

Celebration of the 20th anniversary of LEADER in Finland

History and future of LEADER method and CLLD and how Finland is positioned in this field from the European perspective

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Dear Minister, dear Guests, dear Friends, Ladies and Gentlemen, it is a great honour to celebrate with you the twentieth anniversary of LEADER in Finland.

When LEADER was starting as a European Community Initiative, I was a teenager living in a country which has been just opening to the Western Europe, curious of how people "out there" live, study and work. Five years later, when Finland joined the EU and decided to use the LEADER method to revive its countryside, I was a student and not really closer to the idea of LEADER but at least sharing an apartment with a friend who grew up in Finland, Turku. She knew how to bake the best soufflé, could sew a skirt and was even able to construct a simple piece of furniture such as a bed. The most intriguing though was that she learnt this all at primary school and was claiming that all Finns do. Since then I have a lot of respect to the Finnish practical approach to life.

Many years passed since then, in the meantime the EU welcomed 13 new members, I had the pleasure to work for a couple of years at the Leader+ Contact Point and now at DG AGRI as a Policy Officer following the implementation of LEADER. I feel part of the LEADER community and am pleased to share with you some reflections on the history of the approach and its possible developments in the future.

Why LEADER was introduced?

Let us take a step back and shortly remind **why** LEADER was introduced and **what** was special about it. We will then look into **how** it developed over the last 25 years and what are its prospects for the future.

LEADER started as a European Community initiative in 1991 as a result of a new approach to structural policy initiated at the end of 80'.

The reform was important from the point of view of the communities living in the countryside as it brought in a new thinking about rural areas. It highlighted the important role which rural development should play in the Cohesion policy and advocated for a global strategy for rural areas.

In its Communication on "The future of rural society" [1988], the Commission was expressing "the fullest support" to local economic and social initiative based on indigenous potential.

In this context the LEADER initiative was introduced to revitalise rural areas and complement mainstream policies. LEADER was expected to test out a novel, bottom-up approach to development and offer support to a wide range of actions adapted to local needs.

It was unique not only because of the way in which development in the countryside was perceived (locally based, bottom-up, role of networking) but also for the type of the actions supported (innovative, multi-sector, integrated; not competing with other policies). The concept of linking actions and people was quite new.

In this **first round** of LEADER, called later LEADER I, 217 local development strategies mainly from Spain, France, Portugal, Italy, Ireland and Greece were approved by the European Commission to be implemented in 12 Member States. They connected more than 11 mln inhabitants. The public budget involved amounted to 1,2 billion euros.

In general LEADER I had **very positive impacts** as regards job creation, diversification of endogenous activities and entrepreneurship, as well as improvement of skills required for new activities. On average, 100 jobs were created or maintained per local action group (giving a total of 22 250). LEADER actions generated more than 5000 new enterprises (25 per area). Those impacts on local economic activities are worth noting, given that the pilot initiative was more oriented towards experimenting with new rural development approaches than job creation.

As regards the **unique aspects** of LEADER, the introduction of **local action groups** was assessed to be the most pertinent innovation of the method. The successful role played by partnerships was linked with their empowerment, which was brought about by their selection and delegation of functions. LAGs have been seen as positive and novel governance model compared to traditional delivery models of rural development programmes.

The **local approach** was also judged very positively: it inspired the types of supported actions and shaped the composition of groups. The new framework led to setting up links and exchanges, which did not exist before. The local approach proved more effective than conventional sector-driven support. It allowed a global and integrated vision of local areas and highlighted the role of innovation through support to new, home grown ideas.

Concerning the **bottom-up** aspect, it appeared that definition of development strategy based on territorial diagnosis resulted in support to a variety of projects matching local needs. This contrasted with standard approaches to the types of projects programmed "top down" and was considered as progress towards tailoring aid. It made more attractive hidden ideas and helped coordinate different objectives through support to actions which aim at boosting local economy or address a need.

Finally, **networking**. The potential of networking was not fully realised and used by beginners LAGs and its impact on LEADER results was not high in the short run. However, its importance has been progressively acknowledged in longer term, when the value of external exchanges with other LEADER actors has been recognised. Also, networking increased visibility of the initiative and highlighted the role of integrated local development. Finally, it brought in transnational dimension supported by the network support unit.

