„A European approach and its Hungarian implementation”

LEADER – Community initiative for the economic development of rural areas
LEADER – Community initiative for the economic development of rural areas

Written by:

Rita Francia
József Marticsek
Zoltán Szuda
Márta Petri
András Krolopp

Central and East European Working Group for the Enhancement of Biodiversity

http://www.ceeweb.org

Prepared by the support of the Ministry of Environment and Water

Budapest
2005
Dear Reader!

The aim of this publication is to give an overview of one of the most successful rural development programmes of the European Union, the LEADER. It was mainly prepared for Hungarian NGOs but we hope that our Central and East European member organizations can also benefit from it.

The topic is of particular interest because after the accession the local communities in the ten new member states have now the chance to join the ever increasing LEADER network.

Those who are unfamiliar with the general nature of rural development issues may be compelled to ask why they are drawing on the involvement of environmental NGOs. As one such NGO, CEEWEB realizes that the protection and enhancement of biodiversity can no longer be limited to a strict focus on individual species and their respective habitats. The effective environmental protection on which sustainable biodiversity depends must integrate the cooperative participation of several different, seemingly disparate sectors, from the ordinary activities which dominate “everyday life” to high level international politics. Considering the fact that agri/rural development policies, both on the community and national level, can have significant impacts on the natural environment, such policies need to be considered and studied with great care. Obviously environmental NGOs have a major role to play in this process.

The LEADER has already proven to be suitable for bringing love and respect for nature into people’s life. For those who live in harmony with nature it is a resource and its proper and reasonable use is everybody’s interest. This resource ensures the long term high quality of life.

In the first chapter you will find general information about the LEADER. This short introduction is followed by the regulation for the present (2000-2006) and the next (2007-2013) programming period. The next chapter is a critical summary of the Hungarian experiences on the pilot LEADER programme. And finally – as an illustration – we collected some practical examples, programs that were actually completed, and international case studies.

The authors hope that the LEADER programme will contribute to the development of the rural areas in the new member states and will lead to a higher quality of life in the countryside.
# Table of contents

I. **Introduction** ...............................................................................................................5  
   The background ...........................................................................................................5  
   What is the LEADER? ....................................................................................................6  
   What is the LEADER all about? ..................................................................................7  
   How does the LEADER programme work? .................................................................7  
   How do the LEADER areas born? ..............................................................................7  
   Institutional structure .................................................................................................7  
   From the preparation of the application to handing in ...................................................7  

II. **Regulation** ...............................................................................................................17  
   Present regulation .......................................................................................................17  
   What is going to change from 2007? .........................................................................18  

III. **The LEADER-type pilot programme in Hungary** ..............................................19  

IV. **LEADER+ Program in Hungary** .............................................................................21  

V. **Hungarian LEADER experiences with a critical eye** ..............................................22  

VI. **Case studies** ..........................................................................................................29  
   BREGENZERWALD (Austria) .....................................................................................30  
   GAELTACHT CORK - Ireland ....................................................................................32  
   Pilot programme in Hungary – ZalA-KAR .................................................................34  

VII. **Further information** ..............................................................................................38
Introduction

As we have already mentioned, the LEADER programme is one of the most successful community initiatives of the EU. Why is it successful and what is the secret behind this success? In this chapter we would like to answer these questions.

1. The background

The EU’s agricultural policy (Common Agricultural Policy) is under continuous change since 1957. The different development programmes appeared in different sectors till the end of the 1980’s and the intersectorial harmonization was missing on the local level. In the framework of these programmes the local beneficiaries were selected in a top-down system, and separated from the integrated environment of the original idea. As a consequence, nobody paid attention if there was an interaction between the selected development projects. If so, what kind of interaction was it? Did the projects strengthen each other, were they neutral or did they actually oppose each other? Thus many subsidies were not spent properly because the different projects often negated each other’s effect.

From the 1990’s the importance of sustainable local development that takes into account the environmental, economic, social and cultural dimensions of rural areas was realized. New and innovative development methods were designed involving local communities in a bottom up approach. Thus the European Union’s LEADER programme was created.

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

The LEADER is now in its 3rd generation in the European Union. The following figure summarizes the history of LEADER so far.
2. What is the LEADER?

The LEADER is a French acronym that stands for Liaison Entre Actions pour le Développement de l’Économie Rurale, meaning “Links between actions for the development of the rural economy”. The so called community initiatives are aimed to develop new concepts and methods in such key areas that affect most of the member states. The results of these community initiatives can be used to improve the policies and the efficiency of the measures taken so far.

The original goal of the program launched in 1991 in the EU 15 was to stop the segregation of the rural areas burdened with growing poverty and aging population. Since then, bottom-up rural development projects were implemented in more than 1200 European micro-regions with the aid of LEADER.
In short, the LEADER program subsidizes integrated projects carried out by locally active associations, cooperations. The purpose of the program is to aid and subsidize locals in the discovery and sustainable use of the potentials of their environment. The program enhances the creation of integrated, high quality, inventive strategies in the following areas:

- protection of natural and cultural heritage, further enriching these possibilities;
- strengthening local economy in order to create jobs;
- improving the self-organizing potential of communities;
- promoting cooperation

The innovative nature of the program lies in the fact that the development strategies for the regions are created by Local Rural Development Working Groups (LRDWGs) that are based on entrepreneurs and civil organizations of the region. The strategies are created with the active participation of the locals. Decision makers designate a grant pool for the working group based on the strategy, from which they can subsidize the final beneficiaries to achieve the goals set up in the program.

3. What is the LEADER all about?

The specific objectives of the LEADER 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.

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.

The most important keyword is bottom-up. The program subsidizes bottom-up initiatives, the advantage of which is that projects are based on the knowledge and familiarity with the local environment. This way such projects are realized that best fit their requirements and the potentials of the local landscape.

Another keyword is cooperation. LEADER benefits from the creativity, ideas of the local citizens of micro-regions, and enhances cooperation of local NGOs, institutions and businesses to develop the region.
Let’s see the seven key aspects of LEADER that are the basis of its philosophy and also the secret of its success.

The LEADER approach can be understood according to seven key aspects:

3.1 The area-based approach

A LEADER region is an area the inhabitants of which share a common “local identity” – feeling at home –, care about their settlement, are emotionally attached to the landscape and try to carry out development in accordance with it. In order to be able to develop the area in a sustainable way (to achieve that appropriate human, financial and economic resources are available) it has to be contiguous and of a proper size. The area-based approach enables people who perceive the region as their common home work together, and this feeling provides the motivation necessary to keep the projects going.

3.2 Bottom-up approach

Local players are involved in making the decisions during planning and implementing development projects of the region. They can directly influence development processes that determine their everyday lives. The bottom-up approach in planning and implementing has proven to enhance the efficiency of resource utilization.

3.3 Partnership approach and the “local action group” (LAG)

The LAG is a body of public and private players and the non-profit sector, united in a partnership that creates a joint strategy and a local action plan for developing a LEADER area. The LAG is one of the most original and strategic features of the LEADER approach.
Endowed with a team of practitioners, decision-making powers and a fairly large budget, the LAG represents a new model of organisation that can considerably influence the institutional and political balance of the area concerned.

