



# Extending LEADER - LAG Networking

## How can LEADER/CLLD support Smart Villages? Orientations for policy-makers and implementers

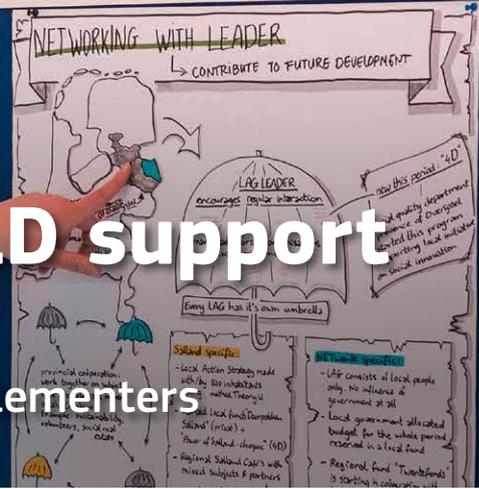


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### 1. INTRODUCTION

It is often said that LEADER is the ideal tool to support the emerging concept of Smart Villages at local level. In fact, if the LEADER/CLLD principles are fully implemented, they are well suited to creating the conditions for Smart Villages initiatives, and many LEADER/CLLD Local Action Groups (LAGs) are already engaged in initiatives which could be considered as part of this approach. However, the new proposals on Smart Villages do also offer some important added value.

The Smart Villages concept is primarily about how rural communities themselves make best use of both technology and social innovation to respond to ongoing and emerging challenge. In this context, the Smart Villages concept brings renewed attention to the needs and potential of rural areas, which are often overlooked when compared to urban areas and risk being left behind as society transitions to a new and different future. It also underlines the need for greater focus on empowering communities at the very local level if rural areas are to survive and thrive in the coming decades.

Rural communities across Europe are searching for solutions to population decline and deteriorating local services. They are exploring the potential of a digital transition and the opportunities and threats created by new patterns of mobility and closer links with urban areas. Environmental and sustainability concerns are also high on the agenda, as the shift to a zero-carbon future intensifies, requiring fundamental structural change

The content of this document is based on the outcomes of the discussions of the ENRD Thematic Group on Smart Villages, and does not represent the views of the European Commission.



that touches all aspects of society and the economy. This presents an enormous challenge for society, but also an unprecedented opportunity to re-localise food and energy production, and to build a new economic system that is fairer and more equitable, while also respecting ecological limits.

For LAGs seeking to embrace this opportunity, Smart Villages provide an attractive, goal-oriented concept that can help to mobilise support for local communities and other stakeholders organising around a specific challenge or opportunity. If designed properly at the policy level (see [briefings](#)), the Smart Villages concept can strengthen and broaden the scope of intervention of LAGs, while also reinforcing the LEADER/CLLD principles, which are essential to the Smart Villages concept.

The proposed Regulation for [CAP Strategic Plans](#) creates a specific result indicator for Smart Villages and provides much more flexibility to Member States to decide on the most appropriate implementation approaches. Member States can also apply the lead fund rule to implement multifunding in LEADER/CLLD, opening up new opportunities to support Smart Villages through the Cohesion policy.

In this brief we explore the potential role of LEADER/CLLD in supporting the implementation of the Smart Villages concept, we assess the current LEADER/CLLD implementation barriers identified by LAGs and present recommendations on how these barriers can be overcome to fully exploit the potential of Smart Villages at the local level.

## 2. LEADER AND SMART VILLAGES: BUILDING ON COMPLEMENTARITIES

The [EU Action for Smart Villages](#) was launched by the European Parliament in the spring of 2016, with the support of three European Commission Directorates General (DGs) – DG AGRI, DG REGIO and DG MOVE. Since then the idea has attracted widespread interest from EU Institutions, national and regional governments and rural stakeholders at all levels.

According to the EU Action Plan, Smart Villages are “*rural areas and communities which build on their existing strengths and assets as well as on developing new opportunities*”, where “*traditional and new networks and services are enhanced by means of digital, telecommunication technologies, innovations and better use of knowledge*”.

