

CHAPTER I

Birth of a European rural development policy

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CHAPTER I

**European Commission Notices to the Member States****“Future of the rural world”**

Communication from the Commission to the European Parliament and the Council – COM(88) 501 final 1988

LEADER II

ref. 94/C180/12

Notice to the Member States laying down guidelines for global grants or integrated operational programmes for which the Member States are invited to submit applications for assistance in the framework of a Community Initiative for rural development - LEADER II (Links between actions for the development of the rural economy).

LEADER+

ref. 2000/C139/05

Commission Notice to the Member States of 14 April 2000 laying down guidelines for the Community Initiative for rural development (LEADER+)

CHAPTER I



LEADER II dossiers

Innovation notebooks

No. 6: Creating a territorial development strategy in light of the LEADER experience – Part 1: local competitiveness (2000)

Observatory dossiers

No. 3: Mainstreaming LEADER in future rural policies (1999)

LEADER Magazine

No. 13: Special issue on the Cork Conference “A living countryside” (Winter 1996-1997)

No. 25: The European rural model (Winter 2000-2001)

Brochure

15 key ideas, 15 Member States, 15 LEADER examples –
Exhibition at the European Parliament, Brussels, October 1998





Europe's rural areas are highly disparate, not only in terms of their environmental, economic, social, cultural, political and institutional differences, but also in terms of their development potential.

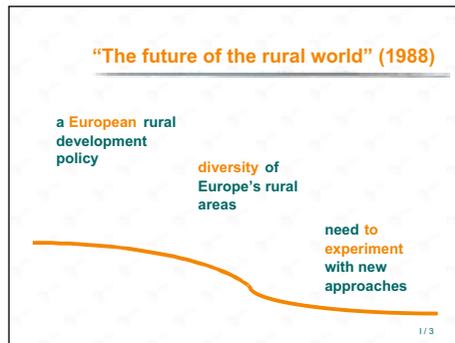
Broadly speaking, rural areas combine a number of the following characteristics:

- Relatively low population density, population ageing, uneven demographic structure, loss of skilled young people, etc;
- Relatively strong agricultural sector, declining employment and farming activity, pressure on land from nearby urban areas, threats to the environment, etc;
- Widely varying levels of wealth, increasing number of people in a vulnerable situation, increasing isolation due to the demise of certain business and community services, etc.

The different rural development approaches that were tried out up to the eighties tended to focus on sectoral support, with the adoption of a "top-down" approach and subsidies for "beneficiaries", rather than encouraging local development players, or project leaders, to acquire the necessary skills to turn them into agents and architects of the future of their own area.



Hence the need to reconsider the foundations and objectives of these policies and to **progress from a rationale of growth to one of sustainable local development, taking into account the environmental, economic, social and cultural dimensions of rural areas.** This new rural development concept has given rise to the emergence of innovative approaches, of which LEADER is one of the most successful experiments.

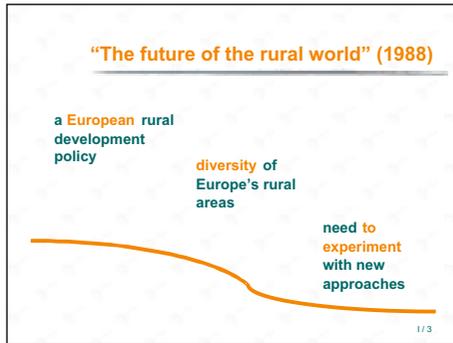


The European Commission Communication on *"The future of the rural world"* in 1988 (COM(88) 501 final) is the first strong statement of the need for a **European rural development policy**.

Europe's rural areas are highly diverse, both in terms of their different backgrounds and in terms of their development potential and the application of classic rural policies.

Starting from the premise that the devitalisation of rural areas is aggravated to different degrees by problems of isolation, demographic decline and generally lower income levels than in urban areas, the Communication distinguished **three types of area** with different development prospects:

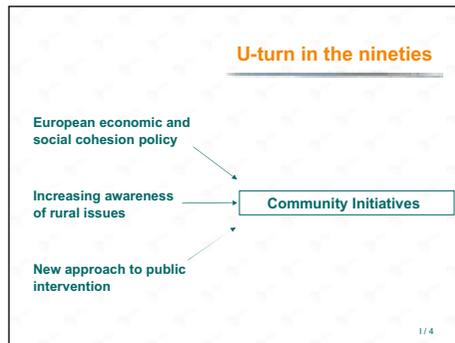
- Rural regions close to large cities which are subject to heavy pressure on land and where agriculture has become highly modernised to the detriment of the environment (pollution, deterioration of landscapes, destruction of natural areas).
- Regions "in rural decline" which are subject to ongoing out-migration as well as population ageing (leading to deteriorating services) and where agriculture remains important in spite of the natural and structural handicaps (small, unprofitable farmholdings, low succession rate of retiring farmers).



