THE LAG-HANDBOOK

A guide through the stunning world of local action groups

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CONTENT

1 Why this handbook?

The local partnership is the centrepiece of the LEADER approach. In principle, a local action group according to LEADER belongs to the larger family of private-public partnerships, which have become indispensable instruments to cope with an increasing number of public tasks, from road infrastructures to science and education. However, the specific role of local action groups in micro-regional rural development bestows multiple significance on them.

On one hand local action groups are instruments for local governance, **steering bodies** for local development. On the other hand, they provide space of encounter and of joyful experiences. What is a partnership without **parties**?

The semantic root of the word "partnership" is "part". This little word evokes two different connotations: You can *be* part *of* something or you can *take* part *in* something; contribute or divide; share or partition. In the sense of *sharing* a local partnership is a **conception space**, where the partners create a common vision and purpose along a thread of continuous dialogue. Together they conceive the desirable future of their area. In the sense of *partitioning* they try to satisfy their individual interests and needs by negotiating and coming to terms with others in the **bargaining space** the partnership provides. This process is not always easy, and it even hurts sometimes. But in the absence of a partnership it would not be easier, and probably more difficult, due to the absence of common rules of the game.
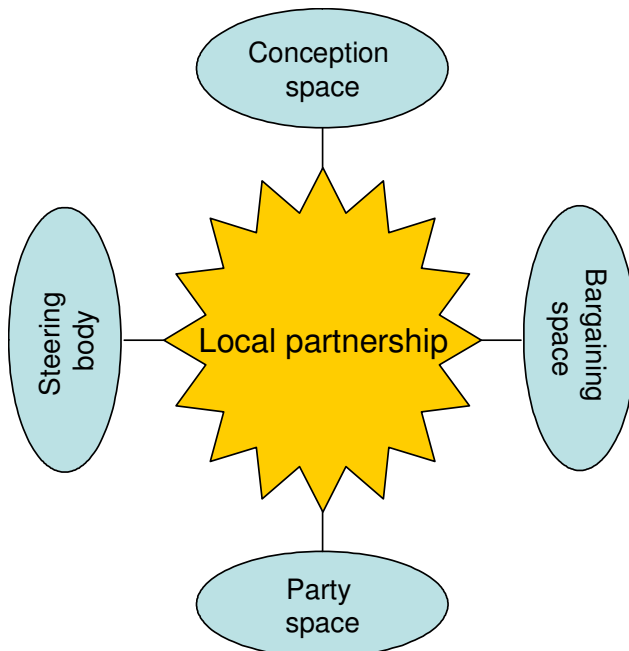
These manifold emotional, intellectual, social and political facets shape the local partnership in a way that it reflects the characteristic features of the social system of a rural area, just as the human eye reflects the depths of the soul. And as each and every rural territory is unique, the local partnership will be unique in its style and behaviour, its intrinsic qualities, its ingeniousness and its vulnerability. To a certain extent, it is possible to "read" the features of the local partnership as to draw conclusions on the conditions and the dynamics of local development.

That's why this handbook wants to be more than a check list of what should be considered when setting up a local partnership to implement a local development strategy.

Besides giving practical help in setting up, managing and evaluating a local partnership, this handbook provides analytical observation tools from different perspectives; notably
- from outside: concerning the LAG as an institutional actor in the wider context of local, regional and national governance and of the socio-economic fabric in a rural territory;
- from inside: concerning the mix and interplay between different types of actors;
- over time: concerning the evolutionary steps from "incipient" to "mature" local partnerships.

It shall help

- programme officers to support local actors in setting up their local action groups, in selecting and monitoring them through the programme cycle;
- local actors to avoid pitfalls and to draw maximum benefits from their common endeavour.

The handbook starts with a description of the role of LAGs in different types of socio-economic and governance contexts (chapter 2). Then the focus gets into the innards of a local action group, its composition, the relation between specific actors, and a lot of other aspects which are decisive for the success of a local partnership. Congruously chapter 3 is called "features of excellence". The last section (chapter 4) sets out some perspectives concerning the potentials and possible limits of local partnerships in Europe's rural futures.

2 The local action group, a multi-purpose local development partnership

In this chapter we approach the local action group from a bird's-eye view. We will discuss
- its crucial role as a lever for the other operational features of the LEADER approach (2.1),
- the relativity of the LAG's functions and roles with regard to the socio-economic context (2.2.1),
- the different ways in which LAGs may respond to the specific innovations needs of the area (2.2.2) ,
- a synthetic analysis grid which combines the two before mentioned models (2.2.3),
- the place and role of the local action group in local governance with regard to the overall set up of the LEADER programme (2.3).

2.1 The local action group, the centrepiece of the LEADER approach

Article 61 in Axis 4 of Regulation (EC) No. 1698/2005 governing the Rural Development Programmes in the funding period 2007-2013 defines the LEADER approach as the combined application of seven operational principles:

The LEADER approach shall comprise at least the following elements:

(a) Area-based local development strategies intended for well-identified subregional rural territories;
(b) local public-private partnerships (called local action groups);
(c) bottom-up approach with a decision-making power for local action groups concerning the elaboration and implementation of local development strategies;
(d) multi-sectoral design and implementation of the strategy based on the interaction between actors and projects of different sectors of the local economy;
(e) implementation of innovative approaches;
(f) implementation of cooperation projects;
(g) networking of local partnerships.

Article 62 of Regulation (EC) No. 1698/2005 sets the frame for local private-public development partnerships entitled to implement local development strategies funded under the LEADER axis of the European Agricultural Fund for Rural Development (EAFRD) during the period 2007-2013.

1. A partnered local development approach shall be implemented by the local action groups satisfying the following conditions:

a. They must propose an integrated local development strategy based at least on the elements set out in Article 61(a) to (d) and (g) and be responsible for its implementation;

b. They must consist of either a group already qualified for the LEADER II or LEADER+ initiatives, or according to the LEADER approach, or by a new group representing partners from the various locally based socioeconomic sectors in the territory concerned. At the decision-making level, the economic and social partners, as well as other representatives of the civil society, such as farmers, rural women, young people and their associations, must make up at least 50% of the local partnership;

c. They must show an ability to define and implement a local development strategy for the area.

2. The Managing Authority shall ensure that the local action groups either select an administrative and financial lead actor able to administer public funds and ensure the satisfactory operation of the partnership, or come together in a legally constituted common structure the constitution of which guarantees the satisfactory operation of the partnership and the ability to administer public funds.

3. The area covered by the strategy shall be coherent and offer sufficient critical mass in terms of human, financial and economic resources to support a viable development strategy.

4. The local action groups shall choose the projects to be financed under the strategy. They may also select cooperation projects.

In addition, Implementation Regulation (EC) No. 1974/2006 gives particulars to certain points, videlicet:

Art. 37:
The procedures for selecting the local action groups must be open to the rural areas concerned and ensure competition between the local action groups putting forward local development strategies.

Art. 38:
Running costs of local action groups shall be eligible for Community support within a limit of 20% of the total public expenditure of the local development strategy.

The above mentioned Art. 61(c) of Regulation (EC) No. 1698/2005 makes the local public-private partnership (called local action group or briefly LAG) the hub of the LEADER approach to rural development. The functioning and the quality of the local action group determine the extent to which the LEADER method can be effectively called into being. The following examples give an idea on how the local partnership effects on the implementation of other operational principles of the LEADER method.

2.1.1 The LAG and participatory development

The LAG is part of the social and institutional fabric of the area, and in remembrance of the introductory sentences in chapter 1 we can also regard it as the "area in a nutshell". According to the bottom-up principle, the LAG is a sensor to unearth hidden treasures and to make visible what hitherto has not been perceived as a resource for local development. These treasures lie snug in people. It is therefore understandable that the local partnership will be more successful in this task, if the varied scene of local people is well mirrored in the composition of the deliberative and decision-making bodies. In spite of this insight, we have to admit that the readiness of people to expose themselves to the multiplicity of life, is limited: Birds of a feather flock together. In contrast, brilliant examples show that leaping over the fence and taking care of requisite variety within the local partnership, pays off.

Four municipalities of the Upper Austrian LAG REGEF[1] expressed the need to identify and to design attractive meeting points and open spaces for teenagers. After a workshop run by the Austrian LEADER network unit on "youth and rural development", the LAG invited two landscape planners who already manage a trans-national YOUTH project named "teens_open_space"[2]. Their presentation was so convincing that the executive committee of the LAG and the ten municipalities of the LAG decided to lend their support to the pilot action named "Creative young people"[3], It began with an intensive information campaign, in order to generate enthusiasm among young people. The result was that in ten municipalities around 150 young people between 13 and 19 decided to take part in planning and organising suitable meting points and open spaces for teenagers. In intensive discussions among them and with other concerned parties the kids managed to identify appropriate locations and to design a model in each municipality. With the support of the landscape planners, architects, the municipalities and private companies they turned their models into reality by autumn 2005, in less than one year's time. Adjustable benches, chairs and tables in modern design allow for a variety of uses. Roof constructions offer protection against rain and sun. Other attractions include viewing points, sun decks, barbecue areas, an open air movie-theatre and green zones.

The example demonstrates that
- *The vaguely expressed need of the four municipalities was turned into a strong expression of will after the confrontation with successful examples of this participatory planning approach in the workshop of the national network unit;*
- *Youth and teenagers, who are often forgotten in local decision-making and prematurely labelled as uninterested, can be mobilised for local development if they feel that they are taken serious in their expression of their needs and their ability to contribute;*
- *The support of mayors and municipalities, being the key players in most Austrian LAGs, was a crucial element in the success of this pilot action; it was important to ensure direct communication between the youth and the municipalities by nominated contact persons who were not explicitly representing a political party or religious community;*
- *The local action group set up a broader project partnership with schools and youth associations in the inception phase. This was the key step to reach the target group, explain the purpose and method of the approach and encourage the teenagers to participate. At the final stage, when it came to the construction and works, the construction firms in the wider area proved to be very cooperative and generous as sponsors;*
- *A secondary effect of the project was that teenagers stemming from various social strata worked together and henceforth strengthened their communication ties.*

Questions to reflect upon:

• How uniform or how diverse are the members of the deliberative and decision-making bodies of our local partnership?
• Are there barriers for specific representatives to participate? If yes, how can we remove these barriers?
• What instruments and means do we apply in order to ensure broad participation of stakeholders and interested people?

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[1] Regionalentwicklungsverband Eferding
[2] http://w6.netz-werk.com/moreklm/websites/web_2_3/index.php
[3] PA-AT03-L+ATNAT-411

2.1.2 LAG and integrated development

The local partnership provides an appropriate platform for integrated approaches and a breeding ground for multi-sectoral projects. In many cases, the necessary links are made possible by the generative space the partnership provides, a new opportunity to meet, to exchange, to come to terms and to benefit from public support – together. Even if the partnership has been created out of a merely opportunistic act in order to get access to LEADER funding – and this is a very common case! – the artificial creature of a local partnership may start to breathe and run its own life. We could call this the "Pygmalion effect" of LEADER[4].

The territory of the LAG Nordvestjysk Udviklingsnet[5] very much depends on the agricultural and fishery sectors. Added value from food processing hardly exists. Therefore from the starting point, the LAG initiated the project by inviting local partners from agriculture, fisheries, the small-scale food processing industry, innovation centres, and educational and promotional bodies to set up a cross-sectoral planning group called the "small food producers' network". In cooperation with the local food innovation centre, the LAG steered the process, and a network manager was hired from the beginning. Soon a newsletter was published reaching more than 300 people in the area, a market event was organised and a guide for quality food of local origin was produced. The guide is upgraded each year since 2003, including 27 food producers. Intensive capacity building (excursions, courses) accompanied the whole process. In the final stage, the network coordination was taken over by the Food Innovation Centre (VIFU), which draws on regional, national and EU funds.

The example demonstrates that
- *The project would not have sprung up from one of the local key sectors, agriculture or fishery. It needed the LAG to start this project. Links were also created to the tourism sector, by producing a tourist guide in three languages;*
- *If an essential innovation need is identified, and a strong promoter can not be found, the local action group can stand in and start the project in the coordinating role. A project partnership sprouts from the LAG and in the end a lead partner, in this the regional food innovation centre, takes over the coordination role. The innovation centre is also a LAG member;*
- *Local value added chains are given birth in a delimitated territory, but soon they reach out beyond its limits because of the specificities in the delivery chain of certain products. Thus after some time small food producers from other parts of the region wanted to join in the network.*
- *The LAG fostered innovation through its contacts to other rural areas in Denmark, through the "food network DK" since a Slow Food Fair in Torino/IT (2004).*

Questions to reflect upon:

- Is the local development strategy built in a cross- and multi-sectoral logic?
- What are we actually doing in order to come to truly cross- and multi-sectoral projects?
- Do we provide sufficient time and space for encounter, and for getting together in informal ways?

[4] *"The participation degree of the partners is very high, but the reason for participation has changed: In the beginning the partners were attracted by the possibility to have funds, especially private ones; nowadays, the LAGs have an independent strength connected to the local strategy, not ot their financial disposal. The partners became part of a territorial system and they understood that different interventions had to be realised with a strategic integration" (Case Study Umbria/Italy, Synthesis of mid-term evaluations LEADER+).*

2.1.3 LAG and innovation

When people meet, new ideas ignite and innovative concepts are born…alas, how seldom. Of course, there are a number of prerequisites which enable people to open up their minds, to listen to the words of others, and to utter playful thoughts, such as children do.

> *"Our deepest fear is not that we are inadequate. Our deepest fear is that we are powerful beyond measure. It is our light, not our darkness, that most frightens us. We ask ourselves, who am I to be brilliant, gorgeous, talented, and fabulous? Actually, who are you not to be? We are all meant to shine, as children do. And as we let our own light shine, we unconsciously give other people permission to do the same. As we are liberated from our own fear, our presence automatically liberates others."*
> Quoted from: Marianne Williamson, "Return to Love" (1992)

We understand that local partnerships provide a space of opportunities, but it needs careful facilitation to use these opportunities, to encourage the partners to suspend their limiting beliefs and preconceptions. Sometimes the start is discombobulating, making people feel uncomfortable. They might find themselves in the company of political foes or unloved contemporaries. Setting up a new partnership often means to leave habitual circles, and to socialise with new actors, with all their different views and ways to communicate. It is, for instance, a challenge for highly professional, "hard-boiled" public or intermediary actors to get confronted with "naïve" grassroots people who bring up ideas which they might preferably dismiss out of hand, but which on second thought turn out to become brilliant new business concepts.