3.4 Specific management and financing methods

Delegating a large proportion of the decision-making responsibilities to the LAG for funding and management is another key element of the LEADER approach. However, the LAGs’ degree of autonomy varies considerably depending on the Member States’ specific mode of organisation and institutional context.

3.5 Innovation

Even though the LEADER concept and its implementation in the field are innovative in themselves, the LEADER Initiative stresses that the actions must also be innovative. One reason why innovation is necessary is that rural communities can no more be based solely on agriculture, new ways must be found to make a living. The other is that problems that arise in rural areas often can’t be solved with the methods developed for large cities and their agglomeration.

Innovations may be actions to promote local resources in new ways, actions that are of interest to local development but not covered by other development policies. They may be actions providing new answers to the weaknesses and problems of rural areas, or the creation of a new product, new process, new form of organisation or new market. Innovation is also embodied in the programme’s demonstrative and networking components: disseminating information to other groups of players wishing to gain inspiration from achievements elsewhere or to carry out joint projects.

3.6 Integrated approach

The actions and projects contained in the local action plan are linked and coordinated as a coherent whole. Integration may concern actions conducted in a single sector, all programme actions or specific groups of actions, or, most important, links between the different economic, social, cultural, environmental players and sectors involved in the area.

3.7 Networking and cooperation between areas

By facilitating the exchange and circulation of information on rural development policies and the dissemination of information about and the transfer of innovation, the LEADER network aims to break the isolation of LAGs and to establish a basis of information and analysis on the actions. To complement existing European and national networking, some LAGs have spontaneously organised themselves into informal networks. Cooperation between areas can be international but may equally take place between neighbouring areas.

3.8 Local financing and management

In properly set up LAGs actors of businesses and the civil society have as much opportunity and power as municipality and governmental actors. Local banks and loan institutions also
take their part in financing. The aim of management and financing methods is to equalize the rigid positions of power, and to promote the balancing of the distribution of power.

To summarize the above, the LEADER programme is very effective in rural development, because:

- its fundament is an area-based, multisectoral, integrated strategy
- it tries to utilise the whole local economic potential
- it supports bottom-up initiatives
- it activates local population and involves the community in the development processes
- it creates a functional cooperation between rural areas in order to exchange experience
- it supports innovation
- creates and strengthens local partnership

4. How does the LEADER programme work?

4.1 How are the LEADER areas created?

The selection of settlements participating in the cooperation is based on the free will of their citizens. LAGs can only be created by the cooperation of the population of geographically contiguous, neighbouring areas. LAGs can overlap neither on the organizational, personal, nor regional level: one settlement can only belong to one LAG. Since LEADER regions have to be economically and socially homogenous, their borders are not necessarily the same as the borders of statistical microregions. (The present administrative units in Hungary are not based on historical tradition.)
1. The total population of the co-operating settlements can be between 10,000 and 100,000.
2. Only such settlements can join the LEADER where less than 10,000 people live and/or the population density is under 120 persons per square kilometer.

Cities, regional centers will fail to reach the resources, nevertheless it is advisable to involve them in the process of application preparation.

4.2 Institutional structure

The system of the Hungarian LEADER+ Programme

(Based on the diagram of the Handbook for the implementation of the LEADER+ measure of the ARDOP, Agriculture and Rural Development Operational Programme)

In this part, an overview is given of the actors in the future Hungarian LEADER+ system

1. The Monitoring Committee of the ARDOP

This entity is the main coordinating and decision making body of the Community Support Frame (CSF) and the ARDOP. It is responsible for the implementation of the whole Operational Programme, and as a part of it, for the LEADER+. The partners of the ARDOP choose the members of the Committee. There are delegates from regional and local authorities, social and economic partners, the Managing Authority (MA) of the ARDOP and the CSF, the participating ministries and other competent organisations and institutions. The chairperson of the Monitoring Committee is the representative of the Managing Authority of the ARDOP who is also responsible for the administration.
The main tasks of the Monitoring Committee are:

- In a maximum period of 6 months after the approval, it evaluates the entitlement and selection criteria that was used in the evaluation of the applicants
- Regularly examines the results of implementing the LEADER+ objectives
- Negotiates and approves the annual and final reports of the implementation before sending them to the European Commission
- Negotiates and approves possible modifications in the use of the available money from the Structural Funds

2. The Managing Authority (MA)

The head of the MA decides about the selection of LAGs and their administrative bodies, and signs a contract with them for the implementation of their local development plans. It decides about the project applications submitted by the Pre-Decision Committee (action 2 and 3) and it approves the working plans, and budgets and reports of the LAGs. It selects the winner organisation of the National Observatory, and the winner consortium for the training programme. The MA is responsible for the continuous technical assistance and participates in the meetings of the Pre-Decision Committee.

3. The Pre-Decision Committee (PDC)

The members of the PDC: the delegate from the Department of Rural Development (chairperson), delegate from the MA, heads of the LEADER Secretariat (LS) and the National Observatory (NO), delegates form the Ministry of Finance, the Ministry of Environment and Water, the Ministry of Health, Social and Family Affairs, the Ministry of Youth and Sports, the Ministry of Labour, the Office of the Prime Minister and the Governmental Office of Equality.

The task of the PDC is to construct proposals to the head of the MA for decisions:

- on issues of action 1 (selection of the training consortium, LAGs, local development plans etc.)
- on final approval of the project applications, and their modifications approved by the LAGs
- on approval of the working plan, organisation, budget and reports of the LAGs
- on approval of contract modifications of LAGs and their gestors
- on approval of joint projects in action 3

4. The LEADER Secretariat (LS)

The Department for Rural Development (DRD – part of the Ministry of Agriculture and Rural Development) establishes this body within its own organisation. The regional units of the LS are the Regional Rural Development Offices (RRDOs).

The task of the LS is to manage the professional guidance and the national administration of the LEADER+ measure. It has continuous contact with the beneficiaries (successful applicants) and other actors of the measure. By the help of the RRDOs, the Secretariat prepares proposals for the PDC about the supportable Local Action Groups, and (together with the advances of the LAGs)
proposals for the supportable applications of action 2 and 3. It also carries out the professional evaluation for the selection of the National Observatory and the training consortium.

The LS has to ensure the continuous coordination of the implementation of the programme’s principles in order to reach its objectives.

The Secretariat takes care of the modification of contracts with gestors or LAGs. In at most 60 days it informs the applicant, the ARDA and through the RRDO, and the gestor about the decision concerning the project application.

5. Regional Rural Development Offices (RRDOs)

These offices cooperate with the LAGs in order to implement the local development plans and reach the objectives. Within this, the RRDOs:

- Participate in the realisation of action 1
- Evaluate the applications of potential LAGs
- Help the LAGs with counselling
- Evaluate the operation of the LAGs and their gestors: the way of using the funds, the implementation of their communication strategy, etc.
- Prepare documents of contract modifications and send them to the LS
- Along with the LAGs and the gestors, they participate in the evaluation and monitoring of ongoing projects

6. Agricultural and Rural Development Agency (ARDA)

This is the payment authority of LEADER+ in Hungary. By the decision of the MA, it signs the contracts with the beneficiaries, and pays the support for them. It also deals with the modification of these contracts, and evaluates and approves the observance or possible sanctions in case of inadequate operations.