- Particularly marginalised areas (case of numerous mountain and island areas) where rural decline and depopulation are even more marked, where opportunities for diversification are limited and where the basic development needed for such diversification is particularly difficult to achieve.

“The future of the rural world” underlined the need to **try out new development approaches** and to involve rural communities in seeking appropriate solutions.

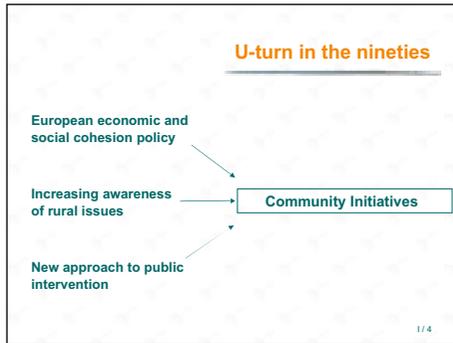
The launch of the Community Initiatives during the second programming round of the Structural Funds for Europe’s economic and social cohesion policy (1991-1994) provided an opportunity to launch a full-scale experiment. This was to be the first generation of LEADER.



1) Europe's economic and social cohesion policy

Since 1988, the European Commission has been applying an “integrated” economic and social cohesion policy, i.e. a policy to combine the use of the European “Structural Funds”, namely, the ERDF (European Regional Development Fund), focusing more on infrastructure and economic development; the ESF (European Social Fund), aimed at promoting active policies for exploiting human resources; and the EAGGF (European Agricultural Guidance & Guarantee Fund), more specifically aimed at modernising farming, organising agricultural markets and promoting rural activities.

This policy is designed to gradually reduce the very wide socio-economic disparities between Europe's regions. In 1997 (after ten years of the Structural Funds), the per capita GDP of European Union regions still ranged from 195% of the Community average in the *Land* of Hamburg (Germany) to 43% in Epirus (Greece). What is more, these figures mask the disparities that exist between urban and rural areas within each individual region, with rural areas very often experiencing income levels below the average for the regions and Member States to which they belong.

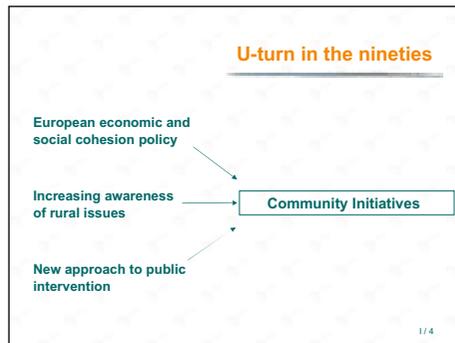


2) Growing awareness of the rural issue

"The future of the rural world" was published at a time when the Common Agricultural Policy (CAP) was a central issue. Included in the Treaty of Rome way back in 1957 to ensure food self-sufficiency for the European Economic Community (EEC), the CAP was the first truly "European" policy and still plays a major role today, representing 48% of the Union's budget. The funding provided by the CAP has made it possible to achieve its original aims, though not without problems. Agricultural production has grown sharply, making it possible to supply the European market and to export massive surpluses. This has led to significantly lower consumer prices, leading to smaller food bills for European households. This spectacular growth has, however, been based on increasingly intensive farming practices that have not always respected the environment and which are concentrated in an ever-shrinking portion of Europe's rural areas.

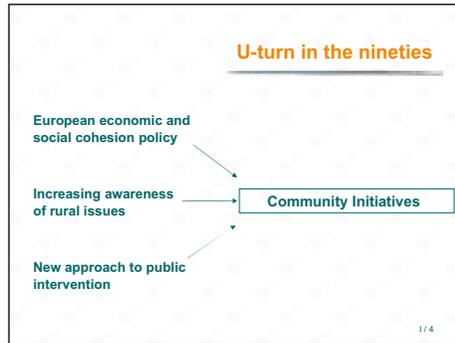
The late eighties and early nineties marked an abrupt change:

- Large agricultural surpluses appeared, which led to an increase in public stocks and farm spending. Moreover, there was acknowledgement that market management policies were not enough in themselves to satisfactorily resolve Europe's agricultural problems. The economic and social environment of farms and product diversification also needed to be taken into account. In 1992, the CAP readjusted its market policies and stepped up its social and environmental measures.