> *The LAG Noord region/Fryslân Drenthe (NL) leads a project of inter-territorial cooperation (together with four other Dutch LAGs) called "STIPO[6] – Rural Entrepreneurs"[7]. The project started as an initiative of a local foundation (Stichting DBF), which supported micro-enterprises under 10 employees in North West Friesland under LEADER II. The foundation sees entrepreneurs the "motors" of local development. Convinced by the positive experiences in the first years of small business creation, the LAG approached the DBF to design a new and larger project in common. STIPO aims to develop the local economy by: stimulating and strengthening small-scale businesses in the area, in order to retain and stimulate employment opportunities; strengthening the economic potential of the area; enhancing quality of life; stimulating entrepreneurship; stimulating quality and capacity for innovation; and stimulating cooperation between entrepreneurs in the area. These activities were developed to facilitate meetings between entrepreneurs where problems can be shared and confidence and responsibility for problem-solving are accepted by the members. Professional coaches assist the entrepreneurs to realise what once was a vague idea. As a result, many new jobs have been created and new businesses started, new local and regional networks have been initiated. The trans-national project TRANSNET links the stakeholders in the five Dutch areas with their peers in Northern Ireland, Finland, France and Poland. The entrepreneurs, who do not easily embark on cooperation projects, can expect tailored guidance to start up businesses or to introduce new technology or techniques.*
>
> *The example demonstrates that*

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[5] PA-DK02-L+DKNAT-A065

[6] Stimuleringsproject voor Innovatie in Plattelands Ondernemingen

[7] PA-NL02-L+NLNOR-01

- *Innovation does not have to be overly complex. STIPO's easy and clear approach has soon become very popular. The local interest is high and the number of new jobs created is remarkable;*
- *Business innovation essentially starts with local entrepreneurs, drawing on their ideas and driving to solve problems of the local economy. Making local links between small-scale entrepreneurs who may be quite isolated, unlocks a vital resource of support and expertise which builds social and economic capital. Whereas the responsibility of handling finances is taken by the foundation DBF, the small groups of entrepreneurs are self-organised and autonomous.*
- *The continuity of a LAG over time allows generating new approaches in the area in one period and to extend and consolidate the innovation in the next period. The foundation DBF, a pilot project promoter of the previous period, became the strategic ally in this inter-territorial project under LEADER+;*
- *The LEADER+ added value is the ability and flexibility to act in a creative, multi-sectoral way on the analysis that rural entrepreneurs are the drivers of rural development;*
- *Innovation quickly spreads through inter-territorial and trans-national cooperation[8].*

Questions to reflect upon:

•How do we deal with new ideas? How foolish do we allow ourselves to be?
•How do we deal with mistakes? Do we regard them as a disgrace or as an investment?
•If we cannot solve a problem in a conventional way - how easily do we get discouraged in searching for new solutions?
•How openly are new ideas exchanged between stakeholders: are they kept secret in fear of copycats?
•How are the sponsors of good ideas rewarded?
•Do you have „gatekeepers" in your partnership who provide links to external knowledge? How are they rewarded for their „gatekeeping" function?
•What are the really pertinacious problems in your area? (Embosom them, for they are your most reliable sources of innovation)

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[8] TRANSNET, an action 2 project of LEADER+ involving eight partner LAGs.

2.1.4 LAG and territorial cohesion

The LAG is a communication space, where people exchange and discover what they have in common. Very often these commonalities refer to history, the cultural or natural heritage of the area. We call this process of discovering the past common vanishing point **backward bonding**. It can trigger cooperative behaviour and allows creating an atmosphere of trust, even between actors of largely different social, political or cultural background. Backward bonding is a well-known driver of environmental initiatives, and, indeed, many local partnerships originated in a civic movement for defending inherited values (environmental assets, historical sites, a local language or endangered craft).

Future

The ability to generate shared visions and to pursue common strategies, planning discipline and reliability of partners

Forward bonding

Cognitive

Ability of local partners to cooperate

Emotional

Backward bonding

Shared destiny, common identities and origins

Past
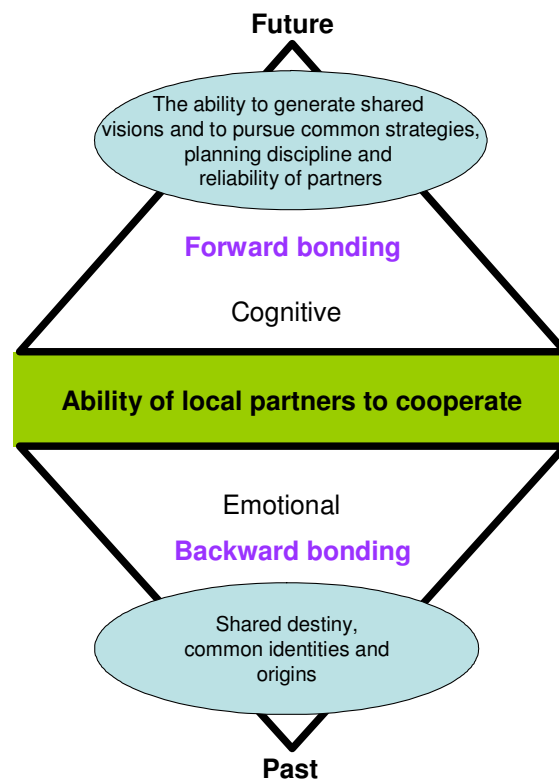
On the other hand, the communication space provided by the LAG allows conceptualizing a common vanishing point in the future. We call this process **forward bonding.** Forward bonding epitomizes the ability of the local partnership to generate a shared vision of the territory. This ability requires more skilful facilitation than "backward bonding" and is therefore easier to achieve in a later stage of partnership development. However, in more diversified and prosperous rural areas, the stakeholders' willingness and readiness to initiate such a visioning process may also constitute the source point of a local partnership.

A social system is defined by its boundaries, and these boundaries are still flickering in the wake of a new local partnership. According to its logic of formation, forward or backward bonding may imply different area delimitations. New actors join in; some of them drop off again; the programme administration may exert less or more influence on the choice of the area. Finally, the choice is made. There is one thing which should not be forgotten: If the delimitation follows the felt identity, people feel more empowered. If the area delimitation is imposed by the logic of administration or of the programme authority, the cohesive bonds are weaker, and so will be their knock-on-effect on local development.

In the further development of a LAG, it should take care for both sides, forward and backward bonding, in order to strengthen the cohesive ties while contributing to the

development of the area. Excellent development strategies always stretch out to both vanishing points.

> *"To raise a child takes a whole village" is an African saying that describes the spirit of the project "Cooperation for Prevention"[9] in the Lower Saxonian area of the LAG Fehngebiet. The project aims at supporting the youth in developing a locally grounded self-esteem, trust in the future and a positive awareness of their local identity. The manifold educational institutions of Osterhauderfehn wanted to look behind the outcomes of scientific research which say that "20% of the youth are at risk". For joint analysis of the situation and subsequent action they created an institutional network to improve pedagogical support and to allow secure social bonding of the youth with their home area. The network conducts four main activities: the coordination of the network itself (linking up kindergardens, schools, religious communities, sport clubs, police etc.); setting up leisure activities for different age levels and target groups; setting up a support structure (counselling) for youth at risk; and providing up-to-date pedagogical training for adults with educational tasks. Today the support structure counts up to 50 work groups active in various fields. A number of theatre, arts and sports performances and other events (adventurous action days for children, e.g. "moorkids") have taken place. A web site serves as information source and exchange, and the training modules for parents, teachers and animators have been well received. The project enabled the setting up of a learning strategy of how to tackle the problem of youth at potential risk. A "future search conference" brought forth stunning results.*
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> *This example demonstrates that*
> - *The LAG initiated a project partnership in which usually disconnected stakeholders participated in the steering group (e.g. police and school teachers). A focused joint dialogue of many hitherto scattered institutions working in the same area and targeting the same youth has brought a new quality in their individual activities;*
> - *The "educational dialogue" involved new network partners effecting a growing and stabilising input to the social cohesion of Osterhauderfehn;*
> - *The mobilisation of voluntary work was enormous. The coordination and steering of the project are carried out by non-paid volunteers, keeping administrative costs very low;*
> - *The educational cooperation has lowered the youth criminality rate;*
> - *Youth from low income families have got access to activities and events they could otherwise not afford.*

Questions to reflect upon:

•When the partnership was founded: was it rather grounded on felt identity, historical, cultural, environmental references or on a common project or future perspective? Did the reference focus change over time?
•How were the boundaries of your area defined? How did the local partnership, how the programme administration influence this decision?
•In which way does your local development strategy enhance backward and forward bonding?

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[9] PSA-DE02-L+DENSX-04

2.1.5 LAG and networking/cooperation

The LAG is the hub for inter-territorial communication, which is enhanced by funding according to Article 65 (cooperation) and Article 67 (national and European networks) of Regulation (EC) No. 1698/2005. The way how a local partnership manages to cooperate with other areas and to participate in global networks of knowledge transfer and mutual exchange mirrors the communication capacities which it has acquired at local level: Internal and external networking are two sides of the same coin. Networking is not just a list of addresses for newsletter distribution, and it is also not backslapping between mayors of twin areas during courtesy visits. Networking is the art of integrating social, technical and economic skills with empathy, inter-cultural competence and imagination. Networking yields the fruits of diversity to foster uniqueness.

The province of South Ostrobothnia is a geographically quite homogeneous area. The four LAGs covering South Ostrobothnia have been in close cooperation with each other from the beginning (2001). The cooperation was seen as a way to be more effective for example in publicity matters and marketing. The LAGs involved are: Aisapari, Kuudestaan, Liiveri, and Suupohjankehittämisyhdistys. Two of the LAGs were funded from other sources than LEADER+, one was a newcomer. All the LAGs started analogous projects, so the project was in fact a cluster of four projects. The inter-territorial "LAG networking project"[10] pertained to the following actions: hiring a common information officer to take care of the four LAGs' publicity and marketing; printing brochures; organising seminars; study trips; and printing magazines for the LAGs. An important part of the project was the networking between the staff and boards of the four LAGs and the exchanging of experiences and good practices. The output of the project was increased knowledge of LEADER+ funding and about the possibilities of the LAGs' work. One full time employee was hired as information officer by a LAG, the others shared attributable costs. The role of the information officer was to make sure that the local people get all the information they need, and that they are aware of the possibilities they have through LEADER-funding for improving their home areas.

This example demonstrates that
- *In a governance context of a mainstreamed LEADER approach and total area coverage, the LAGs can configure larger territories by clustering and by pooling their resources (in this case for information and publicity). The grouping of LAGs acts as one giant LAG in respect to the tasks agreed upon;*
- *There was already a strong regional identity (Ostrobothnia), to which the four LAGs made reference in order to mobilise endogenous potentials;*
- *Funds for this type of projects are not easy to find. In the present case, Action 2 of LEADER+ provided the only possibility.*

Questions to reflect upon:

•How does the active core of the local partnership (i.e. the deliberative and decision-making bodies) and the LAG staff relate to the local people? Are there clear boundaries of who is „in" and who is „out" or is there a smooth blending?
•How easily can local people who do not belong to the „active core" be addressed and mobilised for local development projects?
•Is there sufficient room (and budget!) for LAG partners and managers to participate in meetings, workshops and conferences outside the area?
•How are the inter-cultural communication capacities (personal attitudes, language skills) in the partnership and staff?

[10] PA-FI03-L+FINAT-08

2.1.6   LAG and decentralised programme delivery

Article 62 of Regulation (EC) No. 1698/2005 entitles the local partnership to implement a local development strategy, either limited to strategic and operational decision-making, or – going one step further - by taking on the responsibility for financial and administrative implementation in the framework of a global grant system.

In any event, the local action groups generated in the course of the LEADER initiative since 1992, have more and more evolved into undisputed key players in local governance. They integrate elements of civic self-organisation and direct democracy with representative democracy. As local democratic structures and practices are very diverse across Europe, the actual role of a LAG may vary enormously. In some countries, municipalities thrive on a long-standing tradition of local self-determination. In others, the process of decentralisation has happened only recently. Federal systems provide different governance contexts than unitary states. Finally, inter-municipal associations, nature parks, micro-regions and other forms of sub-regional groupings have multiplied in all member states as a response to a growing diversity of tasks which have to be tackled at different territorial levels. In all these contexts, LAGs may constitute an enrichment and an additional opportunity for local governance to better articulate self-organised civic life with public structures and regulatory systems.

Although the variety of LAGs seems to be sheerly infinite, there are recognizable patterns in respect to their socio-economic context, their governance context, their evolutionary pathways, and their respective configuration. The comparative analysis of these patterns allows drawing conclusions with regard to success or failure, but – be aware! - categories of success and failure do not grasp the real challenge: Failure can be a source of innovation, rich in blessings. On the other hand, success can mark the onset of decline, when sated people stop to innovate.

> *"There's no success like failure, and failure's no success at all."*
> Bob Dylan, Love Minus Zero, 1965

Bearing this in mind, the models and hints offered in this handbook shall not be taken as unscrutinizable instructions. They shall just provide mental maps to find the way through the thicket of everyday challenges. It's you, staff or board member; manager, expert or consultant; voluntary or professional; public or private actor, who shall walk your own way. Beaten tracks are for beaten people. Everyone carves it for the first time, and don't forget that you're not alone.

> *The obstacle is the path.*
> Zen Proverb

2.2 The roles of local action groups according to the social, economic and cultural context of the area

Imagine a local partnership as a living being. Living creatures organise themselves in adaptation to their environment. A plant, an animal, a (wo)man, an enterprise, a local partnership, they have to produce some added value for their environment, otherwise they will not subsist. In order to survive, they are doomed to contribute. Their structures and functions co-evolve with the environment from which they take and to which they give, in continuous quest for balance and stability.

European rural territories are so diverse, so manifold. Therefore we understand why the structures and functions of local partnerships have to be so diverse and manifold. Having this in mind, we ask ourselves, if there is a way to learn, to grow, to advance, in order to avoid blind error and trial approaches which are so costly in terms of resources and reputation?

A local action group is deemed to foster local development in rural areas. But is this a satisfying description of what it really does to serve that aim? Looking closer, we identify certain questions which can only be answered through thorough analysis of what LAGs really do and how these activities effect on the local social and economic situation:

- Which stakeholders are mainly addressed, who is actively participating, and who benefits most?
- What is the espoused mission of the partnership, and how do its activities correspond to the communicated intent?
- What is the prevailing style of communication and decision-making in and around the partnership?
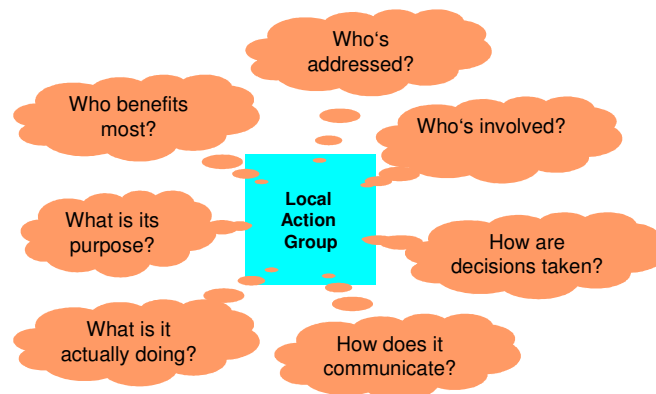
We suggest reducing the complexity of the real world by using a **two dimensional model** when looking at local action groups from outside, i.e. from the perspective of the rural territories in which they operate. The two dimensions are:

- **eight modes of governance:** Everybody knows the saying: An apple doesn't fall far from the tree. In the world of LEADER this means that a LAG can not be totally different from the social and economic context in which it should swim "like a fish in the water". On the other hand it should not completely indistinct from its background, because there is no added value in "more of the same". We offer a grid by which the prevailing mode or style of governance can be appraised in order to assure a better fit for the LAG.