Smart Villages are seen as a goal to aspire to in widely different circumstances. In order to respond to a rapidly evolving context and take account of the huge diversity of rural Europe, it is argued that the concept cannot be narrowly defined *ex-ante* and has to remain open, inclusive and flexible.<sup>(1)</sup>

The Smart Villages concept is closely aligned with the LEADER approach. Launched over 25 years ago in rural areas, LEADER has since evolved into Community-Led Local Development (CLLD), with 2 758 participating EAFRD funded LAGs in rural areas, and approximately a further 500 LAGs in coastal and urban areas. All LAGs are supported by one or more of the four European Structural and Investment Funds.

LEADER/CLLD is an intervention approach based on seven key principles – local territories, bottom-up approach, partnership working, integrated strategies, innovation, cooperation and

An ENRD [video](#) explains that ‘Smart Villages’ are about rural people who take the initiative to find practical responses – both to challenges and to new opportunities arising locally, drawing on the range of tools available, including digital technology, and also thinking beyond the village by building new partnerships. In essence, the Smart Villages concept is very much about a process, where the local community takes on an active role in shaping its own future. There is no one model as the needs and potential of each area vary significantly.



ENRD Smart Villages video

networking. Therefore, in principle, LEADER already includes all the elements needed to implement the Smart Villages concept, and as mentioned, in many areas, LAGs are already engaged in the kinds of activities envisaged under this approach (see examples of LEADER projects presented at the ENRD Seminar on ‘[LEADER: Acting Locally in a Changing World](#)’, on the [ENRD Smart Villages Portal](#), and in the ENRD [Projects Brochure](#) on a wide variety of topics).

(1) For information on the ongoing discussion about definitions see: <http://pilotproject-smartvillages.eu>

## SMART VILLAGES SUCCESS FACTORS VS. LEADER

LEADER in order to:

- mobilise local potential,
- build community capacity, provide for structural change, and
- stimulate innovation



## EXAMPLES OF LEADER INITIATIVES IMPLEMENTING THE SMART VILLAGES CONCEPT

### Accompanying a digital transition

Although large scale investments in broadband infrastructure are clearly out of reach, LAGs have shown that there are many ways in which they can support a digital transition of rural communities. For example, in [Finland](#) and [Scotland](#), LAGs have played an important role in bringing people together, aggregating demand, mobilising voluntary labour and creating the business case for investments in broadband and other forms of connectivity. In various parts of France ([La WAB](#) and [Verdun](#)), LAGs have supported training itineraries for local businesses and residents to build the essential digital skills. LAGs have also been active in supporting the development and extension of digital applications to rural services like transport ([Rezo Pouce](#)).

### Community energy

In Wales, the LAG Arwain Sir Benfro helped establish a [community renewable energy](#) network of experts, community groups and businesses. This led to the development of the Cwm Arian Renewable Energy (CARE) scheme, which secured LEADER funding to support and develop 13 community renewable energy projects, including a 500 kw wind energy project that will generate an income of 200 000 GBP/year for an estimated 20-25 years. These projects demonstrate that local communities can make a strong contribution to delivering and influencing national and EU objectives. In the process of developing these projects, CARE also supported wider awareness raising and capacity building for improving the knowledge of communities on emissions reduction.