- Agriculture was also expected to provide more jobs. There was a need for farming-related jobs: local processing of products, development of new agricultural functions and the creation of non-farming activities contributed to this effort.
- Consumers were increasingly tending to turn toward more differentiated, higher quality products and to call for better protection and development of the environment and ways of life.
- In parallel, local communities were becoming increasingly aware of the value of rural resources, know-how, heritage and quality of life. Improvements to the living environment through the introduction of customised services also provided incomes for those wishing to remain in the country and, in a growing number of rural areas, also for those wishing to set up home there.

The CAP was required to increasingly integrate these new concepts. At the same time, the diversity of rural areas and landscapes, rich local identities and a quality protected environment were acknowledged to be the major assets of a “European agricultural and rural model”. Against this backdrop, **the LEADER Initiative** proved to be an ideal instrument for testing the new opportunities that were opening up for the countryside.

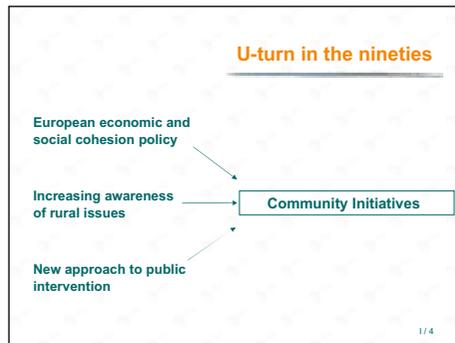


3) A new approach to local public intervention

The eighties revealed the limitations of “classic” development approaches, based on essentially “top down” policies and, in most cases, on undifferentiated sectoral interventions designed to apply the “urban” model, or the model of the most dynamic areas, across the board. Thus, since the Second World War, it is the agricultural modernisation/intensification scenario that has been applied to rural areas, and has left a profound mark on them.

The difficulties in applying this standard model to the most fragile rural areas led to assistance policies that were not sufficient in themselves to provide lasting solutions and had to be backed up by other approaches. The “area-based” approach, based on involving local communities and adding value to local resources, gradually came to be seen as a new way of creating jobs and businesses in rural areas.

The European Community spearheaded the drive to raise awareness of the benefit of this new approach, through a wide variety of experimental measures: Local Employment Initiatives (LEI), training/development policies, Integrated Mediterranean Programmes (IMP) and integrated development operations.



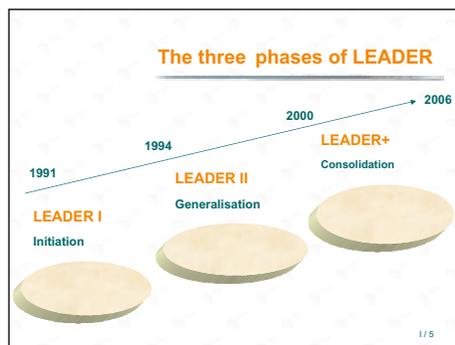
4) Community Initiatives: a tool for experimentation

The “Community Initiative Programmes” came into being with the reform of the European Structural Funds (1989-1993).

They had a fixed budget amounting to 10% of the Structural Funds (5.8 billion ECU) for the whole of this first period, and later 9% (12.7 billion ECU) for the period 1994-1999 and 5.35% (10.4 billion EUR) for the period 2000-2006. The Community Initiatives have three characteristics:

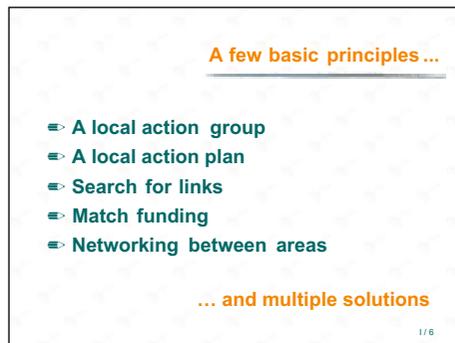
- They address issues of Community relevance affecting the majority of Member States.
- They play an experimental role as they focus on areas where new solutions are needed.
- The experimentation they encourage involves exchanges of experience, transfers of know-how, cooperation and the creation of networks.