- **three modes of operation:** Different screws need different screwdrivers. If we consider LAGs as instruments for change, we have to contemplate the "ideal" entry point to achieve the best possible leverage effect. We offer a grid by which the specific need for innovation can be appraised.

These two grids are combined into a consistent model which should make it easier for local actors, programme officials and experts to get a fix on where the local partnership stands and what direction it should aim at. The model is a means to appraise the accordance of the local partnership with the local needs and the local socio-cultural environment. It delivers hints on its **position** and on its **direction**.

2.2.1 Eight modes of governance

A LAG mirrors the socio-cultural environment in which it is embedded. As such it also reflects the prevailing styles of governance. In adaptation of a model from social psychology (Clare W. Graves' "levels of human existence")[11] we may distinguish eight styles of governance. In the following overview these eight styles are depicted and roughly explained.

The eight styles represent levels of complexity, which means that the evolutionary path goes from the first to the eighth. Each level of complexity includes all the former ones. Both progression and regression are always possible. Each level or style is marked by a dominant "theme" which is at stake, and a mode of governance which prevails. In reality we always experience a combination of styles, and it is the specific blend which makes a social system, in our case a rural area, unique.

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[11] Graves, Clare W.: *Levels of Existence: An Open System Theory of Values.* In: *Journal of Humanistic Psychology*, November 1970

Level	Main theme	Mode of gover-nance	Main LEADER features addressed	Prevailing role or function of a local partnership	Comment
1	Survival	Sustenance	Context not appropriate for LEADER	There is no functioning local partnership. Rescue and sustenance operations are mainly coordinated by external interveners.	In European rural areas this mode of governance has (fortunately) become very rare. It prevails during and after catastrophic events, such as natural disasters or civil wars.
2	Identity	Allegiance	Area-based approach	The local partnership fosters the sense of belonging and "backward bonding"	Common identities, regardless of administrative boundaries, are an important driver for local development.
3	Power	Charisma	Bottom-up approach	The local community raises its voice. The local partnership articulates the needs of local people and amplifies the local processes of self-awareness and expressions of will. It organises endogenous activities and addresses the authorities for getting support.	The ability of people to articulate their common needs is the starting point for many innovations in rural areas. They often start to articulate themselves in response to perceived threats (economic decline, environmental degradation etc.). Local people discover that they can be heard, if they act in concert. Local leaders emerge.
4	Legitimacy	Planning	Partnership approach	The local partnership sets up and implements a local business plan and supports project promoters. With the available amount of own resources, it levers mainly public programme funds from outside. The administration plays a strong role in implementing or at least in supervising all activities.	It is only at this point where we can speak about development programmes in the strict sense. Rational decision-making, administration and objective criteria for funding and other support play an important role. Programme delivery is evaluated in order to justify public expenses.
5	Achievement	Competition	Multi-sectoral integration

Innovation | The local partnership mobilises local people to come up with new ideas. It fosters entrepreneurship and supports start-up businesses. Innovative projects are given awards. | Economic actors are instigated to generate new business ideas, to forge new alliances and to invest for boosting local value added and territorial competitiveness. |
| 6 | Equality | Conciliation | Bottom-up approach

Partnership approach | The local partnership serves as a platform for negotiation and reconciliation. New actors are brought in; methods of participatory development are systematically applied in order to create a shared vision for the area. | The growing awareness of social and territorial imbalances leads to corresponding projects and measures. Hitherto hidden resources and marginalised groups are provided a space in which they are enabled to contribute. |
| 7 | Uniqueness | Strategic vision | Multi-sectoral integration

Networking and cooperation | The partnership becomes a key player in the local network of individual and collective actors. It coordinates the interplay of sectoral and multi-sectoral initiatives, the public sphere and non-profit-initiatives. A long-term strategic perspective is developed; support programmes and measures are aligned to serve the common perspective ("forward bonding"). | The network of public, private and civic stakeholders generates a sound and coherent strategic vision for the areas, based on its specific strengths and unique features of excellence. External links are systematically used to support this aim. |
| 8 | Sustainability | Shared responsibility | Networking and cooperation

Decentralised management and financing | The local partnership is a key player of local governance, participates in global networking and in vertical partnerships for programme development and delivery. It shapes neighbourhood relationships and cooperates with other territories. | Local actors get an active role in shaping territorial policies. Local development is seen in a global perspective. The contribution to other levels of decision-making is substantial, and the degree of autonomy in local development is considerable. Internal and external relationships are based on contracts instead on hierarchical ties. |

If we look at the formal requirements for local development strategies under the LEADER programme, we will see that they address all levels, although specifically the seventh level (uniqueness). But very often, the original strategy document lives a peaceful life in a dusty paper-tray, whereas the strategy in operation – we can also call it the "emerging strategy" - addresses rather different levels in a more or less coherent way: boosting entrepreneurship, supporting social inclusion, setting up a preservation strategy for an environmental treasure, reviving local handicraft… This apparent gap between the espoused strategy (on paper) and what is actually done (in the real world) should not be a priori regarded as a failure, as it can as well be a necessary and well-managed adaptation to the territorial context and the needs of local people.

In a less "evolved" socio-economic environment, the LAG will much more frequently play an active role as project promoter. In contrast to this, a "seventh level LAG" rather coordinates or backs up the local network of stakeholders. It would entrust operations at project level to more specialised sub-networks and partnership.

So how should the LAG place itself in the local context? The rule of thumb is:

1. Match the prevailing mode of governance in your area (= look at what level you are)
2. Add some complexity to it! (= go one level further)

What does that mean in practice? Let us illustrate this with two hypothetic examples:

• Local actors in a remote and secluded area have just started up an initiative. They want to combat social exclusion and the loss of proximity services and infrastructures. Local leaders gather active people around them. They travel to the capital city and negotiate for more funds to build basic infrastructures. They get aware of the opportunities offered by the LEADER programme. They decide to form a LAG.

☞ Looking at the table further above, we identify the local context as a level 3 mode of governance. In consequence, we expect the LAG to be mainly configured around charismatic leaders who speak on behalf of their population. They want to be an all-party initiative, but of course they reflect the prevailing trends, albeit with a younger, transformative image. The voluntary commitment of involved actors is high, there is a decided core group and the local public stands behind them. And now comes the clue: The LAG introduces planning and control mechanisms, in order to run a local business plan with external co-funding. A manager is hired. Rules of procedures complement the informal face-to-face conciliation mechanisms. We recognize that the LAG's added value for the local governance mainly consists in introducing level 4 governance elements.

• A well established local partnership llooks back on a successful campaign of promoting farm tourism and marketing of local products (level 5). The initiative has contributed to a more equitable distribution of tourism activities in the area, and has allowed remote villages to maintain a basic level of service structures for the local population (level 6). The LAG has acquired an undisputed position as a central player in coordinating promotional and funding activities in the area. External investors have already knocked on the door in order to put up projects aimed at drawing benefits from the "unspoilt" image of the area. Municipal planning mechanisms are well established, but there is a growing need to create a shared vision in order to align individual endeavours for sustainable development goals. Otherwise valuable resources would be depleted.

☞ The LAG renews itself in order to optimize the involvement and commitment of all relevant local actors (this is still an adjustment typical to level 6 governance). Furthermore, it focuses on area-based strategy building and monitoring, whereas the

promotional activities and project operations are more and more entrusted to certain partners and theme-specific local networks. Partial strategies are constantly harmonised at LAG level. The management staff coordinates these processes and links local networks to global partners. The LAG becomes a service institution for the local networks which run development programmes of different kinds and scope (sectoral and multi-sectoral). It is also active in future search and sets innovative impulses. In other words, it operates at level 7.

The following list of 64 questions[12] helps to identify the predominant mode of governance in a rural area. Each level from 1 to 8 is represented by one key question (left column). For each key question eight possible answers are offered (middle column). It is not hard to recognize that each answer represents one of the eight levels. If the respondents are asked just to tick a maximum of three answers deemed as the most appropriate ones, a profile can be drawn according to the frequency of how often the box for a respective level has been ticked.

The test goes very fast. For a good validity, it should be made by a group of persons (e.g. the LAG board) and not just by one (e.g. LAG manager) in order to get a more reliable photography of the prevailing mode of governance in the area. In order to avoid that the respondents tick the boxes according to their wishes and not to their perception of the real conditions, you can ask them to do the test twice, once with regard to the perceived reality, and once with regard to his/her own view of how things should be.

☝ *Be aware: For the test you have to **randomise the sequence of answers**, otherwise the respondents will soon identify the pattern!*

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[12] The list of question is called **FOG test** (FOG stands for "forms of governance") and has been developed by Robert Lukesch, ÖAR Regionalberatung GmbH in 2006.

Key question	Tick up to three (3) answers which you deem to be the most adequate ones	
What is the essential theme for people in this area?	To fight for survival	
	To find a secure place in the community	
	To give people's needs and aspirations a strong voice	
	To subordinate the particular interests to the well-being of the whole area	
	To stimulate innovation through entrepreneurship	
	To foster equality within and between areas	
	To involve people into a broad strategic dialogue	
	To enable local actors to shape the destiny of their area together	
What is local identity and belonging grounded upon?	Everybody is on his/her own, there is no local identity	
	Through traditional (familiar, religious, ethnic, professional or political) ties	
	Charismatic leaders gather followers around them	
	Through clear assignment through the responsible authorities	
	Upon what turns out as delivering and what prevails in global competition	
	Upon equality of rights and the consideration of minority interests	
	Through the complex interplay of individual interests in a dynamic whole	
	Through conscious, harmonised and responsible action of all involved actors	
How does power articulate itself in the area?	Everybody has to care for him/herself	
	People's aspirations are advocated by those who traditionally assume this role	
	People entrust themselves to convincing and strong personalities	
	The legitimate authorities take the required decisions in the name of all	
	The economic success of local actors is decisive for their influence in the area	
	There are obligatory mechanisms (e.g. positive discrimination) to ensure equity	
	The more informed one is, the more influence he/she exerts	
	People are encouraged and enabled to solve their problems themselves	
How is local development organised?	Local development is not steered, it keeps "drifting"	
	By carrying out their habitual duties people serve the whole as well	
	Key stakeholders tell what has to be done	
	A local business plan is drawn up and implemented by the responsible authority	
	The most successful actors are promoted to accomplish pilot projects	
	Broad participation of local people ensures equitable territorial development	
	By promoting networking and communication between a broad range of actors	
	Local actors jointly self-organise programming, fund raising and resource allocation	
How is territorial competitiveness enhanced?	The essential impulsions come from outside	
	Through relying on traditional values and abilities	
	Through strong key players who provide direction and motivation	
	Through sound planning and strong implementation mechanisms	
	By targeted promotion of the most successful sectors and enterprises	
	Through improving the social situation of hitherto marginalised actors	
	Through active involvement in global knowledge networks	
	Through partnerships and economic and political relationships with other regions	
How is social and territorial conciliation achieved?	Everybody cares for him/herself	
	By traditional mechanisms of social compensation	
	Local leaders look for an appropriate representation of people's interests	
	Democratically elected bodies and competent authorities decide upon priorities	
	Market forces and healthy competition ensure social and territorial equilibrium	
	Through combating exclusion of marginalised groups and minorities	
	By information and communication policies tailored for different groups of actors	
	By contractual relationships and fair agreements from the local to the global level	
How is communication and networking organised?	Cooperation and networking are just ephemeral	
	Actors organise themselves along traditional ties	
	Through strong integrative personalities	
	A competent development agent is assigned to coordinate networking activities	
	Actors in promising value added chains cooperate to form competitive clusters	
	Local fora and round tables ensure equitable participation of all concerned actors	
	Local actors link up to knowledge networks and improve their market image	
	Local actors share coordination functions for local development in varying constellations	
How is self-determination and responsibility dealt with?	Everybody is just responsible for oneself	
	Traditional (social, religious or political) organisations cater for their loyal members	
	Local people entrust their matters to strong spokesmen	
	Competencies for local development are clearly regulated by law	
	Contributing to local development means that each promoter strives for successful project implementation	
	Decisions are taken on the basis of broad and balanced participation	
	Local development strategies and measures are negotiated by the concerned actors	
	The local level self-organises local development in cooperation with other levels of decision-making	

2.2.2 Three modes of operation

In earlier analyses of innovative actions funded under LEADER[13], the authors distinguished three types of innovative actions:

- **"Animation" actions**: They move people and bring them together in new ways. They allow changing the look on local aspects, turning barriers into potentials. Actions of this type aim to create meeting spaces and fora, to prise open incrusted structures and beliefs. They stir up innovative ideas and encourage people to live their dreams. Animation actions aim at discovery.

> *The "Women Sports Centre"[14] in the Serrania Suroeste Sevillana has been initiated by two female promoters under the age of 30, both with a degree in physical education and sport sciences. The project aims to open a sports and leisure activity centre in Jaén exclusively for females. The objectives of the projects are: - to involve women more actively in physical education and sports activities in rural areas, - to provide equal opportunities for women in terms of access to sport services, - to improve the quality of life of women, - to improve basical physical capabilities, - to improve personal relations and interpersonal skills,- to help participants to control their health. The project is part of a wider cooperation project ("Empleate" = Employ yourself) carried out by the "Rural Habitat" Cooperation Group comprising nine Andalusian and one Portuguese rural area. The Empleate network brings together beneficiaries of several programmes, including LEADER+ and PRODER.*
>
> *The project has created employment and income for two fixed and some short-term positions in the new sports and leisure centre, and has improved the quality of life of women in the area through offering new recreational services. The physical training encouraged young women to be more active and initiative debates about local social development. The project serves as an example for other young people in the rural area. It has involved both individual (housewives) and women organisations.*
>
> *This example demonstrates that*
> - *Small activities can generate wider impact because they serve as attractive models (in this case of female entrepreneurship);*
> - *The embeddedness of the project in the Empleate network allows for enhanced learning and transfer processes;*
> - *Social action and business creation can go hand in hand at the innovative edge of pilot activities in rural areas.*

- **"Structuring" actions**: They modify the area's tangible or intangible environment to make it more conducive to the sustained creation of activities. This can consist in "hard" infrastructure and business investments, the birth of a new partnership or organisation, or the creation of a new brand.

