

The Impact of LEADER on Balanced Territorial Development

by CCRI, OIR, CREA and ADE S.A

An evaluation of LEADER community-led rural development in the 2014-2020 period

LEADER is a rural development approach funded by Europe's Common Agricultural Policy (CAP), delivered through regional or national Rural Development Programmes of the EU Agricultural Fund for Rural Development (EAFRD, Figure 1). Between 2014 and 2021, LEADER has supported 2 784 LAGs in 118 rural development programmes across all 28 EU Member States¹, covering between 50 and 100 per cent of the total rural population in at least 23 countries². LEADER's initial planned budget was EUR 7.01 billion, representing around seven per cent of the total EAFRD budget³. By September 2021, LEADER across the EU had spent 49% of this amount.

Balanced territorial development is one of the three strategic objectives of the CAP, concerned with the socio-economic development of rural areas, fostering conditions to safeguard structural diversity and enhancing quality of life throughout the EU. LEADER is a 'bottom-up', community-led local development (CLLD) approach to sustainable rural development.

The (French) acronym "LEADER" means '*Links between actions to develop the rural economy*'. LEADER is an approach to mobilize and deliver rural development embedded within local communities, rather than a fixed set of funding measures. Its aim is to engage the energy and resources of local people and organisations as actors in development, rather than as passive beneficiaries of policy, empowering them to contribute to the future development of their own area. LEADER works through area-based Local Action Groups (LAGs), which are partnerships of public, private and civil-society actors, offering funding and activities.



LAG in Sardegna, Italy (© CCRI)

LEADER is designed to ensure that people living in rural communities have the opportunity to participate in decision-making at local level, by forming multi-sector Local Action Groups (LAGs) which draw up and implement Local Development Strategies (LDSs), funded by the EAFRD. In these strategies LAGs identify the development needs of a local area and make decisions on what types of funding and actions are best suited to address these needs. This approach seeks to foster a uniquely integrated, relevant and coherent approach to local development.

The 7 Features of LEADER

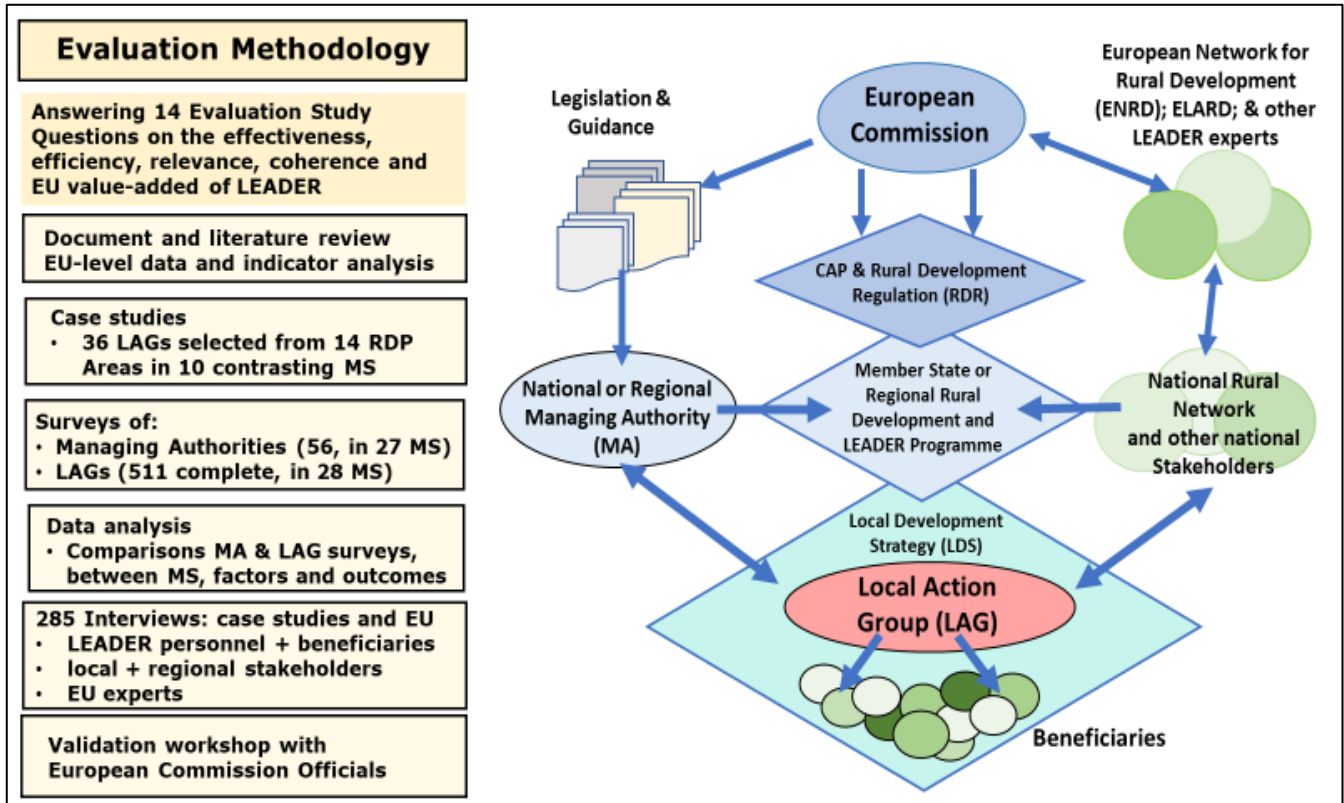
- i. **Bottom-up approach**, where local actors design a local development strategy and measures to be funded within it;
- ii. **Area-based approach** - the territory forms the basis for development of the local strategy;
- iii. **Partnership** - Local Action Groups (LAGs) are balanced groups involving public, private-sector and third sector actors, mobilising all available skills and resources;
- iv. **Integrated, multi-sector action** - combining economic, social, cultural and environmental resources to achieve synergies between them;
- v. **Networking** - bringing actors together in disseminating and sharing knowledge, ideas and information, and building capacity;
- vi. **Innovation** - fostering new and innovative responses to local problems and opportunities;
- vii. **Cooperation** - enabling rural areas to work together, spreading good practice via LAGs all across the EU.