Rural development has gradually emerged as a key issue, requiring experimentation and the search for innovative solutions, leading to the launch of an Initiative specifically devoted to rural development: **LEADER** (“**Links between actions for the development of the rural economy**”).



Chronologically, as well as methodologically, LEADER has undergone three phases: LEADER I **initiated** a new development approach; LEADER II **generalised** the approach; and LEADER+ aims to **consolidate** the method by means of pilot strategies and unifying themes.

Phase	Period	Eligible regions	Number of areas	EU Budget
LEADER I	1991-1994	Objective 1 regions Objective 5b regions	217	417 million €
LEADER II	1994-1999	Objective 1 regions Objective 5b regions Objective 6 regions	more than 1,000	1,755 million €
LEADER+	2000-2006	All rural areas	(figure not yet known at 31/03/01)	2,020 million €

A thumbnail of the slide content, showing the title 'A few basic principles ...' and a list of five bullet points: 'A local action group', 'A local action plan', 'Search for links', 'Match funding', and 'Networking between areas'. Below the list is the text '... and multiple solutions' and a small '11/6' in the bottom right corner.

A few basic principles ...

- ⇒ A local action group
- ⇒ A local action plan
- ⇒ Search for links
- ⇒ Match funding
- ⇒ Networking between areas

... and multiple solutions

11/6

Notwithstanding the specific objectives of each phase (LEADER I, LEADER II and LEADER+), the Community Initiative proposes a rural development approach based on a **number of principles**:

- 1) Organisation of a local partnership – called a “**local action group**” (LAG) – with a small permanent team of practitioners responsible for the definition (with the participation of local players) and implementation of an action plan.
- 2) Development and implementation in a number of rural areas of a “**local action plan**” setting out several priority lines of intervention for development projects.
- 3) **Multi-sectoral approach and a systematic search for links between actions**, as part of an integrated global strategy (LEADER stands for “*Links between actions for the development of the rural economy*”).
- 4) **Co-financing** of these action plans by the European Commission, the Member States and/or the regions in the form of a global financial allocation and not of a number of sectoral budget lines.
- 5) **Networking between the respective rural areas** facilitated by a “LEADER European Observatory” (“European Observatory of Rural Areas” for LEADER+), based in Brussels and backed up in the field by National Coordination Units.

Such networking takes a number of different forms, in particular the implementation of transnational cooperation initiatives. In fact more than half of the areas benefiting from LEADER II have become European partners in nearly 400 projects.

A few basic principles ...

- ⇒ A local action group
- ⇒ A local action plan
- ⇒ Search for links
- ⇒ Match funding

⇒ Networking between areas

... and multiple solutions

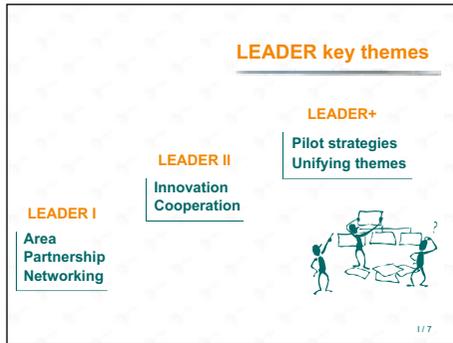
11/6

Once these general principles have been established, development practitioners have plenty of leeway to define the area of application (which should correspond to a certain natural and/or cultural identity, without necessarily espousing administrative boundaries), to decide the composition of the LAG (which should in principle bring together public and private partners representing the local community) and to define the action plan (which must fall within a set of eligible fields) and delivery arrangements.

Such flexibility has led to the emergence of **multiple solutions**, including the enhancement of local identities, the establishment of partnership and local management structures, appropriate “animation” methods, calls for proposals and selection of projects, etc.

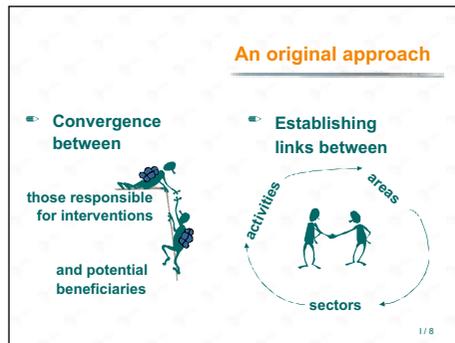
Collective and multi-sectoral activities are undertaken, neglected resources exploited and local forms of organisation encouraged or reinforced.

