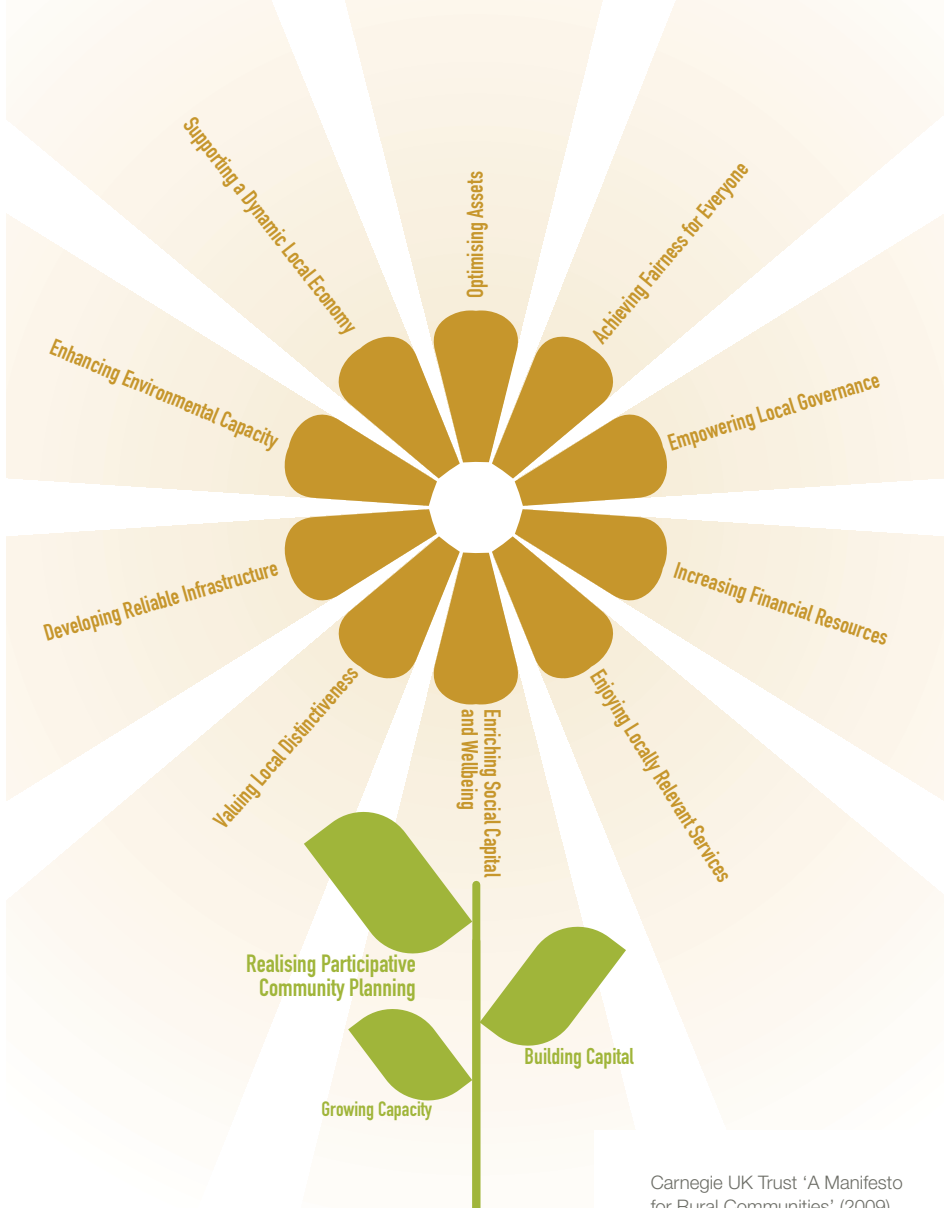
Recommendations from the UK Rural Network Conference in Belfast 2010

- Much good rural development work has been facilitated over the last 20 years across the UK but considerable work remains to be done.
- There is a need for a cultural change to take place, adopting a rural asset based approach, moving away from a focus on what rural areas DO NOT have, to building on and maximising what assets they DO HAVE.
- There is a need to empower individuals, communities, agencies, and funders from being 'funding driven' to focus on the development of 'sustainable rural communities'.
- There is recognition that Local Action Groups need to be more proactive and developmental in their approach to the delivery of the Rural Development Programme in a way which is truer to the spirit and ethos of the original LEADER programme.
- The potential of Local Action Groups and Rural Development Programmes to rural areas needs to be harnessed and encouraged by integrating delivery both across the axes of the RDP and between RDP and other programmes.

Much of this information disseminated at the conference, including speeches and workshop presentations are available to view at www.uknationalruralnetwork.org.uk

Carnegie Model of the Rural Community of the Future

COMMUNITY DEVELOPMENT



Carnegie UK Trust 'A Manifesto for Rural Communities' (2009)

The Carnegie UK Trust works to develop evidence-based policy to support beneficial change for people living in the UK and Ireland. The Trust is one of over twenty foundations worldwide endowed by Scots American philanthropist Andrew Carnegie.

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