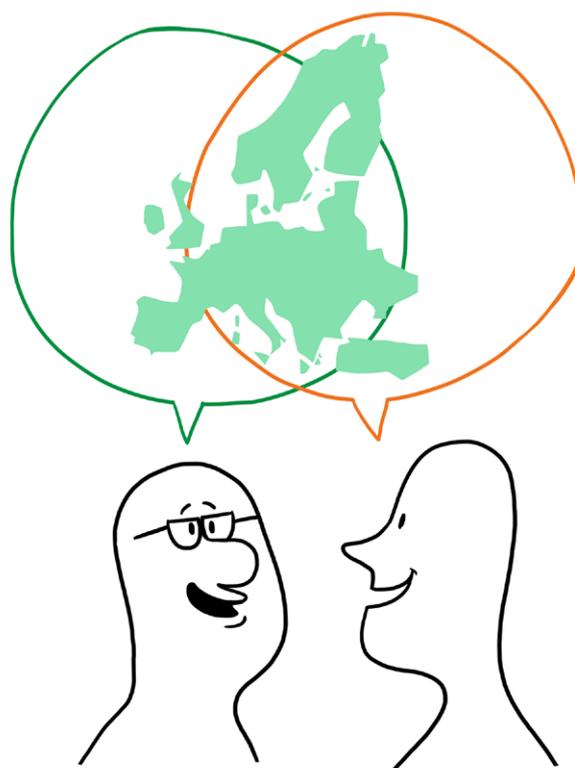
### A local food ecosystem

Providing better opportunities for local farmers, while also improving access to healthy, local food for communities, was the motivation for the establishment of a [local food ecosystem](#) by the LAG Pays de Condures, in Belgium. The first step was to set up a cooperation of local producers. This was followed by establishing an incubator for market gardeners, and the setting up of local canteens offering organic, locally produced food. In 2018, a 'food hub' was opened and a network of incubators is now being set up across Wallonia, targeting local community, families, potential market gardeners and mushroom growers. The project currently has 35 farmers associated as suppliers, offering their products to approximately 600 families weekly at more than 50 delivery points. It employs eight people.

These examples show that when Smart Villages initiatives are identified by local people as a priority in their Local Development Strategy (LDS) and the right regulatory framework is in place, LEADER/CLLD can be a particularly powerful tool for initiating and facilitating a process for implementing a Smart Villages approach. The actions that LAGs can carry out includes mobilising local people, facilitating conversations on challenges and opportunities, supporting technical studies and pilot projects, and financing small-scale investments. This can create the conditions for larger investments from the Rural Development Programmes (RDPs), Cohesion Funds or from national public and private sources. Even when Smart Villages initiatives are more advanced, LEADER can continue to play an important role in helping to consolidate and extend activities through capacity building, further targeted investments and cooperation.

However, as the European Court of Auditors reported in 2010, *"LAGs ability to implement LEADER is constrained by bureaucracy and administration"*. A major survey<sup>(2)</sup> carried out by the ENRD Contact Point in 2017 also found that 84% of LAGs responding reported that their ability to implement LEADER was constrained by bureaucracy and administration. While the ability to implement the LEADER principles has been shown to vary widely across Member States<sup>(3)</sup>, in general, LAGs often find that it is the application of additional national rules that are impeding their capacity to support innovation, cooperation, and building links between sectors – all of which are central to the concept of Smart Villages. Therefore, this difficulty in implementing the LEADER/CLLD principles also impacts on LAGs' potential to support Smart Villages.

There are, of course, many areas which do not face any or all of these barriers. But where they exist, overcoming these obstacles and improving LAGs ability to fully implement the LEADER principles is essential if LAGs are to contribute effectively to the implementation of the Smart Villages concept to achieve the goals of their LDS.



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### COMMONLY MENTIONED CONSTRAINTS AFFECTING LEADER/CLLD IMPLEMENTATION

- The increasing complexity and burden of administrative procedures – particularly related to disproportionate reporting, controls and sanctions, complicated and slow application and selection procedures, a lack of clarity and duplication in the delivery system, etc. (see outcomes of the [ENRD workshop on LEADER simplification](#));
- Pressure to spend on measurable short-term economic results, limiting the possibility to support transition-type activities with a longer-term horizon;
- A priority focus, in some countries, on supporting standard measures/fields, making it more difficult to support collective, small-scale and more risky projects;
- The large size of LAGs in some countries (in terms of population and area) and lack of resources/capacity for deeper animation at village/community level;
- The frequent absence of a systematic link with mainstream policy/funding; and
- In some areas, LAGs have become quite institutionalised and may only have weak links with emerging grassroots movements or stakeholder groups.