Through LEADER, distressed rural areas start to find a place for themselves in rapidly evolving markets and to acquire or re-acquire global competitiveness. Indeed, an estimated 25,000 jobs were created under LEADER I and LEADER II is expected to have created 100,000 new jobs.



The LEADER approach is now generally seen to be well suited to the needs not only of distressed rural areas, but of all types of rural area. This explains the European Commission's willingness to make all European Union rural areas eligible for the future LEADER+ Initiative during the period 2000-2006.

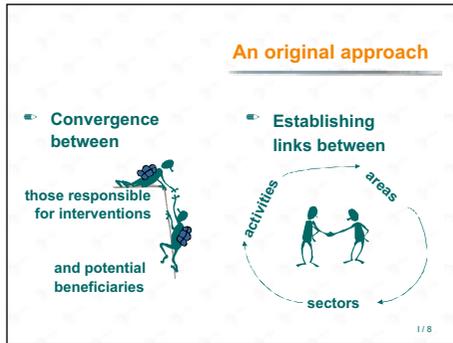
Phase	Key themes	Some key results	Some limitations
LEADER I	Area Partnership Network	Major involvement of the local community Testing of a new rural development model Signs of renewed confidence in the future of rural areas Diversification of rural economies	Sometimes poor involvement of public authorities Poor links between LEADER and other rural policies
LEADER II	Innovation Cooperation	Dissemination of the approach: 50% of rural Europe involved Heavy involvement of public authorities Testing of transnational cooperation Better integration of activities	Administrative complexities and scattering of resources in some countries Little cooperation between neighbouring areas
LEADER+	Pilot strategies Unifying themes	Expected results: Enhancement of the area-based approach Development of "variable geometry" cooperation Greater competitiveness of Europe's rural areas	?



1) Convergence between those responsible for interventions and potential beneficiaries

In most cases, support policy administrators are remote from the beneficiaries of such policies (centralised, vertical management, decisions taken far away from the grass roots level, etc.), which throws up a number of obstacles when providing support to distressed areas: standardised definition of the needs of rural areas and beneficiaries, “clerical” processing of applications with no direct knowledge of the situation “in the field”, slow decision-making, procedures and approval times ill-matched to the needs of project leaders, etc.

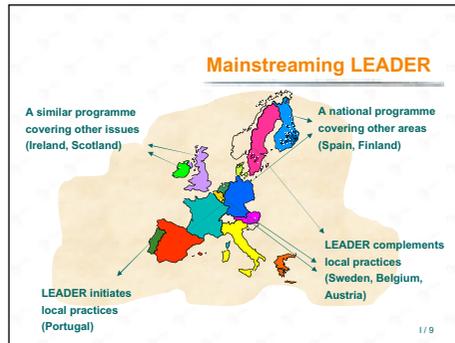
LEADER has endeavoured to close this gap by putting programme administrators in direct contact with the “field”, by seeking to shorten decision-making cycles and by providing customised support and guidance for projects, notably by setting up local teams of practitioners to coordinate the work locally. Even though projects have not always been carried out according to this ideal model, it has been possible to vary the type of support to suit the individual characteristics and conditions of each area. These efforts demonstrate the usefulness of the approach.



2) Establishing links between players, activities, sectors and areas

“Classic” policies have tended to provide more compartmentalised support (sectoral, geographical, service-based, beneficiary-based). By encouraging partnership-working between public administrations, local authorities, the private sector and the civic and voluntary sector within the local action group, LEADER has sought the opposite approach by encouraging links between sectors of activity, players and rural areas.