¹ Local Action Groups for Community-Led Local Development can also be supported by other ESI funds.

² Lower cover was reported in Bulgaria, Cyprus and Luxembourg, and the percentage was just under 50% for Italy and Spain (Annual Implementation Reports, 2020 and 2019).

³ Figures cover the original programming period 2014-2020, not including additional EU funds for the transition period in 2021-2022, under Regulation (EU) No 2020/2220.

Figure 1: The structure of LEADER and the evaluation approach



Source: study team, 2021

Study findings

LEADER was effective for local development

The evaluation used a mix of documentary analysis, on-line surveys of LAGs and MAS, and detailed case studies of 36 LAGs (Figure 1). Both surveys and case studies found positive effects of LEADER that were significant for developing sustainable local economies, encouraging networking and cooperation, supporting business development and creating and maintaining employment, as well as improving local governance (Figure 2).

Positive economic effects of LEADER creating and sustaining rural jobs were found in Austrian, German, Spanish and Italian case study regions, also in Sweden, Ireland, Czechia and Slovenia. Improved knowledge and skills-sets were delivered by LEADER in Austria, Ireland, Germany– Rheinland-Pfalz and Slovenia, along with investment in business innovation, improved tourism and village renewal.

Job creation was identified as a widespread local development need: although LEADER job creation was notable at local level, its cumulative effect is rarely significant at regional scale compared to other, much larger influences upon rural employment. LEADER focuses on local areas, small businesses and organisations and its scale of impact is modest (e.g.

in Austria, LEADER funded 10 to 20 new jobs per LAG). EU indicators record LEADER created almost 31 000 rural jobs by the end of 2019, in the EU-28.

Figure 2: LAG Survey (511 LAGs) LEADER's effectiveness



Source: study team, LAG survey 2021

In some cases, the economic effects of LEADER were not so much new jobs but sustained employment, creating a positive economic outlook and introducing initiatives with added value that would not otherwise occur (for example, in Austria and Ireland).

funding constraints, rules and controls. Poor LEADER knowledge among the personnel making payments led to some long delays. In the cases where multi-funded CLLD was involved, administrative complexity increased because each fund had different rules and procedures. However, burdens were reduced where one lead Managing Authority took charge of all these funds (Sweden, Germany- Sachsen, and Slovenia).