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[13] LEADER II Observatory 1997: Innovation and Rural Development. Technical Dossier Nr. 2. AEIDL, Bruxelles.
[14] PA-ES02-L+ESAND-21

> *The project "Viticulture youth"[15] of the LAG "Heraklion Development S.A."*
> *was implemented in the settlement of Voria in the Municipality Asteroysia*
> *and concerns the transformation of the organically-grown grapes of Peza,*
> *from the privately-owned vineyards of the investor. The main objective is*
> *to build up a value-added chain from organic grapes to high quality wines*
> *(vinification, bottling and domestic as well as export marketing). Before the*
> *investment was made, the promoter sold his crop of grapes through the*
> *agricultural cooperative, and now he processes them and sells the*
> *certified wine at a better price. In the assortment there are local traditional*
> *and global varieties. In addition, a network has been developed among the*
> *wine makers in the region – providing a model for the creation of other*
> *wineries. Cooperation between organic producers improved considerably,*
> *contributing to the development of local production and the reinforcement*
> *of the local economy.*
>
> *This example shows that*
> * *The project develops the competitive advantages of the area,*
>   *increases employment and helps to modernise local enterprises;*
> * *The project contributes to the development of endogenous resources*
>   *and the promotion of territorial characteristics;*
> * *The economic benefits go hand in hand with environmental benefits*
>   *and the enhancement of cultural assets (local grape varieties);*
> * *The model-like vertical integration has contributed to further*
>   *cooperation among organic producers;*
> * *By providing the model of vertical integration, the project strengthens*
>   *youth entrepreneurship and family enterprises; it allowed introducing*
>   *new technologies and know-how in the transformation of local*
>   *products.*

* **"Consolidating" actions**: They aim to ensure viability and overall sustainability of socio-economic activities. They enhance territorial competitiveness by considering all aspects which contribute to it in the long term. Consolidation means to embed innovation into the socio-economic context of the area. Actions of this type frequently relate to building up local clusters and integrated value-added chains, territorial marketing concepts etc. A consolidated action is no longer a matter, which the LAG is supposed to take care of.

> *The Belgian Wallonian LAG "Au fil de la pierre" runs an integrated*
> *concept for the development of the stone sector, which is strongly rooted*
> *in the social and cultural heritage of four communities (Saint Hubert,*
> *Libin, Bertrix and Herbeumont).*
>
> *There are many SMEs operating in the area, but most of them are one-*
> *person enterprises or self-employed people. They do generally not have*
> *access to specialised information or professional training, nor do they*
> *communicate with each other or carry out joint promotional activities.*
>
> *The stone industry has long traditions in the area. The mineral resources*
> *have been utilised in several ways in the four communities covered by*
> *the project, both in the past and today. Thus the project, which is*
> *operated by the "Valbois Ressources Naturelles asbl", in which*
> *stakeholders of the four communities are represented, aims at combining*

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[15] PA-GR02-L+GRNAT-0

the socio-economic and cultural heritage of the stone industry with the potential of micro, small and medium enterprises in order to create employment and new business opportunities. The main activities are: providing entrepreneurial tools and knowledge; assisting existing and new enterprises in improving or developing their production through access to specialised information; diversification; developing new skills in order to create new projects and products; creating a favourable environment for the promotion of new job opportunities for local people (including women and young people). A range of conferences and thematic debates were organised, as well as promotional activities around the stone, specialised trainings and training visits etc. Finally, a stone industry network was set up in order to identify complementarities among the various local activities. The project is expected to improve the competitiveness of SME, to increase their turnover and the number of enterprises. A wide range of actors are reached by the project. Its main innovation is that it generates partnerships of various stakeholders within and around the stone sector. At the same time not only members of the partnerships, but the whole local area benefits from new business opportunities and the increased attractiveness of the area.

This example demonstrates that
- *The combination of a unique tradition of competence with business support at the cutting edge is a reliable formula for success;*
- *The practised local cluster approach can be transferred to other areas in the framework of trans-national cooperation with French and other Belgian LAGs;*
- *Integrated support consists in the combined provision of human, financial and intellectual resources.*

Summing up, the three modes of operation can be exemplified with concrete activities (projects), but it is also possible to assess a LAG's predominant mode of operation by looking at its preferred working style and type of projects. The frame below provides some accessing cues to assess the predominant pattern.

It is evident that the first three questions relate to the "animating" mode of operation, the middle three questions relate to the "structuring" type of operation, whereas the last three questions relate to the "consolidating" type of operation. In order to identify the prevailing mode of operation of your LAG, some rating is required. Tick the box with the number which you find the most appropriate one. In the end, sum up the respective scorings and see which mode of operation is the prevalent one…

☞ *Be aware: For the test you have to **randomise the sequence of answers**, otherwise the respondents will soon identify the pattern!*

LEGEND: 1 = very low; 2 = low; 3 = moderate; 4 = high; 5 = very high

The question: Does the LAG primarily aim at….	1	2	3	4	5
,,, broadening the scope of participation and involving actors more intensively?					
…raising new ideas and providing innovative spaces?					
…creating new links between people, entreprises and institutions of different sectors?					
…constituting a model for knowledge building and transfer?					
…concluding a common agreement on standards, rules, strategies?					
…founding a new organisation to join and bundle forces?					
…set up and integrate value added chains in the area?					
…providing instruments and tools for integrated marketing activities?					
…establishing sustainable knowledge and quality management					

2.2.3 The complete model: Eight modes of governance and three modes of operation

Do not miss the point: The assessment of the mode of governance and the mode of operation is not a mathematical exercise. There is usually a mix of styles, but it is possible to locate the LAG somewhere in the grid made up of the above described two dimensions.

As the diagram below shows, there is a connection between the modes of operation and the modes of governance. In less diversified, hence less evolved socio-economic contexts (left side), the need for animating actions will be more significant than in others, whereas consolidating actions will prevail in the local development strategies of more prosperous and diversified rural areas (towards the right side).

Eight modes of governance and three modes of operation
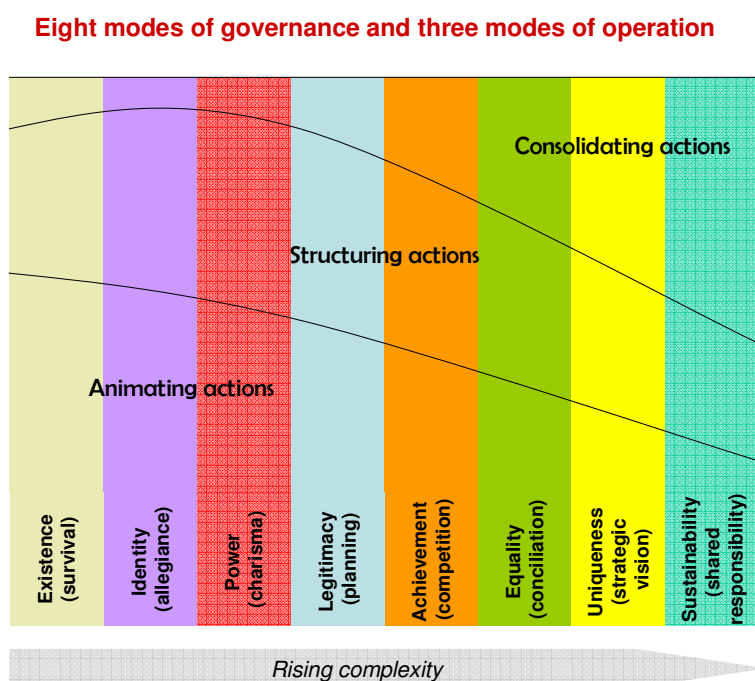
Although the level of complexity rises from bottom left to top right, there is no stringent path from there to here. Progression and regression are all possible. If a LAG has successfully accomplished an innovation cycle which ended up in a consolidating phase, it may restructure itself, embark on new endeavours, start to work on new themes etc. in a thoroughly animating style.

☝ *Be aware: For the test you have to **randomise the sequence of questions**, otherwise the respondents will soon identify the pattern!*

> **Once having appraised the position of the local partnership in this two-dimensional grid, further questions can be asked:**
>
> •Does the LAG really make a difference in the socio-economic context? Or, to the contrary, does it differ too much in its working style and mode of governance?
> •Is the mode of operation really appropriate or should it be reconsidered?
> •What are the themes and potentials which should be developed from now on?
> •What conclusions can be drawn for the LAG in preparing the next funding period?

2.3 The governance context shapes the role of LAGs: The three main types

Besides the socio-economic and cultural context of the rural area in which the local action group is embedded, there is another important context that has to be analysed in order to understand its specific role and action scope: as an instrument for local governance it is part of the European, national and regional systems of governance. The governance context of a LAG is to a certain extent determined by the approach to rural policy differing from country to country, and in federal states even from one region to another.

The specific set up of rural policy in European countries is placed between two poles: On one end, rural policy is a subordinate or side aspect of agricultural policy. On the other end, it has gained a status on its own right, integrating all regulative and supportive interventions in rural spaces. Needless to say that rural policy in the majority of Member States is to be located closer to the right side of the diagram, which means that they organise rural policy closer to the pole which is marked by the dominance of the agricultural sector policy. LEADER rather represents the multi-sectoral and territorial orientation (hence the left side of the diagram), although it can be implemented meaningfully in all possible governance contexts.
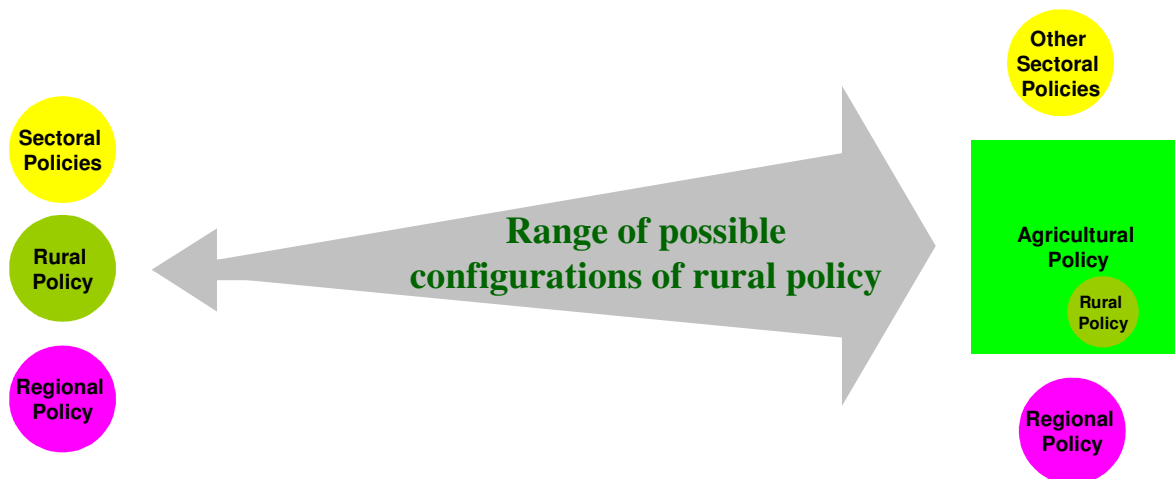
Several evaluations[16] have shown that the LEADER programme – and with them the local group as the central instrument of steerance – is adaptive to all these conditions. The conditions vary to the extent to which rural policy is integrated. Integration means the degree to which there is a consistent policy approach at different levels of decision-making, including harmonized approaches and inter-sectoral administrative coordination. We distinguish two "directions" of policy integration:

o **Vertical integration** from the European level, the national government to regional and local authorities and institutions;
o **Horizontal integration** between sectoral policies, regulatory measures and support instruments intervening in rural areas.

The degrees of vertical and horizontal policy integration may vary, and according to the specific mix different governance contexts will emerge (see the following overview).

[16] Ex-post evaluation of LEADER II (ÖIR 2003) and synthesis of mid-term evaluations of LEADER+ (ÖIR 2006).

		Vertical integration	
		high	**low**
Horizontal integration	**high**	*Strategic and integrated rural policy (LAG: Rural development implementing body)*	*Local integration (LAG: Local development agency)*
	low	*Complementary pathfinder or niche programme (LAG: Programme-borne local partnership)*	*Poor governance (LAG: alone at home)*

The matrix shows three viable and one "poor" governance context for LAGs. The depicted contexts are idealtypes, which means that in reality we are always facing a "melange" of the different features. In any event, we deem the matrix useful for analytical reasons and for strategic purposes.

How can these idealtypes be described? We use three examples for illustrating the three viable types.

o **Strategic and integrated rural policy:** There is an explicit and sound strategic approach from national to local level, translated into a coherent set of regulatory and institutional arrangements. The LEADER method is the dominant pattern of rural policy implementation, LEADER areas tend to cover all rural territories and the LAGs are the central instruments of policy implementation.
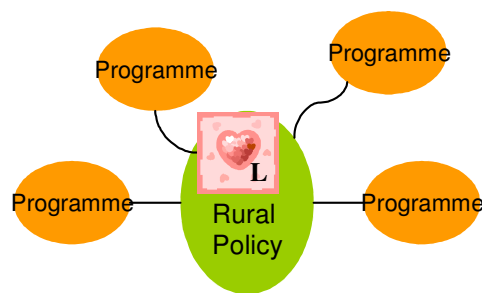

The pounding heart of mainstream rural policy

Finland practices, since LEADER II, a policy of LEADER mainstreaming. The whole rural territory is covered by local action groups, which are partly funded from LEADER, but partly from other European and national rural and regional policy funds. Regardless of the source of funding, all partnerships have a similar role in implementing the national rural policy approach at local level.

The LAG Pohjois-Kymen Kasvu is co-financed from national rural development funds (ALMA). The LAG has almost 300 members, 2/3 of which are private persons, 6 municipalities and more than 80 organisations. The LAG is actively involved in the compilation of the Regional Rural Programme, plays a key role in the Kouvola Region Agenda 21 Programme and in a number of other regional programmes under the authority of the Regional Council of Kymenlaakso and under the umbrella of the national Rural Policy Committee (YTR). The list of institutional interlinkages and programmatic arrangements would be much longer. The major challenge of the LAG in the period 07-13 will be developing the industrial structure (with 55% of the funds). 20% of the funds are reserved for office operations. The public

This example demonstrates that

> - *The LAG is well embedded into a coherent multi-level rural policy system; it also participates in programming activities.*
> - *The manifold tasks and comprehensive harmonization procedures require remarkable management costs; the LAG even has in mind to establish a separate office for offering services to projects and conducting proper spearhead projects;*
> - *There is considerable strain on the semi-professional board members.*

o **Local integration:** LAGs function as integrated platforms and service providers for rural development. They channel resources from different funding sources and try to create best possible synergies in order to serve a broad range of target groups in the areas they operate. They usually do not depend from specific programme funds, nor from a pronounced rural policy at national level.
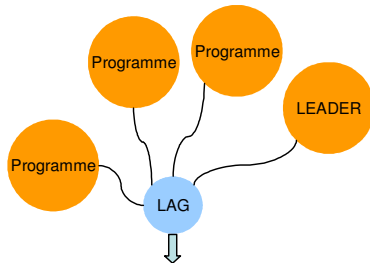

Local combination and costumisation of different programmes and support schemes

The Southern Portuguese LAG IN LOCO was formed in 1988 in order to develop and expand, within the context of a non-profit making and voluntary organisation, the community development work that had begun in 1984 under the auspices of the Faro Polytechnic Institute (today: University of the Algarve). The LAG is a partnership between public and private organisations including the local council administrations, vocational schools of agriculture and tourism, associations of organic producers and of forest stakeholders, and a local association. The LAG participated in all LEADER programmes since the beginning of the nineties, when LEADER had been the only rural development programme and the LAG the only entity delivering local rural development. The LAG follows an approach of "action research", which allows it to get a comprehensive picture of the real needs of the population and to provide adequate responses reaching far beyond the scope of LEADER measures, but formal administrative requirements seem to have multiplied in the meanwhile and make the accomplishment of the task more complex than in earlier times.