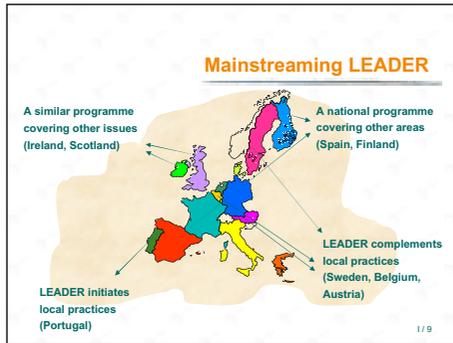
The LEADER method is all the more effective where **convergence and links operate in as complementary a fashion as possible.**



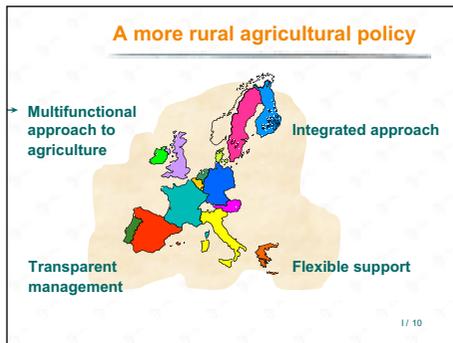
The interest aroused by the LEADER method has inspired national, regional and local administrations, and even LEADER groups themselves, to develop or consolidate other support measures in rural areas. A formal declaration of these principles was issued at the European conference on rural development held in Cork, Ireland, in November 1996 (*see Appendix III*).

A look at Member State policies shows that LEADER has been transferred and integrated using a variety of mechanisms:

- Some countries felt that the LEADER approach did match their needs, although the Initiative did not apply to all their rural areas. This led administrators to cover the other areas by using national funds to set up a complementary programme similar to LEADER. This was the case with the **POMO programme in Finland and the PRODER programme in Spain**.
- Another type of transfer is in evidence, chiefly in countries like **Portugal**, which did not have a proper development policy prior to LEADER. Local development associations have been created to manage the LEADER programme and have gradually gone on to apply LEADER principles to manage other programmes.



- In other countries, a programme similar in some respects to LEADER but based on different objectives has been set up in parallel. This is the case of **Ireland**, with its “Local Development Programme” (addressing social issues) and **Scotland**, with its “Rural Challenge Fund” (focusing more on financial support).
- **In Sweden, Belgium and Austria** there were already rural development policies in place with similar aims to LEADER. LEADER has enhanced these policies by revitalising them or giving them a new dimension.



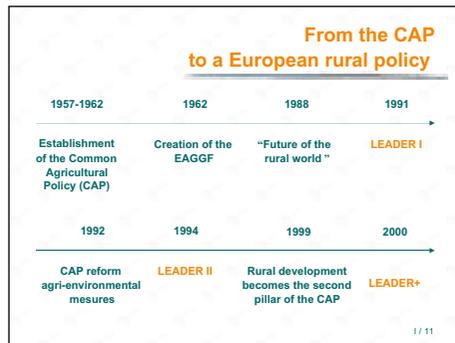
Europe's policy for the period 2000-2006 ("Agenda 2000") has made rural development the "second pillar" of the Common Agricultural Policy.

The new rural development policy confirms the link between agriculture and territory (its surrounding environment) and has **three main objectives**:

- To reinforce the farming and forestry sectors, which are the mainstays of rural areas.
- To improve the competitiveness of rural areas so as to provide their communities with employment and quality of life.
- To safeguard Europe's environment, landscape and rural heritage.

Its **four key principles** are:

- a multi-functional approach to agriculture;
- an integrated multi-sectoral approach to the rural economy;
- flexible support for rural development, and;
- transparency in developing and managing programmes.



Key dates	Common Agricultural Policy (CAP)	Rural development	Main results
1957-62	Creation of the CAP		
1962	The CAP comes into force Creation of the EAGGF (European Agricultural Guidance & Guarantee Fund)		
1988		Commission Communication on "The future of the rural world"	Political declaration of the need for a European rural policy
1991		Launch of LEADER I (1991-1994)	Testing of a new rural development model Signs of renewed confidence in the future of rural areas Diversification of rural economies
1992	Reform of the CAP Agri-environmental measures		The environment taken into consideration in the CAP

1994		Launch of LEADER II (1994-1999)	Dissemination of the LEADER I approach: 50% of rural Europe involved Greater integration of activities
1996		Cork Conference and declaration: Towards an integrated policy of sustainable development (<i>see appended text</i>)	Strong political declaration in favour of a new CAP for securing the integrated development of rural areas
1999	Agenda 2000: rural development, second pillar of the CAP	New regulation on rural development	Expected results: gradual integration of rural development into the CAP
2000		Launch of LEADER+ (2000-2006)	Expected results: enhancement of the area-based approach Greater competitiveness of Europe's rural areas