Relevance of LEADER

Case studies showed how local economic and social needs were recognised and targeted by LAGs and MAs. Some LAGs targeted needs via specific calls/projects and/or actions; others identified strategic themes specific to the territory which met combined needs and were prioritised for funding, and some made new delivery partnerships by animation and networking, to better link funding to priority groups and issues.



Terra Mater bakery, Czechia, © Petr Bima

Nevertheless, budget constraints limited the scope of LAG activities – LAGs with small budgets (under EUR 2.5 million) were less able to meet all needs identified in their local strategies. Also, strict *ex-ante* national or regional limits placed on LAG priorities, measure choices or funding conditions impaired some LAGs' ability to target local needs (indicated in the survey). Case studies found this occurred most when the relationship between LAGs, MAs and Paying Agencies was unclear or in tension (in Spanish regions, Irish regions, and Czechia).

LEADER's added value

LEADER's added value for rural development has resulted from its long-term involvement with local actors in decision making via bottom-up approaches, its strong focus on networking and local cooperation, contributing to social fabric via new contacts and networks, and its innovative projects and activities. LEADER can be seen to have EU added value compared to other rural development policies because its distinctive local focus and flexible, integrated approach are widely recognised as a unique EU-level innovation, which has had lasting impacts.

- LAGs connected different regional resources (actors, assets and knowledge), linking economic sectors and social groups in new ways to stimulate new projects and better outcomes (Italy-Toscana, Veneto, Austria, German regions).
- Dedicating resources to local animation and facilitation has built skills and confidence among local actors including municipalities and disadvantaged groups (Slovenia, Czechia, Sweden, Spanish regions).
- investing in human and social capital and outreach to a wider range of local actors and needs than other funds (Ireland, Belgium-Wallonie) - was widely seen as unique to LEADER, among rural policies across the EU.

LEADER demonstrated added value for governance and social capital. Most case studies (Austria, Czechia, Germany, Ireland, Italy- Veneto and Toscana, Sweden, Slovenia) showed the positive impacts of involving local stakeholders in decision making, mobilising the local population, increasing understanding of local development potential and how it can be realised.

Through LAG actions, local governance was strengthened, and distribution of power among actors evolved (instead of municipalities acting alone), and local needs were better addressed. Networking was reported as key to improved rural development: LEADER significantly increased local networking.

Factors affecting LEADER performance

Figure 3 summarises some key factors in how LEADER worked. Local level decision-making was essential to LEADER and required independence, balance and operational clarity that was not always given to LAGs by Managing Authorities. Case studies and surveys show LEADER features were implemented more effectively and with greater impact where LAGs had sufficient autonomy to tailor measures and funding conditions to meet local needs. A good balance of actors in LAG governance was vital: where this was compromised (for example in Romania, and with concerns raised in Ireland), project scope and impact were limited.