These points emerge from ENRD discussions with LAGs and other stakeholders in the CLLD delivery chain. Some, but not all, can be corroborated with quantitative evidence and it would be very useful to track the state of play in different Member States.

(2) [https://enrd.ec.europa.eu/sites/enrd/files/s9\\_leader-seminar\\_adding-value\\_grieve.pdf](https://enrd.ec.europa.eu/sites/enrd/files/s9_leader-seminar_adding-value_grieve.pdf)

(3) In some countries, 100% of LAGs say that they are able to find innovative solutions compared to only 11% in others. But even in those performing best, 35% of LAGs say that bureaucracy constrains their ability to implement LEADER while in some countries all of them face constraints (100%).

### 3. MORE LEADER FOR MORE SMART VILLAGES

In the next programming period, it is proposed that the aim of LEADER/CLLD will be to support structural change, capacity building and innovation<sup>(4)</sup>. These are essential ingredients for a rural transition, which is also central to the Smart Villages concept. However, ideally, to be effective in supporting Smart Villages, LAGs must be able to implement all the LEADER principles, as originally conceived.

This is also crucial to ensuring that the process leading to Smart Villages strategies/plans is truly bottom-up rather than an attempt to impose ideas or policies conceived at

higher levels. It must be clear from the beginning that the aim is to help rural communities themselves respond more effectively to locally identified priorities and that decisions in relation to proposed responses are also taken locally. In this way, the new focus on Smart Villages may provide impetus for implementing LEADER/CLLD as it was originally intended – while simultaneously strengthening LEADER/CLLD’s capacity to support Smart Villages. In order to achieve this win-win situation, four main categories of ideas for strengthening LEADER/CLLD emerge.

**Table 1.** Some suggestions for strengthening LEADER/CLLD support to the Smart Villages concept

<p><b>A more flexible package of LEADER/CLLD support for collective/small/risky projects</b></p>	<p>Removing the obstacles mentioned above and ensuring that LAGs can provide faster, more flexible and more effective support for community-led collaboration in their territories. For instance:</p> <ul style="list-style-type: none"> <li>• Simplified procedures (control, project selection, etc.);</li> <li>• Integrated project funding (e.g. themed projects);</li> <li>• Umbrella projects;</li> <li>• Use of SCOs and other methods to support collective, small-scale and innovative local projects;</li> <li>• Additional resources for citizen engagement and community building and for the preparation and animation of collective projects; and</li> <li>• Include an ‘innovation animator or brokers’ within the LAG team.</li> </ul>
<p><b>A broader scope of intervention</b></p>	<p>Reinforce LEADER/CLLD’s mandate and provide adequate resources to LAGs to venture into areas such as renewables, mobility, rural services and the digital economy – all of which are resource intensive and involve bringing together and negotiating joint actions among different institutions and stakeholders, sometimes even from outside the local territory (e.g. research institutes, ICT enterprises, etc.).</p>
<p><b>A better alignment of LEADER/CLLD with other policies and instruments</b></p>	<p>Strengthen LEADER’s capacity to act as a one-stop-shop for coordinating and linking policies and instruments at local level:</p> <ul style="list-style-type: none"> <li>• Simplify multifunding, for example, through the use of the lead-fund rule.</li> <li>• Ensure that the strategic role of LEADER/CLLD in enabling local communities is fully reflected in the CAP Strategic Plans and Cohesion Fund Operational Programmes.</li> <li>• Ensure alignment with Cooperation, Knowledge Transfer and Investment Measures of the CAP Regulation, as well as with other legislative frameworks, such as the EU energy package, which aims to support the development of community energy initiatives in the EU.</li> <li>• Create governance structures that ensure LEADER/CLLD support for Smart Villages is coordinated with additional support from other policies and sources of funds (for example, in the Austrian Tyrol, multi-funded LAGs provide a local one-stop-shop for many policies which are coordinated to achieve common goals by one department at regional level.</li> <li>• Facilitate access to additional resources if LAGs are expected to take on new responsibilities or activities.</li> </ul>
<p><b>The use of indicators and metrics that better reflect the wider contribution of LEADER/CLLD to the longer term goal of transition</b></p>	<p>The number of people covered by Smart Villages strategies/plans has already been proposed as an indicator. But this could be complemented with other indicators that better assess progress in achieving the specific longer term goals at local level through LEADER/CLLD (for instance, the extent of community engagement and voluntary contributions, local carbon emissions reductions, new community-owned/run businesses and service, etc). In selecting additional indicators, Managing Authorities should also:</p> <ul style="list-style-type: none"> <li>• Further develop qualitative indicators, as not all results and effects can be expressed by standard numerical indicators; and</li> <li>• Ensure that indicators and targets are realistic and reflect local needs and conditions rather than driving the strategy and discouraging risk.</li> </ul>