7. The Local Action Group (LAG)

“The Local Action Group is responsible for creating and handling the local development plan, and for implementing the approved plan”. As it is determined in the selection criteria, the LAG has to operate on a physically, geographically and socially homogeneous area. The population has to be between 10,000 and 100,000 people as a general rule, but in some areas, where more than 25% of the settlements have less than 500 inhabitants, the minimum population is 5,000. The minimum number of members in one LAG is nine. They can be local governments, business or civil organisations and partnerships of these. At least half of the members have to come from the private sector (business, social or civil organisations and associations). One organisation is only allowed to participate in one LAG.

The members sign a contract on a consortium, to declare their commitment to the effective implementation of the development plan.

There are about 70-120 potential partnerships, which are expected to apply for establishing a Local Action Group. The final number of operating LAGs in action 2 is expected to be about 30-40. The local selection criteria for project applications will be defined by the Local Action
Groups themselves (these criteria have to be approved by the appropriate RRDO), although the approved projects need to fulfil the overall objectives of the whole LEADER+ Programme. Formal evaluation is done by the gestor. The members of the LAG (or the consortium) choose a chairperson, and sign an agreement with the MA for the implementation of the local development plan. The group creates its work plan and action plan, establishes an evaluating and monitoring committee (Local Evaluating and Monitoring Committee – LEMC), with a number of members from 7 to 20. The LAG ensures the publicity of the plan, compiles the necessary documents for the applications and regularly evaluates the indicators for the monitoring. The experiments have to be shared with other LAGs and other actors by networking activities. The group has to write several reports on its operation and it has to send it to the RRDO.

The chairperson represents the LAG, signs its documents, declares its decisions and is also the head of the LEMC.

8. The gestor

The gestor is chosen by the unanimous decision of the LAG members, and it is operating as the working body of the group. The gestor cannot be the same person as the chairperson of the LEMC. Their operations are regulated by the consortium contract. Local governments or their partnerships, civil society and economic organisations, foundations can be selected to be a gestor of a Local Action Group.

The gestor creates its own operational and financial plan that has to be approved by the LAG.

The approved plans are forwarded to the PDC through the LS for the central approval.

The main tasks of the gestor are:

- Ensure the access of information and the publicity for local actors and people.
- Prepare the communicational plan of the LAG.
- Call for applications and take care of the pre-decision tasks. Give advice for making the applications and evaluate them both formally and concerning their content.
- Take care of the everyday operation of the LAG. This means the secretarial and administrative duties.
- Report to the RRDO and the Local Action Group every 3 months about its operation.
- Provide information to the LS, MA and monitoring authorities.
- Manage the networking of the LAG.

9. The Local Evaluating and Monitoring Committee (LEMC)

On the level of the LAGs and certain projects, the monitoring is done by the Local EMC, by gathering information about the physical and financial situation of the projects. Based on this information, the LEMC has to ensure the implementation of the plan. The evaluation also has to be done by external partners. The members are the delegates from the LAG, invited and constant participants. The number of participants is between 7 and 20. The chairperson of the LAG is the head of the LEMC as well, the secretarial tasks are done by the gestor.
The tasks of the Committee:

- Negotiate the applications, pre-evaluated by the gestor, and to recommend them for approval or dismissal
- Dismiss formally invalid and incomplete applications if supplementation cannot be handed in
- Monitor the implementation of the development plan, with the aid of the gestor
- Negotiate the possible modifications of the project applications

The LEMC can decide to support or dismiss an application or it can ask for more supplements if something is considered to be missing. An important thing is that it cannot approve an application that was denied by the gestor on formal reasons. The reports and evaluating forms are sent to the PDC (through the LS) for further decision, and to the RRDO.

10. The National Observatory (NO) – the network centre

The role of this unit can be described in three words: communication, coordination and networking. The fourth action of the LEADER+ measure is to build a communication network at a European, national and regional level. Within this, a national coordination unit will be set up with a task to connect rural areas into this network, and to operate it effectively.

The network is aimed to disseminate knowledge, experience and information for all parts of the system.

The tasks of the NO:

- Prepare and spread publications, surveys, researches, manuals and databases
- Organise meetings, workshops and trainings
- Participate in conferences, professional programs and to present LEADER+ for a wider audience
- Operate a website
- Organise study visits
- Help joint projects

4.3 From the preparation of the application to handing in

There are three important questions that have to be answered when preparing a LEADER initiative:

1. Selecting the area (where?): which settlements should cooperate to provide a “micro-region”, cultural-economic approach.
2. Establishing the LAG (with whom?): who are the initiating persons, organizations whose co-operation can provide a good basis for the program.
3. Determination of the main directions of the rural development plan (what?): what are the most important development objectives that meet the LEADER principles, fit the potential development topics and can be realistically achieved.
The local rural development plans may contain the following topics

- Value adding utilization of local natural and cultural heritage
- Increasing the quality of life in the countryside
- Increasing the value added to local products, with special regard to increasing the chances of the products of small producing units to reach the market by community actions
- Using new methods and technologies in order to enhance the competitiveness of local products and services
- Cooperation inside the LEADER area, between the areas in a state and between international local action groups

The LEADER action plan prepared by the local action group should meet the following criteria

- Improving cooperation between local stakeholders, sectors of economy and the projects
- The plan should be based on the characteristics of the region
- It is preferable that the plan focuses on one or more target areas (based on target groups or issues)
- Job creation and job preservation for women and young people should be taken into consideration
- The plan should present the features of the region and prove that the implementation is necessary
- The plan should be innovative
- The plan should create cooperation between traditionally distinct economic sectors

LAGs implement the local rural development plans by selecting the proper projects based on locally invited applications

- Titles and detailed conditions of the applications, and criteria for selecting the projects are defined by local rural development action groups
- The projects should harmonize with the goals and content of the local rural development plan
- The following criteria have to be applied for all rural development action groups
  - Innovation that can manifest in new products/services benefiting from the unique features of the region
  - Economic, social and environmental sustainability
  - Regional approach, considering the regional characteristics
  - Partnership, cooperation, relations
  - Grassroot initiative, planning and implementation based on local needs
  - Complementer nature
  - Small scale

The application is handed in by the Managing Authority, on behalf of the action group

- An organization has to be selected to represent the local rural development action group during the process of application (the leader organization of the action group)
- The leader organization
  - acts on behalf of the action group
  - nominates the chairman of the action group
Regulation

1. Present regulation

Between 2000 and 2006 the third generation of the LEADER, the LEADER+ program is active. In the recently joined countries the operative programmes contain the LEADER+ measures.

According to Article 33 f, Subchapter 1, Chapter 9, the Commission of the European Union has provided the possibility for accession countries to implement the LEADER+ Community Initiative. The Agriculture and Rural Development Operational Programme (ARDOP) provides the framework for this.

The aim of the ARDOP measures is to improve employment and income possibilities, living environment and partly infrastructure. The LEADER+ measures facilitate the above processes by mobilizing local communities and their inner resources, thus affect society and social issues as well.