This example demonstrates that
- *In the early days, when the LAG was pionieering rural development in the Serra de Caldeirão, autonomy and flexibility was higher than nowadays when new requirements are imposed by the programme level;*
- *Participation in local development is a driver for local identity;*
- *It is not an easy task for a local action group to raise the necessary funds for meeting the needs of local people in time; it asks for more autonomy and flexibility.*

o **Complementary pathfinder or niche programme:** LEADER is designed as a complementary programme to mainstream rural development, either (and in most of the cases) as a forerunner specialised on "soft investments", knowledge acquisition and project preparation, or as a specific sector-oriented fill-in for complementing the main menu of rural development measures.

Mainstream programme

LEADER

Incubator/pathfinder or niche specialist
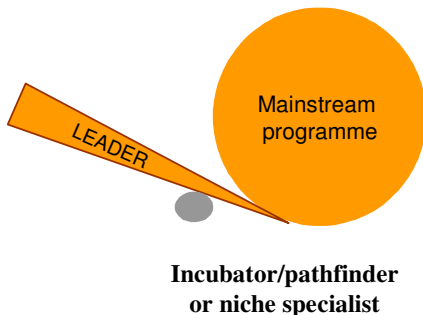
The Upper Austrian LAG Sauwald has been created in 1999 in preparation of LEADER+. After several years of basic work to build up the structures and to identify the core themes of development, the professional staff of the LAG started to accompany project implementation in 2003. Several successful tourism projects (among which a widely known "treetop path"[17]) led to an unexpected boom in tourism which had been an activity of less importance until then. In the first phase, the LAG itself operated as local tourist agency (with an additional half-time employee), but soon it initiated a process of sectoral self-organisation, until in 2006 the "Tourism Board Sauwald" was created. The LAG is designated to lead its structuring process until it will come into full run in 2008. After this date, the LAG will no longer play a lead function in local tourism, but intends to further cooperate with the tourism board concerning different tasks and thematic fields, such as project development, territorial marketing etc.

In the new period (2007-13), the LAG will focus more on its role as an instrument of strategic steerance. To establish the main themes, it organised a future search conference in 2006, and a series of dialogue evenings and information events.

This example demonstrates that
* *The LAG needed more than three years to find a broadly accepted and value adding role in the local context, as it had to identify hidden potentials which no other established local actor had in mind to activate;*
* *The LAG levers up pilot activities and takes the lead in an incipient phase, but seeks to set up self-organising structures and networks in medium and long run;*
* *The LAG is now a recognized service provider for project support and public relations, and sees itself in the role as the central platform and broker for integrated and innovative local development.*

o **Poor governance** is the result of lacking horizontal and vertical policy integration. In such an environment, the destiny of LAGs largely depends on the local actors' own capacity to improvise and to make use of the networking links they might occasionally have.

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[17] www.baumkronenweg.at

Thus only the first three categories provide conditions in which local groups are enabled to live up to excellent performance; excellent performance in the fourth category would be merely contingent and is far less probable.

The following overview shows the strengths, but also the possible weaknesses and pitfalls for each type. As was said above, the combination of features of at least two types is widespread. LAGs should make sure not to get "trapped" in one category, for they would have difficulties to subsist if the governance context changes. Therefore they should have some scope to evolve by expanding
into other types.

	Strengths	Weaknesses and pitfalls	Potentials
Strategic and integrated rural policy	o Unchallenged key role in coordinating local development o Strong content and methodological support from top-down o Possibility to raise public awareness of rural policy issues	o Innovative muscles could slacken because of mainstream routine o Institutionalisation may cause voluntary actors' fatigue	o The LAG can diversify and expand its scope of activities towards the "local integration" of other non-typically rural development issues (social exclusion, gender, arts & culture…)
Complementary pathfinder or niche specialist	o The LAG can bring leverage to bear on the most effective jacking point o The LAG can take on a distinct profile as the innovative vanguard in the area o The LAG can concentrate human and financial resources on specific tasks o Coordination is easy, as the distribution of roles and tasks is clear from the outset	o The LAG may be facing a relevance problem, if interesting projects were out of scope or already covered by established agencies, whereas the eligible or available projects would be not substantial enough o The breadth of participation in the LAG might be insufficient o The LAG overly depends from one single funding source and can not survive after its petering out	o For the sake of organisational sustainability, and if the local context is not yet "crowded" with intermediary actors competing for similar roles and functions, the LAG can expand its scope of activities, integrating a certain number of support schemes and addressing more beneficiaries
Local integration	o The LAG is a clear addressee for local people and stakeholders for their ideas and in their quest for support o Local governance may - at least partly - compensate the absence of a coherent rural policy from top-down	o The LAG is prone to administrative deficiencies which are not in its sphere of influence (e.g. disruption of national funding flows) o The LAG may arrogate a technocratic and elitist working style, if democratic mechanisms of control and adjustment fail	o A group or network of LAGs of this type in the same region or country may develop new models of local governance, which radiate to higher levels of decision-making, and influence territorial policies on a larger scale

Questions to reflect upon:

• How are the LAG's relationships with programme managing and implementing authorities?
 • Is there a clear mandate to focus on specific fields of activities or „jacking points"?
 • How (in)formal, how frequent and how regular are relationships with programme management officials?
 • Is there a competent interlocutor in each relevant institution?
 • Are local actors involved in programme design and implementation?
 • Are local actors invited or involved by the managing authority and related support structures to participate in on-going reflections upon rural policy?

• To what extent is the LAG autonomous in decision making?
 • Does the managing authority provide a global mandate to the LAG as an implementing body or does it interfere in project selection and other operational questions?
 • Is the LAG entitled or even encouraged to implement other programmes and support schemes than LEADER?
 • To what extent does the LAG depend from a specific funding programme and/or from a specific period of funding?

•How is the LAG positioned amidst other institutions or agencies coordinating local development?
 • Are the relationships to these entities rather cooperative or rather competitive?
 • How is synergy created between local support structures?
 • Is there a mechanism of strategic or pragmatic coordination, or is one of the institutions or agencies operating in the area considered as the key coordinator?
 • Does the LAG play the role as key coordinator?
 • If the LAG plays this coordination role: how does this manifest itself, by the scope of partners represented in the board, by official mandate, or by the force of habit…?

3 Features of excellence

In this chapter we look into the innards of a local action group, in order to identify those little small things which matter. Lasting success does not grow on trees, and therefore we are well-advised to have a closer look on certain influential details which depend from decisions and which can make a real difference in the overall performance of a local partnership. We will discuss
- The four realms of interventions which have to be developed consistently (3.1),
- The three main stages along the evolutionary path of a local action group (3.2),
- The six characteristics making up performing partners in a performing partnership (3.3),
- The strange attraction between the public and the private in a local action group (3.4),
- The LAG as an instrument of local governance and the golden shadow of hierarchy (3.5)
- Learning LAGs (3.5).

3.1 Four realms of interventions

It's trivial to say that a local partnership, although being part of the local system of social actors, purposefully intervenes into this system. But can't these interventions be described more in detail?

Let us introduce again two new distinctions and use them to draw a two-dimensional matrix featuring the types of interventions which may interest us:
- The intervention of the LAG may be content-related, hence more concrete, or form-related, hence more abstract.
- The intervention of the LAG may be directed towards specific parts or towards the whole, the area in its entirety.

The following overview shows that the combination of the two dimensional spaces "concrete/abstract" and "parts/whole" results in a model of four realms of intervention:

	Concerning the parts	*Concerning the whole*
Concrete/content related	**OPERATIONAL** **(projects and activities)**	**STRATEGIC** **(strategy building and monitoring)**
Abstract/form related	**ORGANISATIONAL** **(coordination, decision-making and administration)**	**SYMBOLIC** **(sensibilisation, promotion, marketing)**

In the following the four realms of interventions are discussed one by one:

➢ **The first (operational) realm: Local development projects and activities**

Most LAGs consider the support and delivery of services to project promoters as their primary task. They hire professional staff in order to implement funding programmes and to acquire additional (local and external) funds for local project development.

	Typical tasks
Inward oriented	Support and advisory services to project promoters, project generation, cross-linking and accompanying attendance
Outward oriented	Initiation and attendance of inter-territorial cooperation projects

➢ **The second (strategic) realm: The local development strategy**

In its endeavour to create links, synergies and a golden thread between sectoral, thematic and multi-sectoral projects, the local partnership elaborates on strategic perspectives aiming to align and to bundle the individual efforts of local stakeholders. Local partnerships orchestrate participatory processes for building a coherent and shared vision for their area, from which they derive priorities for action.

	Typical tasks
Inward oriented	Development, monitoring and revision of the territorial strategy, selection of spearhead projects, building up and fostering local networks of stakeholders
Outward oriented	Harmonisation with overarching (national, regional) or sectoral strategies, cooperation in global networks

➢ **The third (organisational) realm: Coordination tasks, the organisational development of the local partnership and the administrative tasks related with support programmes**

Effective and demand-responsive governance of local development requires sound arrangements for the organisation and management of the partnership itself. In the pursuance of legitimacy, transparent and democratic structures as well as appropriate interfaces to local and regional government structures have to be provided for.

	Typical tasks
Inward oriented	Structural development and management of the (voluntary) local partnership and related (professional) development agency or staff
Outward oriented	Interface function to higher territorial levels (region, member state) and embedded territorial entities (municipalities, micro-regions) and institutions; contributions to regional/interregional/national networks and partnership structures

➢ **The fourth (symbolic) realm: The territory as a space of interaction, reference and identification**

In this (often underestimated) realm of intervention, the LAG organises convivial events, key stakeholders hold solemn speeches, successful projects are publicly appreciated, merited people are awarded and emotive slogans are placarded for further encouragement. The area becomes a subject-matter of symbolic communication. Symbolic communication motivates local actors to articulate their needs and ambitions, to innovate and to cooperate. This symbolic realm is often neglected or not appropriately organised, which means that it may be either plumb forgotten or left to some egocentric individuals who, seemingly speaking on behalf of all, might pursue just their personal goals.

	Typical tasks
Inward oriented	Project communication and marketing, fostering internal relationships
Outward oriented	Area communication and marketing, fostering external relationships

It should now – at latest - be clear that local partnerships are not just about projects.

They also play an essential role in spinning the golden thread between projects, to weave the story of local development. It is about configurating single projects into a meaningful overall strategy, and this meaning must hold good both in the eyes of local people and communities *and* of funding institutions and authorities.

The model of the four realms of interventions allows to look at the performance of local action groups in a way to draw empirical lessons. Although everybody should have his/her own reflections on that issue, we take the liberty to put three well-confirmed lessons hereafter:

➢ Local development requires purposeful steerance, which realises itself as a concerted action of voluntary partners and professional (employed or contracted) agents.

➢ To ensure successful steerance, the involved stakeholders have to take care for a balanced perception and accomplishment of operational, strategic, organisational and symbolic tasks.

➢ In each of these four realms **voluntary** participation and **professional** management play a crucial role and should be ensured by adequate organisational arrangements.

We call these lessons the **First Law of the Two: They only make sense together[18].**

3.2 Three evolutionary stages: From incipiencies to maturity

As was already said, a „mature" system of governance for local development doesn't grow on trees. Mostly you go through several years, sometimes decades of evolution – and evolution doesn't stop there by the way. After maturity there is decay or transformation.

Even until you reach maturity, there is no guarantee for continuous upward development, because at any stage the governance system may freeze or degenerate. However, if a certain stage has once be reached, the acquired complexity and quality can be recovered more quickly and more easily after a setback, than if it had never been reached before.

In order to sketch a model-like evolution of a local development partnership, we set out three evolutionary governance stages for local development in rural areas, from the incipiencies through what we call the "heroic" stage until the phase of maturity.

➢ **First (incipient) stage: The beginnings. Rudimentary steerance structures.**

Local actors decide to start a common endeavour and form a group, maybe without legal ties. A local development agent may be hired or contracted by the partnership, or by a public authority in order to generate projects or to accompany project promoters.

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[18] The picture shows Adam and Eve from Albrecht Dürer.

1st (incipient) stage: the beginnings
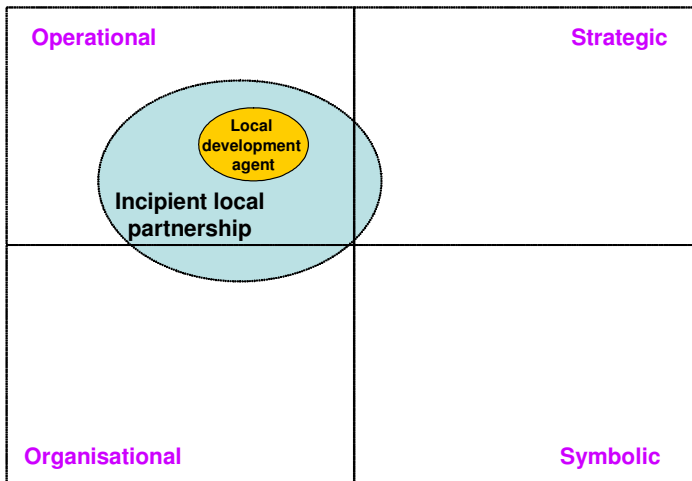
At this early stage the actors want to see quick results. They wish to demonstrate that it makes sense to put hands on to shape the destiny of their territory. Neither is there a broadly shared strategic vision nor a durable organisational structure. The active core of the initiative is highly motivated; the key stakeholders take decisions conjunctly.

LAGs which do not evolve further, are threatened to fall apart, as the operational basis does not become sufficiently firm as to assure organisational sustainability beyond the duration of a single funding period. Moreover, established development agencies or sectoral institutions may undermine attempts to strengthen the LAG in order to maintain their dominant role.

➢ **Second (heroic) stage: The rise. Professionalisation.**

The professional staff or hired local development agents become the driving force and competence core for local development. Early successes strengthen confidence and cohesion, differences in strategic views and perspectives are outplayed by the promising output. Local actors are involved as promoters of individual projects or as voluntary contributors in thematic work groups. Political representatives provide shelter for the partnership in the "shadow of hierarchy" by placing themselves in front to promote the blessings of the partnership, or by acting as mentors and arbiters in the background. Technical experts, as well as employed and hired development agents gain considerable weight in operational, but also organisational and strategic decision-making.