Although the full potential of the initiative was rarely achieved in the experimental phase and some other features of the method, such as participative approach, innovation or multi-sector approach proved having contributed less to its value added, the pilot initiative demonstrated that the method could be a valuable tool for local development, complementing traditional support policies.

Experience acquired in the early years of LEADER served as a reference point for next rounds of the programme and helped to better define the content of the approach in the future.

The **term "LEADER method"** was coined by the first evaluation team of the initiative and the team of the European LEADER II Observatory to capture the value added by LEADER activities compared to what was taking place under other "mainstream" Structural Funds programmes. The seven features of LEADER have thus been identified, which used together determine the unique character of the method: area-based approach; bottom- up approach; partnership; innovation; multi-sectoral integration; networking and co-operation; and decentralised management and financing.

It is worth noting that those specificities focus on the **way** in which development actions should be devised and put into operation. They are therefore also expected to bring in changes in behaviour of the population concerned.

Evolution of LEADER

As LEADER I has been seen as a success story, **LEADER II** was run in the years 1994-99 supported with a public funds of almost 5,5 billion euro. It was implemented in 906 areas inhabited by around 50 million people. It was supported by three European Structural Funds: the ERDF, the Guidance Section of European Agricultural Guaranty and Guidance Fund and the ESF.

One fundamental aspect which thrived under LEADER II was networking: the European Observatory was established for the whole implementation period, national networking coordination units operated in most Member States, LAGs started associating in regional networks (in Spain, France, Italy). It was also at that time that a European association of informal networks called ELARD was born. LAGs got familiar with networking and started appreciating its benefits. This translated amongst others into coaching of new LAGs by more experienced partnerships.

The impacts of LEADER II **confirmed the potential of the approach**. It proved that it can efficiently work in every rural context, by bringing together key players in the area and mobilising the potential of voluntary work within communities. It is suitable for small scale area-based activities and offers a genuine value added to rural territories and their inhabitants. Since then LEADER has found its place at the heart of the European rural development policy and plays a prominent role in keeping our countryside alive.

During LEADER II up to 100 000 full time jobs have been created or safeguarded in rural areas across Europe. And although it was not possible to quantify the number of jobs generated directly by LEADER, it was judged that the initiative had an overall positive effect on occupation rates.

One of the most powerful impacts induced by LEADER has been, however, the **change in the mentality** of local people. They evolved from passive recipients of aid into active drivers of change in their villages.

The positive outcomes of the two rounds of the Community initiative led to its third edition known as **LEADER +**, but it also encouraged a wider use of the method in mainstream rural development programmes in some member states, i.e. Spain, Ireland and in your country. The approach was also imitated beyond rural development, e.g. Objective 1 programmes (supported by Regional Fund in Greece, Italy and United Kingdom) or in urban restructuring programmes in Ireland. It inspired also the implementation of Territorial Employment Pacts in Italy.

LEADER + was implemented in the years 2000-2006 by more than one thousand LAGs (1153) including those coming from the new Member States which joined the EU in 2004. It covered all types of rural areas and involved a public contribution of 5,1 bln.

LAGs progressively took the role of advisors, which were fostering relations between various actors and facilitating them. They became a hub between the territorial perspective and entrepreneurs interests, between local assets and global challenges. LAGs demonstrated they are able to support development processes rather than just providing funding opportunity.

LEADER was coming of age and the next edition of the programme was to be mainstreamed. The basic principles of the LEADER approach were transferred to the rural development programmes and could be used to achieve objectives of rural development policy. LEADER was no longer an experimental initiative or just a programme implemented outside the main stream, it became instead an integral part of rural development programmes.

Thus in the years 2007-2013 LEADER was programmed in form of **axis 4** with a public budget allocation of 9 billion euros (8,9 bln). Local development strategies were typically used as an implementation method for rural development measures relating to the broader rural economy. More than 2400 (2402) strategies were implemented in 28 Member States.

Both LEADER+ and axis 4 local development strategies were assessed by the European **Court of Auditors** in 2010. In its memorable report, the Court found out that LAGs were implementing LEADER in a way which limited the potential value added of the method. It pointed especially towards weaknesses in the application of the bottom-up, partnership, strategic orientation and innovation. Some further drawbacks were linked with sound financial management. Furthermore, the report called upon the Managing Authorities to preserve LAGs autonomy and ensure that the bottom-up approach is not undermined by overly restricting implementation or eligibility rules, which limit a full application of the

method. The final report became a corner stone in improving the implementation of LEADER. The main conclusion was that the LEADER principles have to be applied consistently and as a package if the approach is to bring in results and add value.