Based on paragraph 36 of the 2000/C 139/05 Communication from the Commission, LEADER+ meauses can fund any such activities that can be financed in the framework of the Department for Orientation of the EAGGF (European Agricultural Guidance and Guarantee Fund), ERDF (European Regional Development Fund) and ESF (European Social Fund). Since the primary goal of LEADER+ measures is to improve inner resources of rural areas by supporting experimental strategies, infrastructural development investments cannot be funded from it, with the exception of small scale and partnership based infrastructure development.

The percentage of EAOGF related to all public resources is 75%, and maximum funding for a local development project is 400 000 €. 10-15% of this can be spent on local management (Gestor Organization).
2. What is going to change from 2007?

At the EU level:
From 2007 the LEADER approach will function as a full right axis in the rural development policy of the EU.

At least 7% of rural development resources will be used for the program in the 2007-2013 period. For the implementation of the local development strategies of local rural development action groups the program has to contain a LEADER element (see the 7th pillar of the LEADER).

At least 7% of the national financing program is reserved for the LEADER. 3% of all the subsidy for the period will be reserved and distributed in 2012/2013 between the best performing member states.

More importantly, the Commission has extended the method of local program planning and decision making to “mainstream” measures. This means that earlier rural development measures will have to be applied in the framework of local development plans. According to this, those regions will receive substantial funding that possess the appropriate human resources and have practice in program planning and implementation of rural development plans.

In Hungary:
The LEADER is an independent axis in the new rural development plan of Hungary for the period 2007-2013.
According to the draft regulation, the following measures are possible along the LEADER axis

- area-based local development strategies intended for well-defined sub-regional rural areas

Source: European Commission, December 2004
• supporting local rural development action groups based on local public-private partnerships
• bottom-up approach with a decision-making power for local action groups concerning the elaboration and implementation of local development strategies
• multi-sectoral design and implementation of the strategy aimed at global targets, based on the interaction between actors and projects of different sectors of the local economy
• insuring innovative approaches and cooperation during implementation
• building a network of local partnerships

The LEADER-type pilot programme in Hungary

The Department of Rural Development (DRD) of the Ministry of Agriculture and Rural Development (MARD) launched this programme in 2001. The main aim was to prepare actors for the introduction and implementation of the LEADER+ Community Initiative by gaining useful experiences, and elaborating documents and processes.

To implement the program, several NGOs were asked to give suggestions for possible associations of local partners that are well aware of the specialities and features of their area and have imagination and ideas about the future (each of them could mention 4 local actors). These actors had to be able to cooperate locally, nationally and also internationally, they had to have the ability of creating innovative local development plans and activating local people for the implementation.

There were 40 potential local initiatives found for cooperation, from which after a two-step evaluation, determined by an inter-ministerial committee, 14 local action groups (Local Rural Development Working Groups, as they are called in Hungary) were chosen to participate in the programme.

The members of the individual LAGs concluded consortial contracts for the joint implementation of their pilot programme and a support framework contract with the ministry to implement their Local Rural Development Plans. With this, the groups were created as legal entities and the final participants were the different local governments, businesses and civil organisations of the areas.

The area of operation had to have at least 5,000 but not more than 100,000 inhabitants with a maximum density of 120 persons/km$^2$. At least four – geographically coherent – settlements had to be included in the groups.

The programme was financed from the national Rural Development Scheme for 2001-2002, and it concentrated on three main activities: preparative trainings, implementation of a limited number of local strategies and networking.

Finally, the 14 groups could start launching the applications for projects (contributing to the implementation of the local development plans) in 2003. Each local action group had a support budget of 25 million HUF (approximately 100,000 €).

The procedure was just like in a LEADER+ program. The local groups selected an organization with legal entity to manage the implementation of the local plan with the help of the Regional
LEADER Community Initiative for assisting rural development

Rural Development Offices (RRDO). The National Selection and Monitoring Committee made the final decision about the projects; the financial tasks were carried out by the Hungarian State Treasury.

The programme itself was evaluated (though most of the projects are still running), and it was considered to be successful. It fulfilled the objectives to gain experience for the future, to see the difficulties about establishing and operating a group on a high level of cooperation and to activate local communities for participation.

The ARDOP – LEADER+ programme in Hungary

Operation of the Local Rural Development Workgroups in the pilot LEADER-type Programme in Hungary

<table>
<thead>
<tr>
<th>Local Action Group (LAG)</th>
<th>Region</th>
<th>Number of beneficiary villages</th>
<th>Number of approved projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alsógalgamenti</td>
<td>Central Hungary</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Baranyai hegyhát</td>
<td>Southern Transdanubia</td>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td>Belső Cserhát</td>
<td>Northern Hungary</td>
<td>5</td>
<td>18</td>
</tr>
<tr>
<td>Bükki hegyhát</td>
<td>Northern Hungary</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Dél-Zala</td>
<td>Western Transdanubia</td>
<td>8</td>
<td>23</td>
</tr>
<tr>
<td>Ménes-patak menti települések</td>
<td>Northern Hungary</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>Göcsej és térsége</td>
<td>Western Transdanubia</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td>Ipolymente</td>
<td>Central Hungary</td>
<td>13</td>
<td>29</td>
</tr>
<tr>
<td>Közép Hegyháti</td>
<td>Southern Transdanubia</td>
<td>10</td>
<td>23</td>
</tr>
<tr>
<td>Ózd-Putnok</td>
<td>Northern Hungary</td>
<td>6</td>
<td>15</td>
</tr>
</tbody>
</table>
LEADER Community Initiative for assisting rural development

<table>
<thead>
<tr>
<th>Sárrét</th>
<th>Southern Great Plain</th>
<th>4</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sokoró és térerő</td>
<td>Western Transdanubia</td>
<td>29</td>
<td>19</td>
</tr>
<tr>
<td>ZalA-KAR</td>
<td>Western Transdanubia</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>Zselici</td>
<td>Southern Transdanubia</td>
<td>23</td>
<td>27</td>
</tr>
</tbody>
</table>

Main results:
- 12 local development programs were executed, and 270 projects were subsidized
- usable, disseminable experiences on the local, regional and national level
- compilation of an Operations Manual and related documents
- growing interest for participation in ARDOP LEADER+ programmes

Main problems and difficulties:
- insufficient human resources at all levels
- insufficient experience at the local level about administering public funds
- scepticism, low level of motivation and initiative
- low project generating and community development activity
- indiscipline of some project managers about implementation and financial issues
- developments did not confirm to the LEADER principles in some cases

In chapter VI you can read a case study of a LEADER type pilot programme carried out by the Zala county ZalA-KAR Regional Innovation Association, entitled “Local Value!”.

The LEADER+ Programme – Hungary

What are the general objectives of the programme?
- Improving cooperative capacities (partnership) and the organization level of the local society, creating and promoting viable rural communities
- Creating new, sustainable income opportunities, improving employment, creating and preserving jobs in rural areas
- Improving the quality of rural life, increasing welfare

What are the concrete aims?
- Diversifying rural economy
- Developing special local products and improving the marketability of local products
- Developing new or higher level services that fit the needs of the inhabitants of rural areas
LEADER Community Initiative for assisting rural development

- Encouraging the participation of locals in local development processes for discovering, planning and implementing local initiatives
- Providing methods and opportunities to strengthen partnership and improve the organization of local society

What activities can be subsidized in the framework of ARDOP – LEADER?