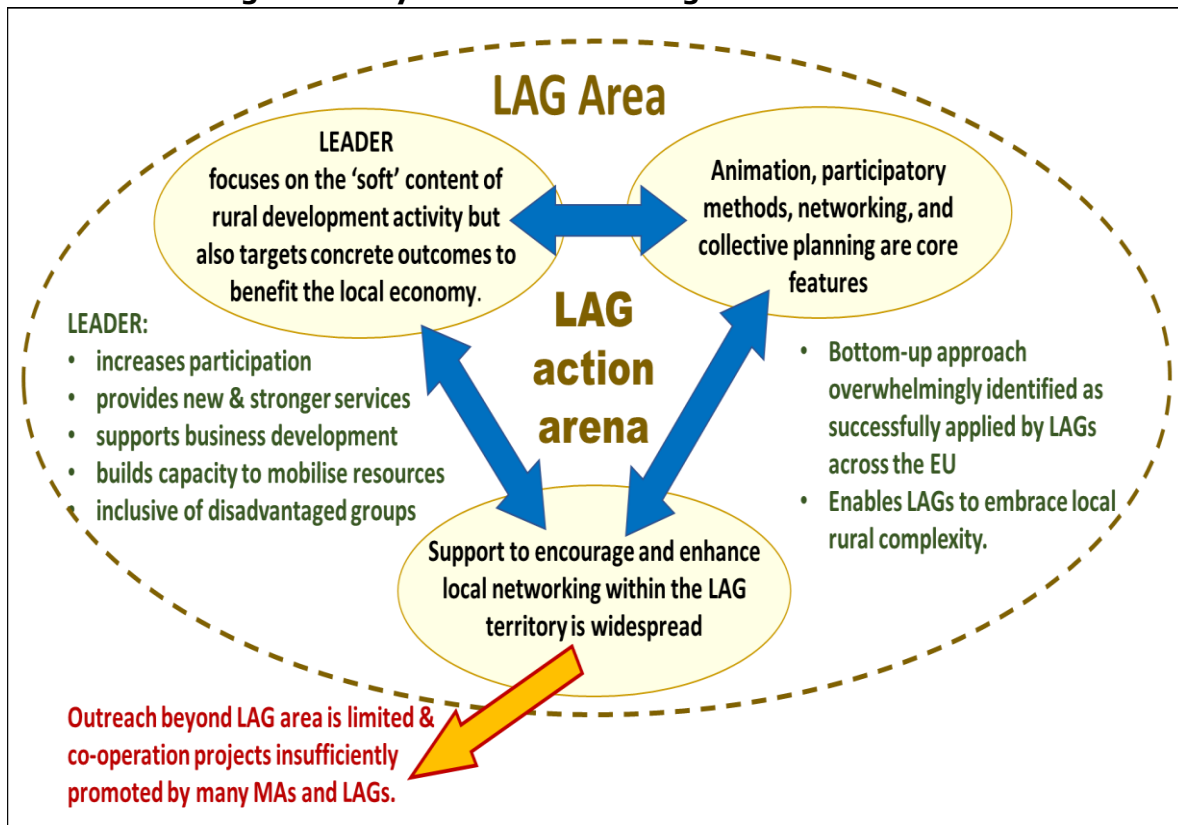
Achieving wide participation, via application of the bottom-up principle and local animation, was important. A large proportion of LAG survey responses and all case studies showed LEADER enabled participation by actors who would otherwise not be involved in developing their territory. Networking was identified as the most effective mechanism to stimulate social benefits. The LAG survey and case studies showed a clear correlation between LEADER's reported effectiveness and LAGs' ability to apply the seven LEADER features. Lower implementation of any single feature reduced LAGs' effectiveness.

Of all the features, cooperation and especially trans-national cooperation, was least well implemented in 2014-2020, which was identified as limiting LEADER innovation (although several LAGs cooperated well in EIP-Agri operational groups and INTERREG projects).

LEADER regulations highlight the principle of multi-sector involvement (public, private and third sector). In some cases, LEADER was given limited ability to work with private sector beneficiaries, which

constrained scope for valuable entrepreneurial elements in projects. Nevertheless, LAG support for 'non-productive' projects (i.e. without commercial gain) also improved the quality of life in rural areas (e.g. community buildings powered by renewable energy, cultural events, local education and leisure activities).

Figure 3. Key factors influencing LEADER outcomes



Source: study team, 2021

LEADER: What could be improved?

The evaluation confirmed the added value of LEADER as a specific approach for local development in rural areas. It highlighted the importance of good information, awareness, mutual understanding, respect and trust in relationships between Managing Authorities, LAG boards and local stakeholders, and showed how performance suffered where these were lacking. It identified how LEADER could be improved via change at LAG, national-Regional and EU levels.



Solway, Border & Eden LAG supported redevelopment of a youth community centre in Cumbria, UK (© CCRI)