The findings of the audit report together with results of previous evaluations greatly contributed to the design of the current, fifth round of LEADER. Its value as a governance tool has been recognised in other policy areas of the EU and the approach formed the basis for the **Community-led local development**, called CLLD.

This way, from an experimental initiative of the EU targeting rural areas lagging behind, LEADER evolved to a territorial tool, which is supported by four major EU funds and policies across the Europe's villages, cities and fisheries communities. With more than 2500 LAGs which rural policy is expected to support in the current period, LEADER grew up 10 folds in terms of the number of strategies, 15 times in terms of the number of inhabitants reached and 8 times in terms of public funds allocated with the current budget of 9,7 bln euro.

CLLD opens up new opportunities but it also triggers some pitfalls. First, presence of partnerships across the territory, no matter the type of the region, allows for enhanced cooperation between rural, urban and fisheries communities around common themes on the right scale.

Second, support of several policies in one area allows **multi-funded strategies** and creation of partnerships based on **functional** links no matter the type of the region. Such broad partnerships are likely to foster more integrated strategies reaching out to the sectors and economic and social groups previously excluded. This in turn should facilitate finding innovative local responses to the changing world and socio-economic situation.

However, as using several funds is more complex, it requires an adequate integration not only on the local level, but on all stages of the implementation chain. The less coordination on the European and national level between key administrations, fund authorities, policies, the more difficult the role of the LAGs and less cost-efficient implementation of the local strategy.

It is too early to assess the set up and impacts of the Community-led local development. However, reflections on the CAP after 2020 are starting to emerge. LEADER is likely to be part of discussions at the Cork conference early next week and it is useful to engage dialogue on the future of LEADER as of now.

Before looking into possible developments of LEADER though, let me say a few words on the **place of Finland** in the LEADER community, seen from the European perspective.

Place of Finland

Finland joined the LEADER family in 1996, upon its accession to the European Union. The approach was supported in parallel via LEADER II and a national scheme POMO for areas not included in LEADER. A total of 48 (22 + 26) local partnerships got involved in development work. They covered two thirds of the Finnish rural areas.

Following positive experience of the first years, Leader method was extended to almost the whole country, with 58 LAGs supported via different EU and national schemes. Thus already in the period 2000-2006 the Finnish LAGs were mainstreamed and took the role of key players in delivering rural and regional policies. Under Axis 4 of the last period, all (56) LAGs were funded under the same rural development programme. Currently, Finland offers support to strategies via both rural development fund and fisheries fund, which can be also used in the same area. Moreover, it funds from the national budget pilot urban strategies.

Finland is the most rural country with the lowest population density in the whole European Union. It appears though that low concentration of people is one of success factors of LEADER in your country! LEADER brought isolated inhabitants, organisations and administration together, it encouraged them to take initiative jointly and look for synergies of their actions.

Nowadays, Finland is a Member State with well-established LEADER structures and culture of cooperation. As such it is a source of a range of solutions which could be an inspiration for good practice elsewhere. Let me refer to just some of them.

In fact, according to evaluations, the strongest elements of LEADER in Finland consist of: robust **partnerships**, effectiveness of the **bottom-up** participation and **networking**. A long tradition of cooperation, with local community groups aiming to improve lives of rural people, contributed to those results.

An important role in this process was played by the **Village Movement** active on the ground since the end of Seventies. It has contributed to preparing conditions for local partnerships

introduced by LEADER. It has encouraged village inhabitants to take future of their settlements in their own hands and get involved in civil society actions.

Another interesting feature of Finland is that rural development is seen as a cross-cutting theme linked to other policy areas and as such considered in a wider perspective. **Finnish Rural Policy Committee** plays a key role in that respect. It brings together representatives of different ministries and carries out rural proofing of major policy initiatives affecting the countryside to avoid negative unintentional effects. This coordination mechanism is particularly valuable as it contributes to a new awareness of rural issues within regional policy and helps developing a holistic approach towards rural development.

The role played by municipalities in the implementation of LEADER is also a strong feature of the Finnish LEADER. They contribute 20% of the LAG's public funds and make up one third of the board members.

Furthermore, Finnish LAGs tend to be among the most active ones as regards their involvement in transnational cooperation projects. You are among the Member States with the highest number of TNC projects where LAGs have agreed to take the lead. On average each Finnish LAG participates as a lead partner in more than one TNC project. As regards the average number of TNC projects per LAG as a partner, Finland ranks also high with 1,6 projects per LAG.