1. "Mastering skills"
- ability to create local rural development working groups
- ability to manage a LEADER programme

2. "Planning and implementing a local rural development plan"
- subsidizing local rural development working groups
- managing the applications

3. "Promoting inter-regional and international cooperations"
- creating cooperations
- implementing joint projects

4. "Building a communications network on the European, national, and regional level"
- setting up a national coordinating office
- joining the rural areas to the network

Main steps of implementing the ARDOP – LEADER+ Programme

- The four activities are implemented in parallel, complementing and supporting each other.
- As the first step, the 1st activity will be implemented from May 2005. It will be provided by a consortium selected through a public procurement process.
- Pre-selection of the first Hungarian local rural development action groups will take place on the summer of 2005.
- The selected local rural development action groups will receive further training and help, and can hand in their final applications in October 2005.
- This process will be repeated two times, each time 20-25 local rural development action groups will be selected.
- The selected local rural development action groups (maximum 40-50 in total) will realize their programs between 2005-2008.
- For the 3rd activity local rural development action groups working in the framework of the 2nd activity can apply in 2005-2006. They can do this by handing in such projects that are planned and implemented in cooperation with other rural regions (which do not necessarily have to participate in the LEADER).
- The 4th activity will be carried out based on public procurement.
- The network will be built and ran continuously.
V. A critical review of Hungarian LEADER experiences (Márta Petri and Zoltán Szuda)

Why is the LEADER cart rolling along Hungarian roads so slowly?

The rural population of Hungary had great expectations toward the LEADER. Unfortunately this has to be said in past tense, since their expectations were not met. The call for applications was delayed for a long time, and by the time it did appear, it looked completely different from what many wanted it to be. What was the reason for this?

There are several causes. Let’s see them all.

The story began many years ago, when another coalition was governing the country. The minister of the time considered rural development important, even the name of the ministry took the extension „and for Rural Development“ at that time. The head of department and his team studied the LEADER experiences of the Fifteen and suggested that a pilot project be carried out in Hungary. They received the permission, and a dozen of fortunate actors – or perhaps better to say experimental subjects – that were chosen on an invitation based system with recommendations from umbrella organizations tried their luck. The first warning signals could be noticed already during the process of selection: politics is not a good advisor for professional issues.

In the meantime, the government changed which caused considerable changes in personnel, on the ministry and department level, and even the person actually dealing with the program was replaced. Since the ideas, goals, tools and instructions changed during the process, the staff of the regional rural development offices tried to bring the program to a success in vain. Thus the essence of the pilot project, namely that after carrying it out the conclusions should be drawn, was missed. The ARDOP LEADER+ measures had to be prepared in a hurry, without enough of time and energy to draw those conclusions, and summarize the experiences. Monitoring was not carried out.

Time passed, and the personnel that was trained inland and abroad for millions of Euros from the tax payers money was dismissed right when the first element of the measures arrived at the stage of public procurement. The elaborated protocol became unpracticable, and there is a state of war about the LEADER+ ever since. The original schedule, the local system of logically fitting public procurements, and calls for applications was messed up. The price for this was not only paid by the government officials who lost their jobs, but even more by all the rural population that placed faith in the success of the LEADER programme.

Due to lack of time, professional help and training, they had to prepare their first round applications at the onset of the summer holiday period. During this, informal pieces of information kept circling that it was all in vain, the decision about the subsidies was already taken. Prior and parallel to this on each media from phone to e-mail reverberated the scandalous preparation of the public procurement progress all over the country. Recently there are debates about why the winner consortium doesn’t pay the work done by the experts and why the ministry doesn’t pay. The applicants are waiting patiently for the decision if they can enter the second round or not. If they are lucky enough to get into it, again they will have to develop their action
plans in a rush. If they finally win, they will have to sign the contracts and implement the action plan in a rush again. And it will only get worse until the program is finalized.

All the disagreements and disputes that wasted valuable time and cut off the possibility of would-be beneficiaries to implement the program in a timely fashion was not “in vain”. Rural population can have the feeling again that some wanted to help not them but themselves through helping them, albeit both the pilot project and ARDOP LEADER+ could have provided and could provide us with much experience that could be used during the budget planning period not only by Hungary but all the member states.

Conclusions based on international experience and the realization of the Hungarian LEADER type pilot project

How and for what can we use the 300,000-350,000 Euro subsidy?

The question is if this subsidy is a lot or not. It is amazing to look at what was achieved through the programs realized in the European Union in the framework of the LEADER. Nevertheless, it must be taken into consideration that in those countries much more time and experience, as well as one order of magnitude more money was available for the action groups. This makes the responsibility of Hungarian action groups even greater, since they have to realize a viable rural development plan with much less money and time in such a way that they fully comply with the LEADER principles during the progress. It is worth to note here that of the newly accepted countries only in Hungary can complex LEADER rural development plans be realized. This can be considered as an acknowledgement of the work done during the preparation progress by the staff of the Ministry for Agriculture and Rural Development.

Since time and resources were limited, programs had to be planned very carefully. We had to forget about such ideas as big investments based on the programme that could not be financed otherwise. Neither the scale of the resources, nor the philosophy of the LEADER did not permit this.

For most action groups the principle of innovation poses a serious problem during the planning of their rural development plan. What does it actually mean? Of course not that something “revolutionary” has to be invented; this would mean that later on the task would be more and more difficult. Innovation means that existing problems are treated in such a way that was not realized before. Innovation means the introduction of locally not known, not used methods. A good example is the general lack of capital: it can be solved by signing an agreement with the local bank guaranteeing cheap, long term credits. This step involves the local bank and makes it interested. In the selection process we can even build on their experience they gained during granting credits.

According to the experiences collected so far, the LEADER subsidizes primarily such local action plans and the projects included in it that serve not the interests of the participants, but rather those of the local community, or at least benefits several interest groups. Of course this distinction cannot be made in all cases. It is important that individual projects should facilitate each other. The selection of projects does not consist of randomly chosen projects; it is based on a system approach, the participating projects draw on and amplify each other. For example, while setting up a thematic touristic route, the individual stops of the route take each other into consideration, distribute the activities among themselves, and together are they capable of creating a colorful, meaningful experience. One location can introduce visitors to grape cultivation, and
breeds. The other can present wine cellars. The third can offer participation in the vintage, in the fourth special local products can be sold together with wine. The fifth can show an ecological approach to wine production, the sixth can provide various other forms of entertainment and accommodation. Those six locations can offer interesting programs based on the traditional events of wine cultivation. On their own, they could hardly achieve this, but in a mutually beneficial competition they can be more successful, and not weakening but strengthening each other.

A common feature of the LEADER projects is that they do not require great investments. They are implemented with lots of work, based on a good idea. A good example is when in a micro-region local products are packed in a way that catches the attention, and presented on a separate shelf in places frequented by tourists or even grocery shops.

A common expectation for the local rural development plans is that they subsidize such developments and activities that can’t be financed for other operative programs. To meet this criteria and supervise that they are met is a difficult task both for the action groups and decision making bodies. It is especially difficult because the funds are considerably decreased for this planning period.

Action groups are wise and foreseeing to incorporate into their program such activities that are preparing new projects that can be implemented in the next planning period between 2007 and 2013. The technical planning and documentaion of a major investment can cost a considerable amount of money, and it can be financed from the LEADER.