Table 1. LEADER Evaluation Study: Recommendations

| What to Do? | By Whom? | Details |
|--|------------------------------------|---|
| Confirm the importance and value of LEADER as a distinctive approach | Commission, Council and Parliament | The LEADER approach should be maintained as a distinct strand in future rural policy at EU level. |
| Enhanced roles for networks, promoting a more enabling institutional framework | EU network actors | ENRD to deliver enhanced training & skill-sharing to LAG networks and MAs, expanding participation to multi-fund CLLD authorities and Paying Agencies, emphasizing engagement. |
| | European Commission | Independent EU LEADER networks should be enabled to participate in key policy discussions. Ensure MAs understand, fully uphold and promote the 7 LEADER features in LEADER design and implementation, with more attention to cooperation, innovation, good governance and future resilience. |
| | Rural networks | National and Regional Rural Networks should be sufficiently funded to enable a strong support for LEADER. |
| | LAG boards and LAG management | Recruit, retain and train members and staff with broad skills and experience in local development. Ensure balanced, open discussion among members, inclusive, balanced leadership, alert to local needs. |
| Improved communications and clarity in roles | European Commission | Guidelines or implementing regulations for CAP strategic plans should require dialogue between current LAGs and MA designing CAP strategies, ensure they learn from LEADER experience in 2014-2020 Recommend that MS and Regions identify dedicated LEADER teams in Paying Agencies. Work with ENRD and ELARD on new guidance to highlight LEADER's role in key priorities of the Green Deal and Farm to Fork strategies. |
| | MAs and LAGs | Commit to regular, open liaison between MA/PA and LAG personnel, before, during and after LAG selection and implementation. |
| Simplification of procedures and new requirements | European Commission | Specify a dedicated minimum budget for animation as a share of total EU LEADER + ESIF CLLD funding in each region/MS, also stronger guidance on the minimum (EUR 2.5 million) LAG budget. Encourage MAs not to apply standard EAFRD Measure conditions and controls to LEADER, promoting more flexible measures. Enable/promote more extensive use of Simplified Costs Options for all LEADER sub-measures, learning from best practice. Apply stronger proportionality in obligatory financial controls and checks, to simplify the burden on LEADER. Streamline the 'lead authority' approach for multi-funding: devise common rules / procedures for all CLLD funds, and a common CLLD implementing regulation. |
| | MS / Region Authorities / LAGs | Ensure MA/PA guidelines and LAG/MA division of roles are carefully drawn and understood by all actors, reduce administrative burden on LAGs – especially for eligibility checks and simple controls. |
| Enhanced Collaboration | European Commission | Promote ways for LAGs and MAs to access and establish cooperation projects – harmonise rules for transnational cooperation. |
| | MS / Region Authorities | Improve communication between Authorities (MA/PA) and LAGs, to enable problem-solving with LAGs early in the implementation period. Consider funding a dedicated LAG support agency or network, separate from the NRN. |
| New indicators and monitoring approaches to better capture LEADER outcomes and measure its relevance | European Commission | Identify new social indicators to measure improved governance, social capital, and social benefits. Develop simple indicators and reporting protocols to record projects and actions that deliver multiple goals simultaneously. Expand work on local-scale context indicators for rural development. Learn from LAG self-evaluations. |



Table 1 above summarises study recommendations, to strengthen the roles of key actors in LEADER's architecture. These included an enhanced role for the European (ENRD) and national rural networks (NRNs), improving policy learning and capacity building among LAGs and Managing Authorities, and stronger dialogue between the European Commission, LAGs and MAs in refining CAP Strategic Plans, with guidance to ensure the LEADER principles are fully deployed.

The evaluation recommended simplification of LEADER procedures and more flexibility, in particular for small scale projects, with more guidance on best practice. LAGs both large and small noted problems created by inflexibility in the application of rules for small projects, adding administrative burdens and discouraging project promoters. Beneficiaries in case study regions indicated the administrative burden was greater than for alternative funding streams and in some cases (e.g. Ireland), LEADER personnel noted time and effort sometimes wasted when LEADER animation identified good projects that then applied elsewhere for funding. The study recommended using proportionality principles to simplify the amount of LEADER financial controls and checks, and a wider use of Simplified Costs Options to determine funding amounts. Action within RDP areas to improve communication and trust, and ensure a clear division of roles, among LAGs, Managing Authorities and Paying Agencies, explained to all relevant stakeholders, was suggested.



LEADER in Sachsen, Germany funded a coordinated 'green' building programme 'Bauen' for local housing and community facilities, across 15 municipalities. <https://www.laendlicher-raum.sachsen.de/bauen-8485.html>

LEADER also needs better assessment of its outcomes. Current EU indicators are limited to LAG expenditure, job creation and cover of the rural population within LAG areas. The great majority of LEADER outcomes focus on integrated local improvements in LAG areas that are not captured in any way by these indicators. There is a need for additional ways to measure improved governance, changes in social capital and social benefits, as well as indicators for economic and environmental impacts of LAG projects and activities. This is also particularly important for projects delivering multifunctional impacts (economic, social and environmental benefits together).



This independent evaluation was carried out on behalf of the European Commission, Directorate-General for Agriculture and Rural Development, between October 2020 and October 2021, by the consultancy consortium CCRI – ÖIR – ADE. This paper has been prepared by CCRI on the request of the EC; the views expressed are those of the authors and do not represent the official views of the European Commission.

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