(4) Proposal for a [Common Provisions Regulation](#).

## 4. REINFORCING THE STRATEGIC ROLE OF LEADER/CLLD WITHIN A TOOLKIT OF ACTIONS TO SUPPORT SMART VILLAGES

It is important also that LEADER/CLLD support for Smart Villages is not looked at in isolation, but is seen instead as part of a wider package of possible support with the EAFRD, Cohesion Funds, national funds, etc.

Given its widespread reach across Europe, and its longstanding experience in community-led local development, LEADER/CLLD has an essential role to play in terms of mobilising and empowering local communities; developing their capacity to design and implement community-led initiatives; promoting innovation and experimentation; and, more generally, in accompanying communities throughout the process of realising their longer term vision.

In this regard, LAGs are likely to often be the main point of contact for Smart Villages at local level and can, therefore, help to build links with other policies, and, where relevant, ensure a seamless and flexible system of support at local level.

One of the first and most significant steps in this direction would be to create simpler and more agile processes for multi-funding LAGs. This can be done in various ways, for example, by using the lead fund mechanism in the new legislative proposals to reduce the complexity caused by different rules in CLLD and enable LAGs to provide a genuine one-stop-shop for local communities.

National and regional governments also need to build effective governance structures to help ensure that LAG/CLLD support emerging Smart Villages strategies/plans can tap into other policies as well (e.g. Financial Instruments, Integrated Territorial Investments (ITIs), Interreg, etc.).

In sparsely populated places like [Scotland](#) (UK) or the North of Finland, LAG territories may be vast. In other, more densely populated countries, such as the Netherlands, they may have to support significant number of inhabitants (e.g. up to 150 000 people) with limited resources and staff. In these cases, LAGs will probably need to support and work through other more local organisations. At the same time it means that LAGs also have a role to play in facilitating cooperation among villages within their territory, as well as with villages in other territories (by preparing the ground for or supporting interterritorial and transnational cooperation, the rural development Cooperation Measure and other forms of territorial cooperation such as Interreg).

Building on this catalytic role, LEADER/CLLD can also help to create sustainable business models that allow Smart Villages initiatives to target other sources of investments, either through other public or private sources and financial instruments.

National Rural Networks can also have an important role to play, helping to ensure that LAGs are aware of and develop links with other relevant sources of support and investment, but also facilitating access to additional skills and expertise that might be needed to support Smart Villages initiatives.

When Smart Villages initiatives are identified as priorities within a Local Development Strategy, LAGs will need to initiate and facilitate conversations within communities on existing and emerging challenges and opportunities, identify needs, and support the design and implementation

### EXAMPLE OF MULTI-FUNDED CLLD IN THE REGION OF TYROL, AUSTRIA

The region of Tyrol in [Austria](#) is pioneering a successful approach to multi-funded CLLD, which combines three main elements:

- A local level platform for all relevant stakeholders involved in all programmes established at local level;
- A one-stop-shop for local management of all programmes – avoiding duplicate structures at local level and ensuring coordination on regional level;
- One department ensures coordination between the regional and local level – working towards the same goal.



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of the Smart Villages strategies/plans. This will require not only good facilitation and animation skills, but also a good knowledge of the different sectoral or thematic issues, which may be outside the current scope of LEADER/CLLD. Training

and capacity building for LAG staff and the establishment of a pool of experts on topics of relevance to Smart Villages are just some of the ways that national networks could help to address this need.