Ideally, the majority of the LEADER programs serve the creating of the individual image of the micro-region. As part of this, it is advisable to organize community development programs, the results of which can be very well used for promoting the region. When creating promotion material, lack of high quality documentation about the region is often a serious problem. A good method to prevent this situation is to organize photo competions and creative summer camps. Another positive effect of such events is that the identity of locals is strengthened and they see their settlement “more precious”, if it is seen as valuable by an outsider. A whole village can be mobilized by a recipe competion as well. The material collected this way can be very useful when creating marketing material.

If there were statistics about the most popular target of local action plans, probably we would find that it was tourism. Nevertheless, one shouldn’t expect miracles from rural tourism. It can provide an alternative source of income for a family but it won’t solve economic problems of a settlement or region. Even in Toscany which is a highly preferred area by tourists, only 30% of the population makes a living on tourism.

For tourism related projects it is especially true that those comply best with the LEADER principles that are realized and serve the interests of several service providers. A very good example of this can be assembling and providing guaranteed bundles of services.

„Schnaps” showroom in Burgenland

A village in Brandenburg county in Germany produces very good results in rural tourism. The village offered plentiful accomodation, but none of them could house a busful of tourists, therefore they could only accept individual
tourists. Then came the idea to renovate an unused building with regional architectural characteristics in the village center, and create a tourist office there. Now the buses arrive here, guests are informed where they would be accomodated, they can get a refreshment, and dinners for the whole group are organized here. At times when there are no guests, family and community events take place in the building.

In many cases problems arise because local attractions are not suitable for accommodating tourists. To alleviate the situation, guiding and information boards were created with uniform design. In the vicinity of attractions, resting places, parking lots and social rooms were created.

When the term “franchise” is mentioned, we often think of McDonald’s and petrol stations. Nevertheless, this system can be very well utilized in the context of rural tourism. Such a system was set up by the CSER-KÉK Rural Guest Network. The idea is that all products and services of rural tourism are presented with a uniform design, so that visitors can be sure they get unique and quality services for their money that are characteristic of the region. Franchise in this case means that the building harmonizes with the landscape, confirms to architectural traditions, furniture is wooden and produced by local craftsmen, and is also characteristic to the region, and traditional ceramics and interior textiles are used.

A nice example of tourism development is the initiative of Zselica action group participating in the pilot project. Their starting point was the realization that already enough of quality accommodation existed in the Zselicség region, but the program offer was poor. Nevertheless, the area is abundant in values that could be developed into suitable tourist attractions.

“Aventure farm” on Kadarkút: a private botanical garden

Part of their program was the creation of the so called adventure farms. The botanical garden of Tibor Szabadkai is well worth paying a visit. Over a few decades, he created a spectacular and valuable collection of evergreens, cacti, yukkas, ivies and many other plants for his own pleasure. As part of the LEADER programme, he renovated a building long abandoned in his yard, and here he can receive visitors when weather conditions are not favourable, including schoolchildren for an informal biology lesson.

Almost all LEADER action groups include the marketing of local food and agricultural producers in their programme. As part of this, they create places for presenting and selling the products, and mobile shops in the areas frequented by tourists. For this it is indispensable to create an image of the products characteristic of the region that can be achieved by designing a uniform packing or by elaborating trade marks. Individual products usually don’t have the means to get to major international fairs, but the joint presentation of the producers of the region can be financed by the program.
Many action groups base their plans on the realization that people more and more demand healthy food of a guaranteed origin. Often demand and offer don’t meet, since producers live scattered, and away from cities. For the same reason direct sale by mail is not an option. To resolve this problem came the idea to set up small scale “shopping centers” in the vicinity of cities, but already in the rural environment. Some producers do the selling as well, and the rest bring their products here. Apart from the shopping possibility, these centers can provide programs, alternative playgrounds for children. Thus shopping can become a valuable full day family event.

A few terms must be remembered about LEADER: cooperation, system approach, ideas facilitating each other, network, publicity.

Berghofer mill, Steierland, Vulkanland action group

What action groups should be prepared for, and how should they operate?

LEADER program is based on the self-healing ability of rural society. It provides a tool for those local communities that want and are able to preserve themselves, and they know how they want to do it. This ability in Hungary is substantially weaker than in Western Europe, due to the policies aimed at disintegrating the rural middle class, the centralizing and command-based soviet system and the political changes of the post-soviet era that were only partly successful in replacing those policies. When the European Union talks about subsidiarity, it wants to enhance the responsible problem solving ability of the settlements and local communities. This weaker self healing and self regulating ability – among many other factors – can cause that people start to fight instead of cooperating as a result of the LEADER programmes, as some examples unfortunately showed. A LEADER programme can be implemented, the money can be spent without regard to the LEADER principles, but there is not much point in doing so. The real meaning and results of the LEADER lie in the joint planning and work, during which local society becomes “more“. Put in another way, the LEADER is a test of local democracy.

LEADER is new in another respect as well: decision making about local affairs is taken at the local level. In traditional application systems, if conditions or decisions were unfavourable, we could argue that in the center (in Budapest) people have no ideas about the problems of rural communities. In the case of the LEADER, decision making, decision preparation, and all processes of the application procedures happen at the local level. Local action groups don’t actually get the subsidies, but they have the right to suggest how to use it. According to our experience, if local action groups actually received the money, it would unfavourably complicate administration and burden them with much more responsibility.

As a consequence of local applications and decision making, we have to be prepared for certain conflicts. If a local action plan contains that no additional local accomodation has to be created,
but the existing ones should be improved in quality, and this principle is put to practice during the application process, those that wanted to create more accommodation will of course protest. Nevertheless, the idea was to create programs and services that improve the level of utilization of the existing facilities, and a need for extension would emerge. Then it will be feasible to create more accommodation. Responsibility must be taken for these decisions, one should be prepared to conflicts, and communication should be appropriate throughout the management of whole process.

In many cases, local decision makers have accustomed to such a situation that decision making and responsibility is concentrated in one hand. Recently in Hungary many politicians fill several positions. The LEADER demands that local communities decide together and in agreement, therefore local „strong men“ have to be handled properly and they shouldn’t be let dominate the local action group. For this reason, many incompatibility rules were incorporated in the process of practical implementation.

Simple as it seems, according to experience gathered so far, the lack of human and material resources caused a problem in many cases. During the implementation, one has to involve at least one but preferable several full time employees to deal with the program. The implementation period should be at least 3 years, since the task begins with planning, and includes not only the application period, but controlling and monitoring as well. It should be thought over very carefully what the money the gestor organization receives can cover. For sure it won’t be enough to create a brand new organization, but we can properly prepare an existing one by engaging a few more employees and improving the existing infrastructure.

Finally, it should be pointed out that during the LEADER process we all are put through a learning process. This is true for local actors and public administration workers as well. Because of this, everybody should be patient and sympathetic with each other.

Useful links for further information:
http://europa.eu.int/comm/agriculture/rur/leaderplus/index_en.htm
www.vulkanland.at
www.vulkanmarkt.at
http://www.leaderii.ie/
http://www.defra.gov.uk/rural/leader
http://www.leader-northumberland.org.uk/
http://www.wisl.org.uk/
http://www.westcorkleader.ie/
Case studies

1. European examples

This chapter shows implemented LEADER projects that are good examples in relation to nature conservation or environment protection developments.

