

To the High Council of the ARConauts

Notes on LEADER

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LEADER should persist as a method, and an appropriate programme strand or initiative should be available in rural and urban areas.

- The EC communication on the Future of the CAP does not mention LEADER. In spite of addressing the „social fabric of rural areas“ the Communication remains focused on the agricultural sector also in its parts dealing with the third objective „balanced territorial development“ and the second pillar „rural development“. We have to recognize that the current LEADER period marks an end to the programme cycle which had started with the Community Initiative in 1991.
- LEADER as a programme may be „outstreamed“, but the LEADER method enjoys acknowledgement in theory and practice. It has proven its potential and value not only in rural policy, but also in other policy realms. The DG Regio refers to it as the „Local Development Method“ (LDM).
- It can therefore be presumed that the majority of stakeholders is open for a new generation of programme incentives which follow the LEADER approach or method, taking into account the lessons from the past and the criticisms which have been raised most recently (by the European Court of Auditors, by the Research Project RuDI a.s.o.).
- We strongly opt for a LEADER-type programme component or Community Initiative. This initiative should be universal as to apply for urban and rural areas, thus contributing to the integration of urban and rural areas, fostering sustainable regional development. It should be revived in its laboratory function, although under a more strategic perspective. Policy makers should choose between two alternatives:
 - **Two complementary and mutually compatible obligatory LDM axes (or initiatives) in both ERDF and EAFRD** (renownedly the ARC would prefer a European Rural Fund). If it is going to be a RD programme component, it should not be integrated into the array of RD measures, but duly separated and endowed with specific rules. The two (rural and regional) programme strands should accommodate territorial cooperation and even allow for mixed funding in periurban and agglomeration areas.
 - **A Single Joint Community Initiative co-funded by DG Agri and DG Regio applying to all territories of the EU**, with a cooperation component reaching out to non-EU partner areas.
- Concerning rural areas alone, the financial volume of this LDM initiative should at least amount to 6 bio. EUR which means a 20% increase compared to the current period 07/13 (not taking into account potential member states such as Croatia, Iceland...).

The new programme generation should follow a strategic perspective combined with an experimental, highly innovative edge

- Rural development (pillar 2) should cease to be overly determined by sectoral interests, and it should no longer be driven by the inertia force of past measures and acquired claims. Rural development should follow a strategic approach which responds to the needs and specificities of the regions – duly taking into account their internal diversities –fitting into and contributing to the

strategic framework of the wider political (national, European) context. This strategic approach would also be valid for the LEADER-type programme component or initiative.

- Following the lessons from LEADER+ (as written for example in the ex-post evaluation), the LEADER-type initiative should embody a twofold concept:
 - The main strand would provide funding for implementing an endogenous, vision-led local development strategy, with clear thematic priorities in order to preclude dissipation of funds and to concentrate resources. This orientation would address some of the difficulties pointed at in the Courts of Auditors' report. Success or failure, deviation or realisation could be more seriously monitored.
 - There should always be an unearmarked budget line („Innovation box“) with which truly experimental approaches, newly emerging ideas and off-off-mainstream projects can be supported. This budget should be available for both the LAGs and the managing authorities or their regional branches (sometimes it will be necessary to fund a project past a stubborn LAG board). There should be a separate jury for granting funds from the I-box (at regional level). The share of I-box funds should be at least 10%. Projects funded under this title don't have any strategic or thematic restrictions. They get funded because they are simply good.

The most important mission of the LEADER-type initiative is investing in social capital (in general) and in local governance capacities (in detail).

- The LAGs should be as autonomous as possible. The EC should not accept any longer that LAGs be consummators of the administrations' will. It is therefore advisable to follow the model practised by the French government in the current period: to establish the Global Grant system for LAGs as the normal case (so-called „strong autonomy“ as it is coined in the respective papers of the DG Agri), but leaving the option for LAGs to relinquish the funding administration to the relevant authorities („medium autonomy“)¹. For beginner LAGs, the option of „low autonomy“ can be envisaged for a certain period of time, preferably not exceeding three years, unless with the perspective of phasing out by the end of the period because of its obvious inaptitude or unwillingness of taking on the according responsibilities. The autonomy of LAGs is an important contribution to the enrichment and improvement of local governance and for strengthening the civil society's capacity to play a main role in the drama which is called future. It is, ultimately, an investment into the democratic future of Europe.

Towards a variable geometry of sub-regional partnerships, the European co-funding dedicated to the ones pursuing higher quality standards

- Concerning area size, there should not be any prescriptions. Sub-regional partnerships make sense at any area size between LAU 2, LAU 1 and NUTS 3. Their basic model should be quite the same in essence, whereas their features will have to vary. For instance, in areas up to 100.000 inhabitants, civil society should be represented, at least in parts, by individuals from the non-profit or business sector, whereas in larger areas, they CS will rather be represented by associations and institutions. As a second example, larger areas will in most cases comprise urban and rural areas, which makes it more probable that they will rather operate on ERDF and

¹ „Medium autonomy“ still conveys the obligation or right of project selection and all according decision processes to the LAGs. Only in „low autonomy“ contexts the final decision on selected projects is left to the programme administration.

ESF than on EARDF money. And finally, types of investments will vary with size. However, the operational principles should remain unchanged. In many an area various sub-regional partnerships may co-exist at different levels of scale, flexibly interacting and sharing tasks. Briefly spoken, sub-regional partnerships will rather be a case for EARDF funding if they are located in predominantly rural areas and not too large in size (say up to 250.000 inhabitants for the most densely populated rural areas). A clear classification according to size at European level is unnecessary if the ERDF foresees a homologous programme strand, because the rules of the game should remain the same between EARDF and EFRD.

- Geographical boundaries should also not be handled too rigorously. It is imaginable that some „hybrid areas“ belong to two LAGs (if they can afford paying the contribution, why not?), because they may be concerned by the thematic priorities of both groupings.
- The selection of LAGs should be based on competition and selection according to the quality of the partnership (the governance structure) and the chosen strategy (including the processes by which it has emerged). This means that the EU-cofunded local partnerships should not necessarily cover entire regions. The member state may opt for a total area-coverage by sub-regional partnership-based development agencies – this is always recommendable in the sense of decentralised policy delivery – but the EU-cofunded partnerships can of course be patchy: quality is more important than blanket coverage.
- Local governance under the perspective of the LEADER approach rests on the bedrock of good governance of the public administration. It is the public administration which provides the „shadow of hierarchy“ and ultimately legitimizes the dynamic public-private governance processes. It must be said that under circumstances of inveterate corruption in local public administration the bad seed would inevitably permeate the structures and processes generated with the best intentions of implementing the LEADER approach. It should therefore not be applied in such areas. There have to be found different means to support rural people in developing their areas and in improving their livelihoods.

The legitimacy and integrity of non-public participation in local governance must be most reliably monitored.

- The clause stipulating a share of 50% non-public partners should not only be maintained, but taken - and controlled – more seriously. Too often this has been pretended, but not substantially pursued. On the other hand, there is a certain risk of „self-servicing“ if the organisations and stakeholders in and around the decision making bodies of the LAGs become favorite beneficiaries. There will always be an „insider effect“, and this is not a problem per se, as this can be seen as some sort of reward for voluntary commitment for the common cause. But there should be a high level of awareness among decision makers, with appropriate monitoring and reflection instruments, accompanied and facilitated by representatives from the administration or the rural development network, in order to mitigate possible distortions and undue preferences in the allocation of funds and overall participation.