2nd (heroic) stage: the rise
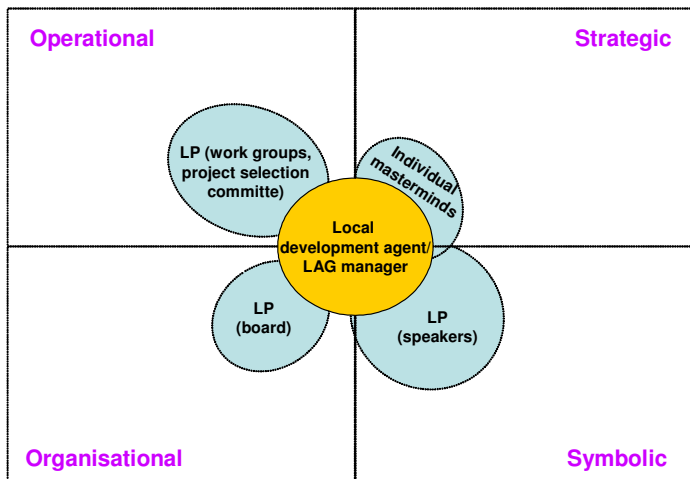
This second stage is often described as good practice in partnership-based local development. A large number of LAGs in their second and third terms of budgeting periods can be attributed to this category. Its typical feature is a well-endowed professional staff taking over tasks from the voluntary partners in all four realms of intervention. The local actors are often busy with their own projects, and their participation in strategic issues or in broader project development dwindles. The symbolic realm of intervention is covered by leading LAG board members, who use to be, in many cases, political representatives. In the pursuit of a more or less ambitious local development strategy, the LAG initiates proper activities as a project promoter, and the administrative tasks multiply.
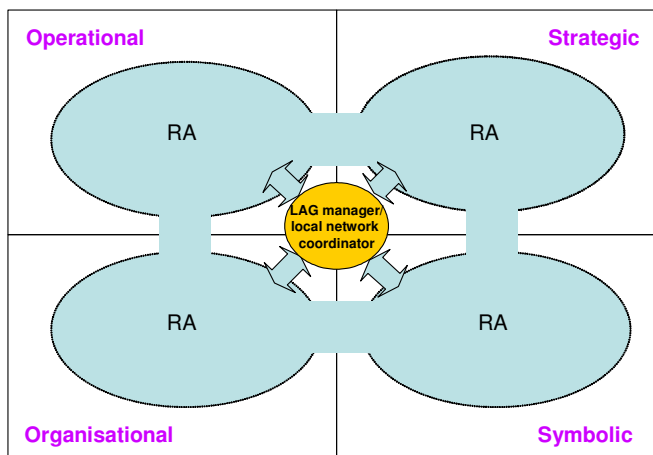
However, this configuration is not yet to be considered as an evolved and sustainable one, as it is still bears some typical risks:

- **High cost:** If funds become scarce, the professional staff tends to focus more and more on mandatory administrative tasks (funding, monitoring, acquisition of new funding opportunities…) and to neglect the strategic and symbolic component as well as capacity building and project generation to raise new ideas and to generate new projects. In the extreme case, and this is not an exceptional one, the LAG manager spends a good deal of his or her work time to secure his or her precarious job from one year to another.
- **Elitism:** If the professional staff and the associated experts do not share their factual power with the voluntary actors in the partnership, and if the partnership gets stuck in a rudimentary organisational stage, the steering body might degenerate into a technocratic agency: Subsequently local actors would perceive themselves as dispensable and delegate their responsibilities on the shoulders of the LAG manager and his/her staff. Projects would be no longer selected according to the recognized needs of the area, but would be rather subject to „hard" selection criteria which can only be met by privileged project promoters with little or no need for accompanying support; or, they would be selected according to the individual preferences of the professional staff or a small circle of influential board members.
- **Politicization:** An unbalanced composition of the decision-making bodies of the partnership may seduce overambitious individuals to conquer the symbolic realm, therewith pulling local development into the lowlands of humdrum political bargaining.

➢ **Third (consolidated) stage: maturity. Effective local governance.**

In this stage local actors are enabled and committed to take over responsible roles in all four realms. The partnership becomes the reference point of a well-structured, multi-focal, lively network of local actors comprising smaller and specialised sub-networks. The task profile of the LAG manager becomes more and more that of a network coordinator, placing targeted innovative impulses and managing the interfaces between the local actors' system and different social, institutional and political environments. The core task of network coordination is kept as lean as possible, in order to keep the organisational and administrative costs low and to avoid negative consequences of sudden budget shortfalls. Project-related advisory services are provided by the LAG management only for a number of selected key projects. Standard advisory services are accordingly

3rd (consolidated) stage: maturity

delegated to the self-organising sectoral or thematic sub-networks of local actors. There are complex mechanisms of deliberation and decision-making in order to convene upon a shared strategic vision and to align different fields of activity accordingly. Local or decentralised territorial and sectoral administrative bodies administer funding flows, ensuring accountable reporting and providing support to project promoters and intermediary actors. Elected

representatives emphasize the importance of the common endeavour and bring to mind the connection between the individual activities and the overall purpose of local development. And finally, there are credible and effective negotiation and conflict setting mechanisms in place.

The mature stage essentially builds on the local self-organising capacity and leans on the ability and willingness of local actors to learn. Therefore this stage of effective local governance is at times epitomized in the expression „learning area" (see chapter 3.6).

3.3 The composition of a LAG: The six characteristics or the "6R" of a performing local partnership

Although there is no "one-size-fits-all" recipe how local development partnerships should be composed in order to bring forth good results over a long period of time, we are able to suggest a model of six features of success, the "6R", which are based on the sequence of personal pronouns (see the table below).

The 6R are not uniform:
* The features one to three (singular) are "ideal" features of the individual partners.
* The features four to six (plural) relate to the partnership as a whole, as a collective actor.

Pro-noun	Feature of success	Interpretation	
I	**R**elatedness	Each partner has strong ties to the territory or to certain aspects of it. These ties can be emotional ones in respect to his/her origin; they can be related to his/her specific activity (as an artist, tourist guide, politician etc.); they can also be economic ties (ownership of land or of a firm)…	Features of the individual partners
You	**R**esonance	The partners are good communicators and bridge-builders; they are committed to cooperate with others, might they share their world view or not.	
It	**R**esource access	The partners use their individual access to (human, financial, material) resources to serve the common purpose: the bank manager provides support to financial issues; the school dean motivates students to participate in accompanying research etc. They hold the keys to specific resources in hands: That's why they are called "key stakeholders"…	
We	**R**epresentativeness	As a group the partners constitute the "area in a nutshell". The partnership composition should be balanced in terms of gender, age, profession, social status, political orientation, place of living, degree of education etc. Ethnical, religious and other minorities or people with specific needs should be also represented.	Features of the partnership as a whole
You	**R**eciprocity	The partnership is entitled and willing to set up equitable relationships (economic exchange, knowledge and innovation, solidarity, political agreements etc.) with external partners, other regions, within or across national boundaries, with trans-national organisations etc.	
They	**R**ecursiveness	The partnership is related to embedded territorial entities (e.g. municipalities) in a similar way as governance structures of larger territorial entities are related to the local partnership. The partnership is self-organised and sufficiently autonomous in its respective realm of decision-making, and it does not interfere in the realm of decision-making of municipalities or other embedded entities. They are supported and encouraged by the national/regional government in the same way as they support and encourage the municipalities and other local actors.	

We recognize that the 6th feature is a special one, as it points beyond the local influence sphere. It relates to the systemic relationships with other policy levels: A LAG is always embedded in an interlaced institutional context which strongly influences its room for manoeuvre and its quality of functioning. Local development partnerships are cornerstones of multi-level governance[19]. Multi-level governance is defined as a flexible way of sharing power between territorial authorities, neither of which is in full possession of the "last word" in decision-making.[20]

Thus the sixth R marks the limits of what a local development partnership may achieve on its own. It shows its contingency to the wider governance context.

3.4 The public and the private: It's not love, but it's still a feeling

3.4.1   The discrete charm of public partners

Inter-municipal associations are most valuable assets in the social and institutional capital of rural territories. Indeed they often constitute the backbone of a LAG. As an association of public partners they are capable of
o   coordinating municipal, urban and landscape planning activities,
o   optimizing internal transportation links and connections with transit routes,
o   pooling and jointly managing resources for education, health, social welfare,
o   negotiating contracts with suppliers of water, electricity, waste disposal etc.,
o   establishing common criteria for directing inward investment towards the best possible location,
o   contributing to effective environmental protection and defining specific cultural sites or natural jewels for preservation and special care,
o   concluding agreements to redistribute tax income for balancing costs and benefits and for alleviating socio-economic disparities.

This is a considerable list of common tasks which can be tackled by a consolidated public partnership. Certainly, public partners set a reliable framework for local development, but there is still something more to do:
o   to reinforce the dynamics of local and regional economic relationships and exchanges,
o   to encourage people's self-organising capacities,
o   to enable them to articulate their needs,
o   to negotiate and to achieve appropriate solutions of conflicts of interest, and
o   to foster integrated regional development.

All these operational objectives require local people's commitment and active participation, and this is basically the rationale for mixed, **public-private** territorial development partnerships.

We call these insights the **Second Law of the Two: They only make sense together, too[21].**

3.4.2   What is a private, what a public partner?

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[19] See for example: BACHE I. and FLINDERS M. 2004: Multi-level Governance. Oxford University Press.
[20] ELBE S. e.a. (2007): Final report (in German) on the second phase of the accompanying research for the German pilot initiative "Regionen Aktiv" (2002-2007) of the Federal Ministry of Food, Agriculture and Consumer Protection. SPRINT GbR, University of Göttingen, University of Hagen, ÖAR Regionalberatung GmbH.
[21] The picture shows the comedians Oliver Hardy and Stan Laurel (classictvshop.com).

When we speak about "public partners" we mean representatives of statutory and other institutions which are a) owned by territorial or sectoral public authorities and b) fulfil public tasks defined by law.

Nevertheless, there are areas of ambiguity, for instance
- publicly owned companies (e.g. running public infrastructures such as railways or water supply systems), or
- non-profit associations whose members are public entities (such as an inter-municipal association).

To be fair, the term "public partners" is still far less elusive than the term "private partners": the term "private" may, according to the local understanding, strictly be confined to the world of business, or it may include private enterprises as well as non-profit organisations. Confusion still grows if we look at non-profit associations of profit-making members, such as a farmers or business chamber. As they are statutory bodies in many European countries, we end up close to the public sphere again.

The notion of "intermediary actors" seems to relieve us from this terminological confusion. An "intermediary actor" can be conceived as any collective actor which is neither public nor entrepreneurial. However, intermediary actors can be quite close to a public entity, such as educational institutions or local development agencies. On the other hand, they can also appear as essentially non-public, such as a business council, an environmental NGO or a women's association.

In order to distinguish non-profit from entrepreneurial private collective actors, "private non-profit" or "social actors" are sometimes labelled as the "third sector". The "third sector" is juxtaposed against the "public" and "private" (i.e. business) sector in the so called "tripartite" partnership.

Finally, in many LAGs[22] individual people take part in decision-making bodies. These persons may sometimes represent a one-(wo)man-enterprise, but in many cases they are invited to participate because of their high prestige or prominent role as charismatic community leaders, ingenious networkers or generous sponsors.

Summing up, the possible scope of partners between the "public" pole on one side and the "private" pole on the other can be depicted as follows:

	Public	Intermediary		Private	
Collective		Close-to-public ←→ Private collective actors		Non-profit	Business
Individual				Committed individuals	

The sphere of "intermediary" partners is, as was said above, a zone of transition, where public and private partners blend. In order to gage the share of public vs. non-public partners, we recommend a pragmatic approach: the character of an intermediary actor should be judged by looking at the profession and status of its key stakeholders. Thus in some areas the tourism board may be essentially public, if it is mainly based on the support of municipalities and promoted by mayors and municipal secretaries. In other areas it may be essentially private, if local business people, environmental or cultural initiatives set the tone.

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[22] See for example the before mentioned LAG Pohjois-Kymen Kasvu

3.4.3 A question of cultural beliefs and governance traditions: The "ideal" mix between "public" and "private"

While talking about the composition of a local partnership, the distinction between "public" and "private" partners uses to be the most crucial point.

In the LEADER world, the 50% limit for public partners in the decision-making bodies of the LAGs, sets the stakes for various solutions. In some countries, the role of private partners is put in the foreground, as they are regarded as the real drivers for local development. Hence their weight in the partnership is clearly more important than that of the public partners. The more influential private partners are in the partnership, the more the legitimacy problem surfaces.

> *"As far as the partnership and the LAG boards in Andalucía, the focus group thinks that the private sector has greater influence. On average the private sector has 58% of the votes on the LAG boards. So the private sector plays an important role, which gives stability to the decision-making process."*
> *Synthesis of mid-term evaluations of LEADER+,*
> *Case Study Andalucía, Spain.*
>
> *"It's easy to get non-statutory bodies on the LAG, the difficult thing is getting the balance. Who is allowed to represent such a big area in Cumbria?"*
> *Synthesis of mid-term evaluations of LEADER+,*
> *Case Study England, UK.*

In other countries, public institutional and intermediary actors are seen as the pivotal players of local development, and the 50% threshold can sometimes only met by a generous interpretation of the "non-public" status of certain partners.

> *"Municipalities were the main sources to find associations which are locally active and which would be interested to be member in the LAG. The public sector is most of the time over represented as it "weighs" more than 50%; lots of private associations in the LAG never present project proposals."*
> *Synthesis of mid-term evaluations of LEADER+,*
> *Case Study Vlaanderen, Belgium.*
>
> *"Yet, in some cases, the elected people keep the final say and the private people tend to negotiate their applications with them before their presentation."*
> *Synthesis of mid-term evaluations of LEADER+,*
> *Case Study France.*

Nordic countries emphasize the so-called "tripartite" partnership model: the partnership is composed of one third of public partners, of one third of the business sector, and of one third of social ("third sector") representatives.

> *"This is a matter of local democracy but not of party politics. The LAGs function in the manner of unaffiliated associations or organisations. There are differences in the*

groups in this respect, but the points of departure for the preparing of their programmes are essentially democratic and local. The various interest groups can usually be accommodated relatively well. The most important thing is that the partnership and the tripartite structure should function smoothly. A faster turnover in the membership of the LAG boards should be aimed at in the next programme period. The ministry is particularly insistent on third-sector representation on these boards; if there is no tripartite structure, there will be no funding."

Synthesis of mid-term evaluations of LEADER+, Case Study Finland.

"The power between the three partners in the LAG is relatively balanced. Nevertheless it is hard to involve the private sector; in most of the LAGs the NGOs have been the ones to be most active."

Synthesis of mid-term evaluations of LEADER+, Case Study Sweden.

We see there is no general recipe and all depends from the specificities of the socio-economic and governance context. As simple as it is, the 50% limitation for public partners is a powerful rule which has brought forth a colourful multitude of place-related configurations. There is no doubt that in the absence of such a rule, the vast majority of LAGs would gravitate towards all-public or at least professional partnerships involving mostly public and close-to-public-intermediary representatives. And this would mean – summa summarum - less complexity, and therefore less problem solving capacity.