© Bioenergy Villages in Göttingen

### EXAMPLE OF LEADER/CLLD AS A CATALYST FOR FURTHER INVESTMENT

#### Broadband infrastructure: the case of the Balquhider community in the UK

Smart communities do not have to wait for broadband to arrive. By mobilising and aggregating local demand for broadband, private sector interest can be secured. This was the case with the [Balquhider Broadband project](#) in Scotland, which created a community interest company to take ownership of the network and facilitate collaboration between local businesses, government, people and a commercial partner, Bogons, laying the foundation for broadband connectivity in Balquhider. LEADER provided resources for animation, which prepared the ground for bigger investments, and helped to match public and private partners to achieve smart cooperation in an area that falls outside LEADER's traditional scope of action.

#### Bioenergy Villages in Germany

The [Bioenergy Villages](#) project seeks to promote local renewable energy production in the villages of Göttingen, Germany. With five Bioenergy Villages now operational, the project connects local farmers to village cooperatives that manage energy production and distribution. The project has attracted high levels of local citizen participation and provides important social, economic and environmental benefits. LEADER played a key role in preparing the ground by bringing people together, designing the concept and supporting a feasibility study and the development of the business model. LEADER investment, which was capped at €200 000 per project, also helped to attract in additional investment, ranging from €2 million to €10 million per project. This additional investment came from sources such as cooperative shares, cooperative loans and federal government subsidies.



## 5. NEXT STEPS IN PROGRAMMING AN ENABLING FRAMEWORK

The Smart Villages concept has the potential to strengthen and give new impetus to the work already being done by LEADER and other stakeholders in rural areas. As a counterweight to a strong and progressive urban agenda, it draws attention to the fact that the future can be rural as well as urban, and it presents a positive and unifying vision of such a future. It also provides a framework for action that re-emphasises the importance of the key principles of the LEADER approach.

In this way, Smart Villages not only affirms the critical role of LEADER in supporting transition processes in rural areas, but also places this role in a modern and forward-looking context.

However, a deeper look at the role of LEADER in supporting Smart Villages also uncovers certain barriers linked to the ways in which rules and practices that are preventing LAGs from fully implementing the LEADER principles in some countries. These issues are not only undermining the effective delivery of LEADER but also its potential to support the Smart Villages concept.

In planning for the next programming period it will be important to address these issues and seek to replicate across all rural areas the key factors that have made LEADER such a successful initiative. This would further pave the way for LEADER/CLLD to be a key tool for driving Smart Villages in the future and contribute to the policy objective of vibrant rural areas, building on its extensive experience and reach into rural communities right across the EU, while also linking to other sources of investment and support.

The challenge, therefore, is for LEADER actors at all levels to refocus on the essential elements of the LEADER approach and to grasp this important opportunity to ensure that rural areas benefit fully from a transition that puts rural villages and communities at the centre of their own development path.



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Suggested first steps to achieving this might include:

- Managing Authorities (MAs) to meet all the actors in the LEADER/CLLD delivery chain to jointly identify current implementation barriers, such as those mentioned above;
- MAs and LEADER actors to jointly explore solutions to implementation barriers, drawing on successful examples from other countries (see: [Innovation in the LEADER delivery chain](#) and [LEADER Simplification](#));
- MAs and LEADER actors to jointly explore how best Smart Villages may be integrated into the LDSs (to be reflected in the CAP Strategic Plans);
- Co-design of a wider Smart Villages support framework, which identifies other relevant instruments and policies, and mechanisms to promote linkages and synergies; and
- Clarification of the role of national networks.

### FOR FURTHER INFORMATION

For all the latest TG information:

[https://enrd.ec.europa.eu/enrd-thematic-work/smart-and-competitive-rural-areas/smart-villages\\_en](https://enrd.ec.europa.eu/enrd-thematic-work/smart-and-competitive-rural-areas/smart-villages_en)

Smart villages portal – discover smart projects, initiatives, approaches and networks:

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