This success should be probably linked with the holistic support offered by the rural network to LAGs interested in cooperation and their availability to coach LAGs along the whole project development process. Another key role is played by co-operation facilitators, which work closely with several LAGs each. Those efficient solutions could possibly be a model for other Member States with weaker records in cooperation.

Last but not least, Finland has already initiated a debate on LEADER post-2020. I have heard about your foresight camp and look forward to collecting your points of view on the topic later this afternoon. The Commission is opening the debate on the future of the CAP next week and your valuable inputs will be carefully listened to.

Future

From my perspective, I see a couple points which seem important and could stimulate further discussions.

First of all, we need to **ensure that LEADER delivers**. It proved a successful local development method based on 7 principles. Those elements need to be applied as a package to achieve results. We cannot compromise on any of them.

In particular, LEADER should maintain its "**laboratory**" aspect together with a **strategic** focus. This means it should be composed of two elements: first, a thematic focus of resources on development projects in line with the local strategy, and second element: seed money for experimental, more "risky" projects.

Furthermore, LEADER needs to be oriented on results. This means not only that LAGs deliver, but also that the impacts of their work can be measured and the value of development work is assessed. This entails as well that the delivery models are simplified to allow a fair cost-effectiveness of the activities carried out locally.

We need to improve integration with other initiatives (other EU schemes, policies, national): LAGs could play role of multifunctional "local development agencies", if they are up for it, or advise applicants on other support possibilities, rather than limiting themselves to often scarce LEADER funding.

We need to make sure that communities are empowered to complete national policies, not compete with them. As the CoA report recommends, LAGs must be **autonomous** in their decision making, but it is essential that they are supported to have the adequate **capacity** to do it and have a full **backing** of the programme authorities and national administration. The practice of formal and informal structures, gathering all LEADER or CLLD key players in an exchange and coordination platform is a good example to follow.

This also entails that structures supporting CLLD are adequate (e.g. including full harmonisation of rules between funds and ensuring that network support structures are in place and available for all CLLD LAGs). LAGs should not have to bear the burden of a lack of coordination on upper levels of administration.

CLLD must enable creating **new relationships**: links with urban and fisheries communities, to the wider development context, but also between other key development players including research, in the fields such as food chains, climate change, mobility, public goods and similar features of quality of life.

More importantly, LEADER can and should help avoid split within society, by promoting citizen representation and truly inclusive attitude (not to fall into gap of an elite club). LAG must be a dialogue place: to avoid polarisation stemming from different interests or marginalisation of fragile parts of population. Experience of CLLD LAGs dealing with social inclusion of migrants, Roma or other vulnerable groups may teach us precious lessons on the potential of LEADER in this field.

Rural areas face numerous challenges: climate change, migration, pressure on ecosystems, request for quality and locally grown food, precariat, to mention just a few. Should not LEADER tackle with those? LEADER creates capacities for resilience, we just need ensure a favourable ecosystem for good solutions to flourish and be applied.

In any case LEADER can no longer be doing the same old thing as more than twenty years ago, when it started. LEADER may have become too institutionalised in some places. We need a new energy to make it smart, innovative, creative. Smart specialisation may be a part of the solution.

Finally, we can't afford protest votes against European values. LEADER can play a prominent role in connecting people to European ideas, encouraging innovation and stimulating changes expected by local population. We should use the method to make it happen!

The close

Dear colleagues, let me thank you all involved in the community work for the well-being of rural people and taking care of the European countryside. Prosperous rural areas mean thriving European Union, and your involvement and enthusiasm are a vital element of it.

I would like to close with a quote from W. Churchill to contemplate and apply, if you like it: "Success is not final, failure is not fatal: it is the courage to continue that counts"

May LEADER spirit leave long! Enjoy the seminar and the rest of celebration this evening!

Sources:

Ex-post evaluation of LEADER I; Centre de Management et de Créativité SA, 1999

Ex-post evaluation of LEADER II; ÖIR - Managementdienste GmbH, 2003

Ex-post evaluation of LEADER +; Metis GmbH with AEIDL and CEU, 2010

A LEADER dissemination guide book based on programme experience in Finland, Ireland and the Czech Republic; Philip Wade, Petri Rinne, 2008