3.5 LAGs as instruments of local governance

3.5.1   Two different ways to implement LEADER

It is up to the national/regional authorities, whether they implement the LEADER axis of the national/regional Rural Development Programme

o **as ordinary measures of the operational programme**: In this case each single project is decided upon by the managing authority or designated intermediary body (the national or regional government administration or another public entity);

Operational programme system
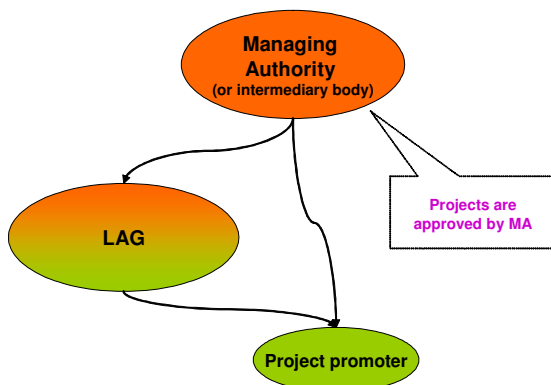
o **as a global grant**: this implies that after the approval of the local development strategy by the managing authority the final decision on project selection is left to the LAG which hereby becomes the implementing agency of the LEADER programme.
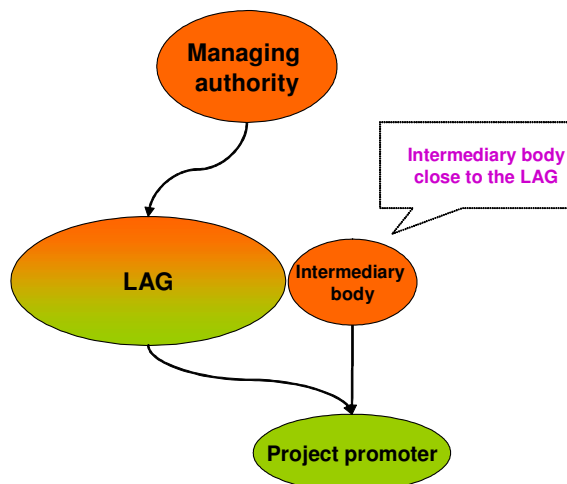
Global grant system

Managing authority

LAG acts as Intermediary body

LAG

Project promoter
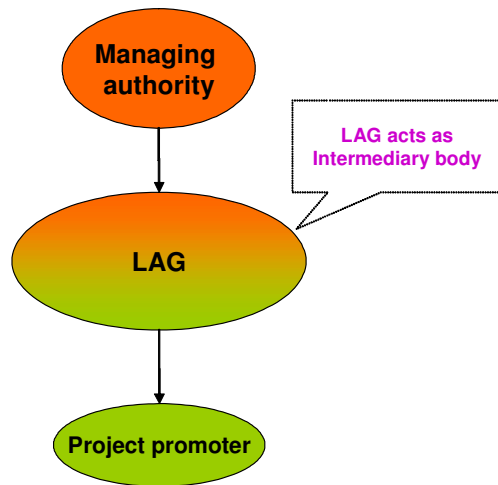
However, the implementation of a global grant depends on the principle possibility that a mixed public-private partnership is entitled to administer public funds destined for generating public benefits. As this is rather the exception than the rule, more countries operate LEADER on the basis of a **"quasi global grant"**, which is characterized by the following arrangements:

a. The LAG is autonomous in terms of strategic choices, methodological approach, project selection and approval;
b. The role of programme administration is - apart from the approval of the LAG and its local development strategy at the outset - limited to check fiscal viability, formal accurateness and compliance with national and EU rules and regulations;
c. The managing authority delegates the programme administration to a public entity in close proximity to the LAG, which means
    c1. at the territorial level matching that of the LAG as far as possible;

Quasi global grant system (c1)

Managing authority

Intermediary body close to the LAG

LAG   **Intermediary body**

Project promoter

c2. sometimes the responsible entity is even embedded in the partnership as one of the partners.

Quasi global grant system (c2)

This configuration constitutes the maximal emulation of a global grant system based on a regular operational programme administration.

Managing authority

LAG

Intermediary body

Intermediary body is a member of the LAG

Project promoter
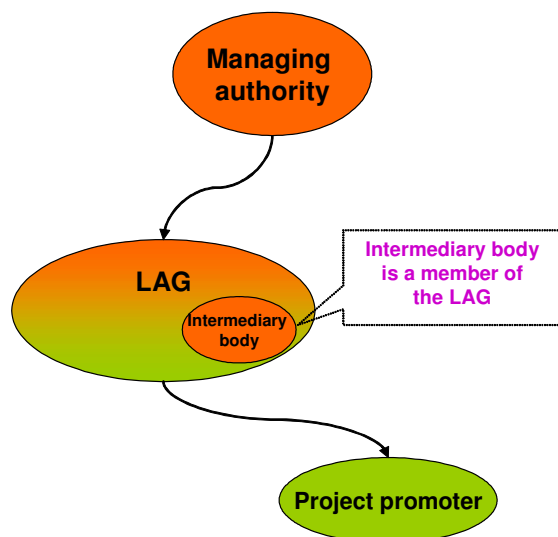
3.5.2   The shadow of hierarchy

The public partner which secures the programme administration is not a public partner like any others, as it is poised between two roles:

o   it secures the bargaining space and the arena of concertation, in which all the partners meet on a par with each other; and it provides the formal framework in and by which public co-funding can be organised. By virtue of this, the public partner is in a **superordinate** position.

o   At the same time it appears as an **equitable** partner at the round table, at eye-level with the local actors.

Thus the programme administration lives the ambiguous life as "primus inter pares"; and this is all but a trivial task. Political scientists call it the *shadow of hierarchy*[23]. It requires high-skilled public officials who have grown far beyond the mechanical execution of law and entrenched bureaucratic routine. They have to be aware about their discretionary powers and be courageous enough to use them for the sake of the final beneficiaries, the rural population.

Evaluations of many LEADER programmes in various Member States show that the global grant (or quasi global grant) systems work well in general. The practice is spreading at the same pace as the concerned administrative and local stakeholders gain competence to handle the LEADER programme. The concomitant closeness and frequent exchange between local stakeholders and the programme officials foster mutual learning: the languages of administrations and that of local and regional actors become more

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[23] According to the assumption, new modes of governance depend on their being linked to "hierarchy", i.e. to traditional forms of governance. The law enforcement capacity or the state is seen as a precondition for successful cooperation between state and non-state actors in coping with political problems in areas of limited statehood. See for example: NewGov – The Modes of Governance in the Shadow of Hierarchy. Project Nr. CIT1-CT-2004-506392, co-funded within the 6th Framework Programme. European University Institute, Firenze (IT)

understandable for each side. The programme set up can be improved from one period to another through the immediate feedback provided by the regional stakeholders – if this learning process is not disturbed by policy changes or administrative interferences from higher decision-making levels.

3.5.3 Executive power for mixed public-private partnerships: an arrogation?

Whereas the public partners (political and administrative ones) can easily demonstrate their democratic legitimation for deciding on and managing public funds, local partnerships including partners who have either been invited or (most rarely) been elected by a wider forum of stakeholders, can definitely not. So why should such an elusive partnership be entrusted with public functions in a democratic society?

Political scientists argue that mixed development partnerships justify their functioning by the output they produce. They regard **output legitimacy** as an essential ingredient of what they call "deliberate democracy" or "network democracy"[24]. These models of governance conceive the state as a dialogue and negotiation partner – besides its undisputed monopoly to enforce law – whereas non-state actors get involved into governance tasks in the framework of an extended civic self-organisation.

However, democratic regional governance with the essential participation of mixed partnerships is only conceivable if the governance context meets the following prerequisites:

Prerequisite	*Explanation*
Consolidated institutional capital	The art of "good governance" in the sense of the European White Paper on Governance is practised from the national to the local level, and there is only low susceptibility for corruption and inscrutable practices.
Open society	Freedom of speech and the diversity of opinions are guaranteed.
Public and social control mechanisms	Statutory control institutions and systems, as well as a lively network of civic institutions and media continuously evaluate and scrutinise the functioning and the output of democratic institutions and other intermediary actors (such as LAGs) which operate on the basis of output legitimacy.

If these three conditions are not met, clientilism and oligarchic governance will prevail, and the so-called "local partnership" will be little more than a nice-sounding label.

In any event, the participation of private actors in the regional development partnership is the most volatile aspect. On the one hand they are – with reason – supposed to bring in fresh, innovative ideas. On the other hand their participation does not happen on equal terms: they sacrifice their spare time for participating in board meetings and work groups, but at the same time they have to shun the impression of drawing personal benefits from this voluntary work. However, it is evident that active members of the partnership have an insider bonus for

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[24] The notion of "output legitimacy" has been coined by Prof. D. FÜRST (Univ. of Hannover), a protagonist of the German approach to regional governance (see for example BENZ A. (ed.) 2007: Politik in Mehrebenensystemen. VS Verlag; and: http://www.ruc.dk/upload/application/pdf/f51d6748/HelsingoerAB-YP1.pdf).

getting access to project funds, be it just because they are well acquainted with the criteria and mechanisms.

In essence, private partners (committed individuals as well as representatives from third sector initiatives) should be rewarded in order to keep them in line over a longer period of time; but the reward should not be material. It should rather consist in immaterial values such as public appreciation and prestige.

Sometimes an outstanding local actor may use his or her merits for local development as a trampoline for a political career. This is a sensitive area. This new role is not always compatible with the role as a LAG speaker or promoter, and if so, the separation should be made early and clearly.

3.5.4   Towards a governance model for partnership-based local development

There is no general rule on the formal set up of a LAG. It should be a juridical entity of its own right, but it can take on the form of a non-profit association as well as that of a limited business company. This should be handled with a maximum of pragmatism and adaptiveness to the local circumstances.

The performance of the local partnership as a key player in local governance is subject to certain factors of success. Based on many years of observation and evaluation of successful practices, we can enumerate a number of prerequisites that should be met. They are synthesised in the following "1-2-3-4-model":

Governance Model for Partnership-Based Local Development ("1-2-3-4 model")
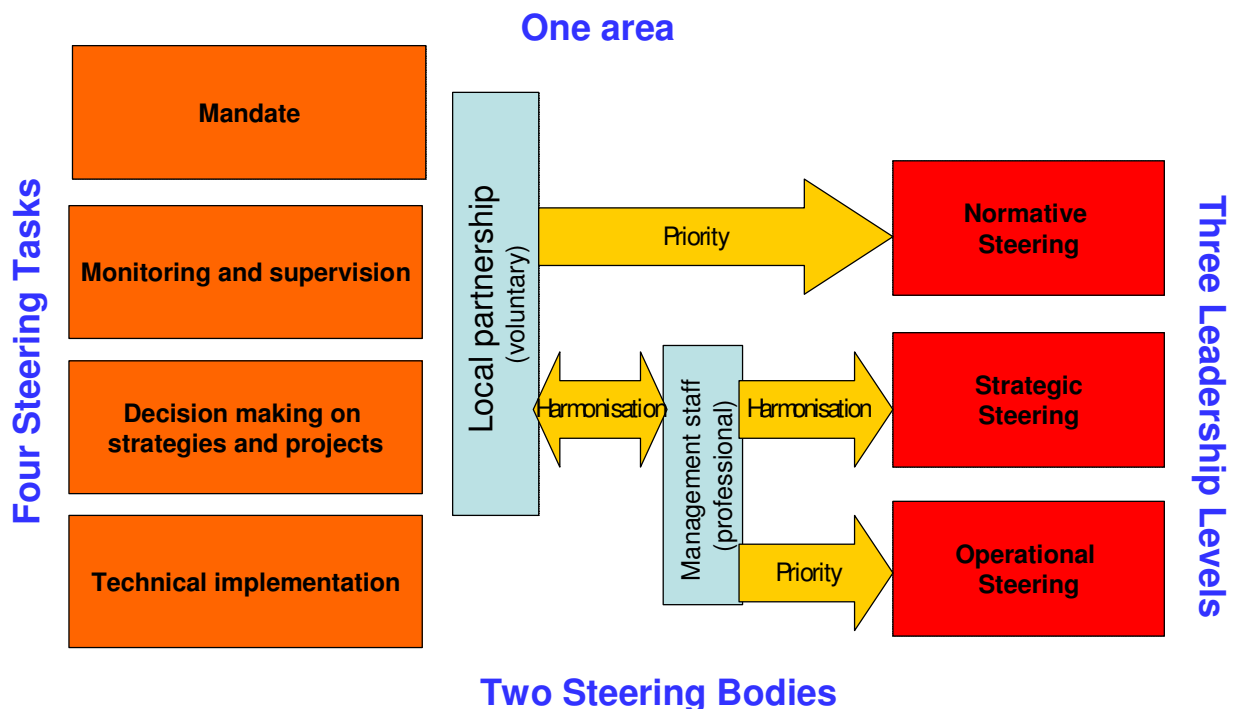
This model exhibits

o **One** local territory as reference space of social interaction;
o **Two** steering bodies: the local partnership (LAG) and the local development staff, which is either employed or contracted by the local partnership;
o **Three** leadership levels which are derived from a cybernetic model of organisational and business development[25]: the model distinguishes between operational, strategic and normative aspects of leadership. It stipulates that only if all these levels are accordingly attended, the enterprise will be viable in the long run;
o **Four** steering tasks: this aspect will be thoroughly explained in the following section.

3.5.5   The four steering tasks

The depicted four steering tasks should not be interpreted in a way that there must be separate units for each of them. In less complex situations, more than one task can be looked after by only one unit. However, the four tasks must always be described accordingly in the task profiles of these units.

The good news is that there is no need for a fifth unit, how complex the context might be!

To describe the significance and role of each steering task, let us start at the top end:

o **The mandate**
  The partnership acts on behalf of the "territory" which means of its population. Strictly spoken there is no democratic mandate, but there should be a - more than symbolic - link between the partnership and the "represented" population:
  • In some cases the local development partnership is organised as an open association comprising a very broad range of individual and collective members. The more members from different social groups and localities, the more representative the partnership might be; but representativeness always remains a bold assumption, even if the members of such a broad local partnership are entitled to elect the representatives at the supervising and decision making levels.
  • In the majority of cases, the LAG is relatively small and restricted to a manageable circle of key stakeholders covering different aspects of the social, cultural and economic life of the area. This means that the mandate must be provided by instruments of public participation, such as periodic gatherings ("open space"[26] events, "local fora" or "round tables") and public enquiries, accompanied with appropriate information and communication measures.
  Summing up, this steering task is not endowed with decision making power, but it constitutes a strong deliberative and consultative force. If the partnership wishes to stay in touch with the real needs of the population and to remain on track in terms of relevance, it should continuously invest in this task. In practice – sad to say - it is the most forgotten one.

o **Monitoring and supervision**
  This task should be represented by a unit possibly called monitoring committee, supervisory board, consultative commission etc. It can be composed of elected and/or of appointed people, and in many cases external experts play a role in there in order to

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[25] Known as the "Sankt Gallen Management Model". See SCHWANINGER M., "System theory and cybernetics", in: Kybernetes, Vol. 30, No. 9/10, 2001, S. 1209-1222, or:
http://209.85.129.104/search?q=cache:2Klpjcr1Q1kJ:www.ifb.unisg.ch/org/IfB/ifbweb.nsf/wwwPubInhalteEng/ St.Gallen%2BManagement%2BModel%3Fopendocument+normative+strategic+operational+schwaninger&hl=d e&ct=clnk&cd=4&gl=at
[26] One of a number of quite effective instruments for democratic participation (see: www.openspaceworld.org).

ensure objectivity. Apart from the controlling function, this unit often operates at the interface with knowledge networks, important institutional partners and other external partners. The monitoring and supervision task is a kind of "skin" for the executive domain of the partnership which is represented by the two "lower" steering tasks:

o **Decision-making**
   This task is usually exercised by the elected LAG board. However, in some LAGs, the board is engaged with administrative, organisational and representative tasks, whereas there is a second decision-making body to which the decisions on project selection and other operational and strategic issues of programme implementation are entrusted. The jury may be composed of elected and/or appointed people, even including external members whose scrutiny is specifically appraised.