Amvrakikos Bay – Greece

Ecotourism

Description of the project

Development of eco-tourism and gradual participation of the community in the enhancement of its environment proved to be a viable alternative to extensive fishing which is threatening the local ecological balance.

Until the 1980’s, the delicate balance of the ecosystem of this wetland comprising lagoons, lakes and marshes was more or less protected, and endangered birds species could live here in safety. But beginning in the 1980’s disturbance of the area became more and more pressing, particularly because of intensive fishing. Since fishing yields a considerable amount of income, it is still a potential threat to the ecosystem. This is why a solution was proposed in the form of a non-traditional activity that preserves the environment while relaunching the local economy.

Key elements:

- Introduction of sustainable development principles in the rural areas of ecological interest
- Search for a balance between the protection of sensitive areas and economic development
- Enhancement of the environment, which is considered as an asset for development

Scientists and regional planning officials were the first to become interested in protecting the area's environment. With scientific studies carried out by the University of Essen (Germany) and the Ecoset consulting firm in Athens highlighting the biological importance of the delta and the lagoons, the idea arose that a small flow of visitors could lead to local awareness of the ecological value of the site while providing additional income to local farmers. The idea was taken on board by the local authorities who proposed measures to stop or limit intensive livestock farming and fishing in certain sensitive micro-areas. But when some of these activities based on the comparative advantages of the area were stopped or restricted in the name of environmental protection without alternative solutions being proposed, the community reacted negatively. Based on this experience, the LEADER project payed more attention to better inform the population, involve them more in planning, and obtain subsidies from national and Community funds so that the idea of utilizing the area's eco-tourist resources – instead of intensive holdings – would gain supporters.

In 1988, the Amvrakikos development agency (ETANAM) came up with a development plan for ecotourism. The idea was to allow a certain socio-economic development while defining
protection zones. For this, ecotouristic activities were an ideal candidate, for they can utilize natural resources whole year around for the benefit of the local communities while preserving the environment. The plan basically involved a series of recreational activities specific to the region (excursions on the lagoons and lakes, bird watching, angling, village festivals, etc.) and itineraries of ecological, general or specific interest enabling the area's microbiotopes and their geology, biodiversity, traditional activities and historical and cultural features to be explored. Because the community's awareness and support was essential for this type of approach, ETANAM organized seminars to inform the local actors and invite them to participate in the programme's implementation and to raise the community's awareness of the value of the environment and the interest of eco-tourism.

The financial support of the LEADER I programme enabled certain actions to be launched that were indispensable for launching a certain number of activities:

- search for potential markets
- training for villages about eco-tourism
- training of nature guides
- creation of facilities (guest rooms, campsites, etc.), construction of observatories, installation of signposts
- opening two tourist offices and the establishment of a regional information system
- building bird observation booths
- creating small natural history museums and traditional agricultural instruments, rehabilitating the old port

_Innovative elements of the project_

Amvrakikos has raised the interest of the international community. The local population realized how precious their surroundings are, and since they were involved in the planning of the project, they perceive it as theirs and are proud of it.

More than the number of activities created, what is innovative here is the development of the spirit of enterprise and the course of action that consists of encouraging the community to think about possible initiatives in an absolutely new way.

Until recently, the local population considered that protecting the environment was an equivalent to birdwatching. Part of the community is now becoming aware of the project and is adhering to the actions of the developers of the programme.

**BREGENZERWALD (Austria)**

Combining agriculture, catering and tourism: COOPERATION AND INNOVATION
Description of the project

The problems of competition in food production have accentuated since Austria joined the European Union. Restaurant owners realized the consumers’ growing preferences for products and food that comes directly from farms.

These are two factors at the heart of a cooperation project bringing together producers, restaurant owners, travel agencies and the Bregenzerwald local authorities. The aim is to improve the local marketing of agri-food products; this reduces costs associated with transport and distribution and increases the volume of tourism.

Key elements

- Setting up of an informal relationship, partnership, and cooperation for private companies and public institutions
- Local marketing that guarantees the quality and origin of the products
- Joint promotion of local agri-food products
- Organizing consultation and training sessions
- Creating sticky names like “The Bregenzerwald Cheese Route”

At the beginning of the 90’s, the Bregenzerwald young farmers’ association and Young Vorarlberg Hotel and Restaurant owners began working together. They wanted to prevent that the number of farmers continue declining but also help the owners of small businesses (butchers, dairy owners, etc.) stand up to increasingly greater competition from supermarkets and large discount stores. They also wanted to promote these jobs among young people.

Implementation

Over the next two years, ten meetings were held between leaders of “Natur und Leben Bregenzerwald” and companies interested in close cooperation between the various sectors of the local agri-food sector. Alliances have been woven among farmers, butchers, restaurant owners, tourist offices, tourism professionals and local authorities.

An informal cooperation structure was been set up, enabling a debate based on the three axes to be launched:

- preference of local products, in order to consume fresh food, and decrease pollution linked to the transportation of goods
- organizing such events as exhibitions and culinary days, in order to make the local population more aware and draw visitors from outside the area
- setting up a joint distribution system to provide the quick and cheap transportaion of food products

It was only a year after the launching of this debate that projects were implemented. Between 1992 and 1995, in addition to the important public relations and training work, 20 culinary weeks were organised in participating restaurants, who undertook to only use local and seasonal products. The names of producers were specified on menus, certifying origin and quality. These
special products were presented at agricultural and culinary fairs, thus creating a positive image of the region.

Local civil organizations have also organized “breakfast on the farm”, another good vector of promotion. A prize was given each year to the most innovative agricultural product in order to highlight new local inventions. These actions helped increase the use and consumption of local agricultural products.

**Innovative elements of the project**

**Social cohesion**

The creation of a cooperation structure between actors who used to be competitors enabled professional and social links to be formed at the level of the whole of Bregenzerwald. This process, even if it has proven to be slow and difficult, introduced new local dynamics.

Marketing directly enabled local farms to be maintained and keep working. The proposal for a culinary product with tourist appeal (Cheese Route) led farmers to adopt more environmentally-friendly practices.

**GAELTACHT CORK – Ireland**

**From waste compost to organic compost – INNOVATION**

*Description of the project*

In 1993, an enterprising young man from the Gaeltacht (Gaelic-speaking) part of Cork County invented an organic fertiliser, which utilises the waste compost from a nearby mushroom factory. With the support of the LEADER local action group, he was able to set up a business to market this product, "Earthcare Organic Compost". The subsequent five years saw the turnover of the business rise enormously, partly because of increasing demand for organic garden products but mainly due to the entrepreneur's innovative approach to expanding his business. Concerned about the limitations of supplying just one product to customers (particularly the smaller ones), the young man took the initiative to expand his range by acting as a franchise for another distributor of garden products. This arrangement meant that he could satisfy the demands of his customers and equally important, the reciprocal relationship that had developed gave his own products access markets further away.
Key elements

- The invention of a process that utilises an industrial by-product to manufacture organic compost
- The development of broad product range and access to other markets through reciprocal relations with another distributor
- The use of attractive packaging and Irish language to differentiate Earthcare Organic Compost from similar products

Implementation of the project

Mushroom growing is a highly intensive, high yield industry and the composts used have a short life-span due to their short optimum growing potential. As a result of this, mushroom growers dump huge quantities of the “waste” mushroom compost (around 200,000 tons per year in Ireland alone).

An enterprising young man realized that a local mushroom growing facility needed to dump all spent compost. Considering a use for this waste, which is rich in organic value, he concluded that with a decomposing period and a certain amount of processing this waste could be converted into a fine organic garden compost.

Following a process of trial and error mixing various amounts of natural fertilisers and soil enhancers, a new product – “Earthcare” – was developed, containing a mixture of waste mushroom compost, organic fertilizer and peat. Market research was simultaneously carried out to evaluate potential demand and competition. This research revealed that there was only a small number of similar organic composts on the market, and that there was an increasing interest in organic growing and subsequently the market for organic compost was expanding. With the financial help of the Gaeltacht LEADER group, personal investment, a loan and a small overdraft, the Earthcare business was set up.

Having noticed that the marketing of garden products had become increasingly sophisticated and that the presentation of the product was of vital importance to its success, he decided to utilise the Irish language and to commission a local painter to do the artwork for the packaging rather than have a normal commercial art design. This gave the Earthcare packaging a distinctive presentation, which differentiates it from other garden products.

Innovative elements of the project

The development of an organic product that has attractive packaging and uses the Irish language creates positive associations with the area of Coolea from both an environmental and cultural perspective.

Competitiveness

Compost has the advantage that it is cheap to produce. Because of its high organic material content, it ensures rich crops. In Ireland the demand for compost is on the rise.
Environment

The compost is produced using the waste compost of mushroom production that would otherwise be deposited as waste. Competition forced the development of this new product.

2. Pilot programme in Hungary – ZalA-KAR

The Ministry of Agriculture and Rural Development financed the preparation for the LEADER Program from national resources. Thirteen organisations were selected to implement the pilot programmes in Hungary.

We present one of these pilot programmes from Zala County.

The logo of the ZalA-KAR project

The region contains 24 settlements with a total of 18,000 inhabitants. The average population of the villages does not reach 500, and the population is on decline. Villages are not attractive to the young, usually only old people remain there. Unemployment is high, and those that do have jobs usually have to commute.

Addressing these problems, the aims of the rural development plan were the following.

- Improving the living conditions and income gaining potential of locals
- Improving the population retaining capacity of the region

Concrete objectives:

- Improving the income possibilities of young people
- Developing local products
- Helping the products reach the market
- Creating a better image of the region
- Setting up a rural development knowledge base

The total budget of the program was 127,000 Euro, 96,000 Euro of which were provided by the Ministry of Agriculture and Rural Development from the rural development fund.

Organization

- Gestor – ZalA-KAR Regional Innovation Association
- Local Action Group – LAG
- Outer mentor, helper – Regional Rural Development Office (RRDO)
Elements of planning and implementation

The pilot programme was meant to ensure to the furthest extent possible that LEADER principles are met. Therefore, the subsidized rural development programs were created along the following lines.

- the programmes create a new product and/or service that shows the specific features of the region
- apply new procedures that provide a new combination of the human, natural and economic-financial resources of the area in order to better utilize the potentials of the region
- serve to connect generally distinct economic sectors
- create new organizational forms, and provide new ways for the local community to participate in decision making and implementation

Target groups of the pilot programme

- large families
- gipsy people
- rural youth

The priorities of the pilot programme

- applying new technologies and procedures to enhance the competeng potential of the region
- increasing the life quality of the rural population
- increasing the added value of local products, especially helping the products of scale factories reach the market
- optimal utilization of the natural and cultural values of the given area and enhancing the possibilities

Areas of application

- strengthening regional marketing
- promoting special local agricultural activities, and the food processing built on it
- promoting handicrafts and transfer of skills
- creating marketing possibilities for regional products
3. Introduction of a few applicants and projects

**Developing wine production in Zalabér**

Only renewing vine stock is not sufficient. It is necessary to modernize and develop wine producing technology as well. The implemented project draws on these needs, and develops the wine production by enlarging cellars, creating wine bottling and laboratory facilities. According to standards, the HACCP system was set up as well.

**The treasure of the Zala valley**

There is a growing demand in Hungary for monofloral honey. The application aimed the purchase of such devices that enable the producers to make cleaner monofloral honey. The applicant had already set up a honey house to facilitate honey collection. The aim of the development was to ensure that the taking the frames from the bees happens faster than the centrifugation of the honey with the existing tools. This is important because in such situations when different species blossom very soon one after the other, it is not always possible to ensure that honey is only composed of one kind of flower, consequently the price will be lower.

**Renovation of a blacksmith workshop**

The applicant works as a manual blacksmith. Due to his efforts, his work is not only known to individuals, but also he made parts of several historic buildings. For this trend to be continued and so that he can transfer the knowledge to the next generation, a new, modern blacksmith’s workshop is indispensible.

**Creating a ceramics workshop on the street side of a family residence**

Neither the size, nor the location of the room that was used as the workshop was not suitable for receiving the interested public and the customers. A workshop open to the street would effectively serve this kind of marketing, which – because of the important through-traffic, and the growing numbers of Hungarian and foreign guest – is especially important in the case of Kehidakustány. Besides, at present the workshop consists of one room, all processes take place here which often negatively influences the quality of the products. The vapours and gases emanating from the oven are also
unhealthy to breathe in directly. Because of this, it is important that various procedures are separated in a modern workshop that complies to present regulation. Thus the quality of the products can be better and visitors can be better introduced to the work process.

**The following difficulties appeared during the implementation of the programme**

- Problems in LEADER type way of thinking and its implementaion in practice by local communities
- Insufficient experience of the applicants
- Red tape during the application process
- Lack of financial means often blocked the projects

**The results and lessons learned from the programme**

The program was carried out according to the partnership principle; close cooperation was established from the planning phase to the implementation. An important experience was to see the principle of subsidiarity in practice.

The LEADER pilot project ensured financial means for projects that could not have been financed by any other applications. Applying the LEADER principles, significant results can be achieved even when using small amounts of money. The local actors are proud of these results and this feeling can be the basis of further successful cooperation.

Another result is that the concept of “local value” became well-known among local people and they could recognize the values of their countryside.

In summary it can be said that the pilot LEADER program served as a good basis to acquire the LEADER principles. This can be an excellent starting point for the next bottom-up cooperation based rural development programmes.
Further information

Legislation

- 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+)

LEADER on the Internet

www.rural-europe.aedil.be (LEADER European Association for Information on Local Development)
www.europa.eu.int/comm/leaderplus
www.fvm.hu
www.promei.hu
www.leadernet.hu

European national networks

2. Holland http://www.leaderplus.nl
3. United Kingdom http://www.ukleader.org.uk
4. Ireland http://www.irishleadernetwork.org
5. Austria http://www.leader-austria.at
6. Germany http://www.leaderplus.de
7. Finland http://www.maaseutuplus.net
8. Denmark http://www.leaderplus.dk
10. France http://www.reseauleader.com
11. Italy http://www.reteleader.it
13. Portugal http://www.leader.pt