   In less complex situations, the decision-making and the monitoring levels are fused together in order not to overburden the voluntary partners with too many assignments and meeting dates. In any event, the solution has to fit to the local culture of decision-making, and at the same time ensure a maximum of reliability and transparency. The board must always be in the position to parry groundless accusations of undue practices, in the same way as the monitoring and supervising level must exert its controlling functions, if the slightest suspicion arises.

o **Operational implementation**
   Programme implementation at local level is usually managed by hired or contracted staff. Only in incipient partnerships or less complex environments the voluntary actors may play an active role in there. They can be organised in thematic work groups assisting both the project promoters and the professional staff. In any event, LAGs without professional staff are rare (in contrast to earlier times), and this with reason. In some areas, a manager or a managing staff may carry out their duties for more than one LAG. They might be employed by a local or regional development agency providing services to several LAGs in their respective areas.

3.5.6   The interplay between voluntary partners and professional managing staff

Looking at the diagram, we see the central part of the 1-2-3-4 model referring to an issue which is very important for the overall quality of the partnership and its output: the interplay between honorary partners and professional managing staff.

The LAG manager or local development agent holds a crucial position in the "molecular structure of success"[27] between local partnership, programme managing authority and project promoters:

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[27] The model was elaborated in the accompanying research for „Regionen Aktiv" (ELBE S. e.a. 2007).
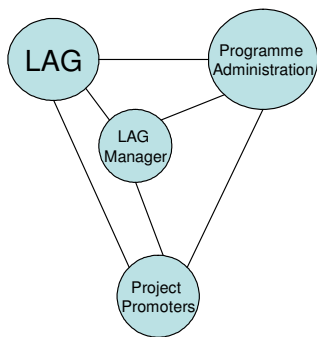
The **Molecule of Success** besides shows a promising configuration of the four key players in programme implementation:
- The local partnership (LAG)
- The programme administration
- The LAG manager or contracted local development agent
- The project promoters

As a rule of thumb, the "molecule of success" has the following characteristics:
- Each player maintains close communication links with each other.
- The LAG manager holds a central position as the network coordinator.
- The LAG manager stands relatively closer to the LAG, because he/she acts on its assignment.

The relationship between LAG and LAG manager is delicate: If it does not work well, problems will quickly arise:
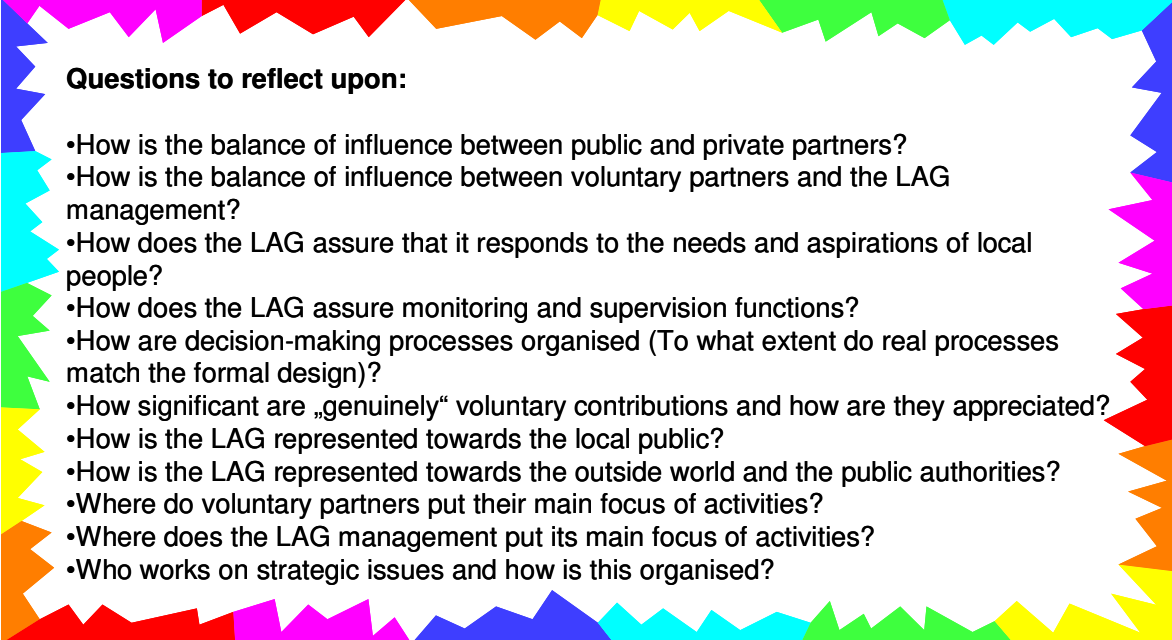
- High turnover of staff may root in conflict-prone behaviour of board members, but also in arduous working conditions (low pay, difficulties with competing agencies in the area etc.). These fluctuations do not only jeopardize the service provision to project promoters, and the capacity to generate and implement projects, it also may disrupt the continuity of relationships in the "molecule of success", eventually leading to brain drain.

- If the partnership is not consolidated and if its leaders are weak, the manager may team up with a fraction and provoke a schism; or he or she may gain control over the honorary leaders and become the dominant player not only at implementation level, but also at the strategic decision-making and monitoring level. If the manager seemingly performs well, this imbalance may remain unquestioned until it is too late to reconstitute the viability of the partnership. However, this phenomenon which we have already described as elitist degeneration (chapter 3.1.2) may alienate the LAG from the mandate task (according to the 1-2-3-4 model): The LAG would lose contact with the people and become unresponsive to their needs – even if a privileged minority of beneficiaries would still feel well attended.

Sound management is based on a fair and clear distribution of tasks between voluntary and professional steering bodies in respect to the normative, strategic and operational level of leadership:

- the professional staff should be in the position to freely decide on operational issues – without having to fend off interventions from different lobbies or board members of the regional partnership, whereas

- the partnership should set the normative framework and ensure that the vision and the guiding principles are kept alive and relevant. Keeping them alive means to orchestrate deliberative events and to ensure continuous renewal and adaptation of visions and principles. The managing staff should provide assistance in these processes, but should not take the front rank;

- the development strategy emerges in the deliberative space, where the long term vision and normative framework is checked against the practical experience of day-to-day implementation, embodied in the managing staff and the project promoters. The strategy should be periodically revised, from yearly adaptations to thorough strategy building

processes in a rhythm of 5 to 7 years. The strategic vision should reach reasonably beyond the usual duration of programming periods, which means to adopt a 10 to 15 years' perspective.

The depicted governance model may serve as an orientation guide regardless of the evolutionary stage, from an incipient partnership to a full-fledged device for sustainable and accountable regional governance. The 1-2-3-4 model should not be mechanically emulated. For instance, incipient partnerships should not feel urged to create separate bodies for each and every function. The model should rather serve to check whether all relevant functions are adequately covered by people feeling responsible for them.

Questions to reflect upon:

• How is the balance of influence between public and private partners?
• How is the balance of influence between voluntary partners and the LAG management?
• How does the LAG assure that it responds to the needs and aspirations of local people?
• How does the LAG assure monitoring and supervision functions?
• How are decision-making processes organised (To what extent do real processes match the formal design)?
• How significant are „genuinely" voluntary contributions and how are they appreciated?
• How is the LAG represented towards the local public?
• How is the LAG represented towards the outside world and the public authorities?
• Where do voluntary partners put their main focus of activities?
• Where does the LAG management put its main focus of activities?
• Who works on strategic issues and how is this organised?

3.6 Learning LAGs

The development and maintenance of a proficient and effective local partnership is a precious artwork of social engineering. It requires an excellent ability of self-observation and self-reflection, and the courage to orchestrate self-referential activities. It also requires a steady impetus, in order to avoid "early ageing". This is not only a question of awareness, but also of methodology and the availability of manageable instruments.

Still an evolved culture of feedback is rather the exception than the rule – and this makes learning somewhat difficult. In the pursuance of peacekeeping, unsatisfactory practices are condoned for a too long time. Or, if discontent can no longer be held back, the majority blames a scapegoat; very often the LAG manager.

Neither the first nor the other practice leads to common learning – to the contrary, they restrict the evolution of the LAG.

In his book *"Together we are stupid"*, Fritz Simon states that *„the structure of communication decides, if a social system is more intelligent or more 'stupid' than its individual members.*

Whoever wants to manage an enterprise, a department or a team, must know the mechanisms leading to more or less intelligent decisions.[28]

Knowing that the complexity of the issue can not be really grasped we suggest discussing three important factors for successful organisational development:

a. **Recognize and appreciate differences.**
b. **Set rules and monitor their effectiveness.**
c. **Use a coherent set of indicators for monitoring and self-reflection.**

3.6.1   Recognize differences and appreciate them

We deem it useful to make four distinctions. Some of them we have already discussed in this handbook:

a.   The distinction between voluntary (honorary) partners and professional staff
b.   The distinction between public and non-public actors
c.   The distinction between political and administrative public partners
d.   The distinction between remunerated and "truly voluntary" partners

Four relevant distinctions

Voluntary partnership		Professional staff
"Truly voluntary"	Remunerated	
Non-public	Public	
	Administrative	Political
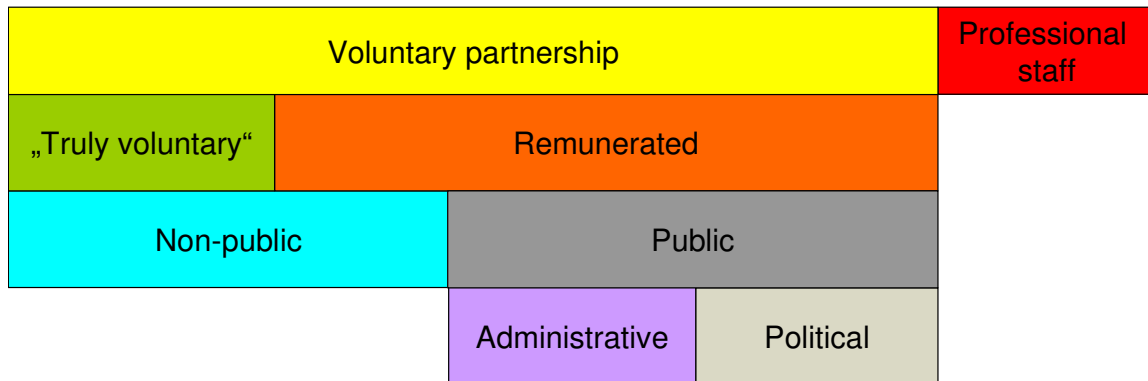
3.6.2   Set the rules and monitor their effectiveness

The local partnership "runs" on rules, but not all of these rules are explicit. Agreements which regulate essential aspects of the partnership should be documented. But the script which regulates the organisational life of the partnership comprises many rules (of behaviour and interaction) which are neither written down nor officially enunciated. They only surface in case of infringement, and this not always immediately.

For monitoring the evolution of the local partnership, we recommend to distinguish between different types of rules. Different types of rules require different handling.

To propose different types of rules, we have to distinguish between **strict** and **loose** forms of interaction.

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[28] SIMON F. 2004: Gemeinsam sind wir blöd? Die Intelligenz von Unternehmen, Managern und Märkten. Carl-Auer-Systeme-Verlag Heidelberg.

☞ Some social systems function more on the basis of bonding between people than on what they actually do. This is the case with **families or school day friends**. In such relationships the single members are not replaceable.

☞ Other social systems, such as **enterprises and organisations**, function more on the basis of what people are doing together and what they want to achieve in common: In these systems one is replaceable, because the relevant thing is what people do (**actions**) and not what people are (**actors**).

Loose vs. strict coupling: actors vs. actions
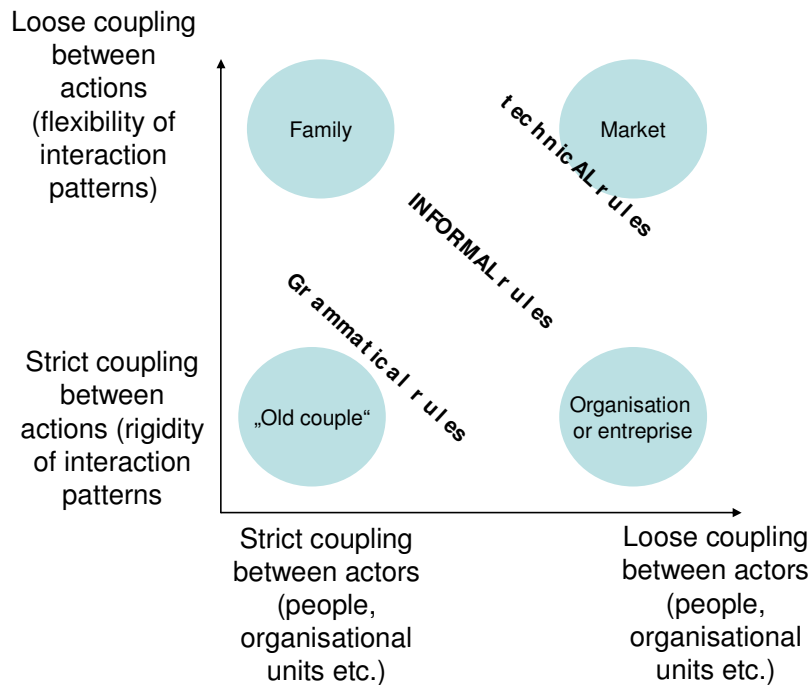
Source: SIMON F. 2004, p.85

If we cross the dimensions "loose/strict coupling" and "actions/actors", we get four basic types of social systems:

- **The family type** (Loose coupling between actions combined with strict coupling between actors)

  Family members are not exchangeable. There is nothing stricter than coupling between members of the same family. On the other hand, their relationships may change over time.

- **The "old couple" type** (Strict coupling between actions combined with strict coupling between actors):

  Let us imagine an old couple, so much habituated to each other that they do not feel any need to negotiate their mutual relationships and role attributions. They know everything (about each other), and they do not want to change anything. Such pattern may also endure in encrusted fossilised political systems or administrations…

- **The organisation type** (Strict coupling between actions combined with loose coupling between actors):

In an organisation or entreprise, interactions are regulated by statutes, rules of procedures and other prescriptions (such as for example safety measures). On the other hand, people are exchangeable. People may get hired or fired, the organisation continues to be the same. Nowadays principles of good management emphasize the "human factor": the importance of cohesive forces and a culture of cooperation for long-lasting performance. In terms of the diagram shown above, a more humanistic approach to organisation would mean to move their place from the right bottom end towards the centre.

- **The market type** (Loose coupling between actions combined with loose coupling between actors): A market is the prototype of exchangeable interactions between exchangeable people. Certainly, rules govern the market as a whole, but the individual interaction depends on the terms seller and buyer convened upon.

Intuitively we would place local partnerships (LAGs) somewhere in the centre of the diagram, a little bit below the middle (see below). The members of the local partnership are defined by their territorial affinity and their specific role in the local network, so they are not completely exchangeable. On the other hand, a partnership is an organisation defined by cooperation rules and agreed procedures. Some interactions are negotiated from case to case, but for repeated interactions there are reliable pathways to follow.

Loose vs. strict coupling: actors vs. actions
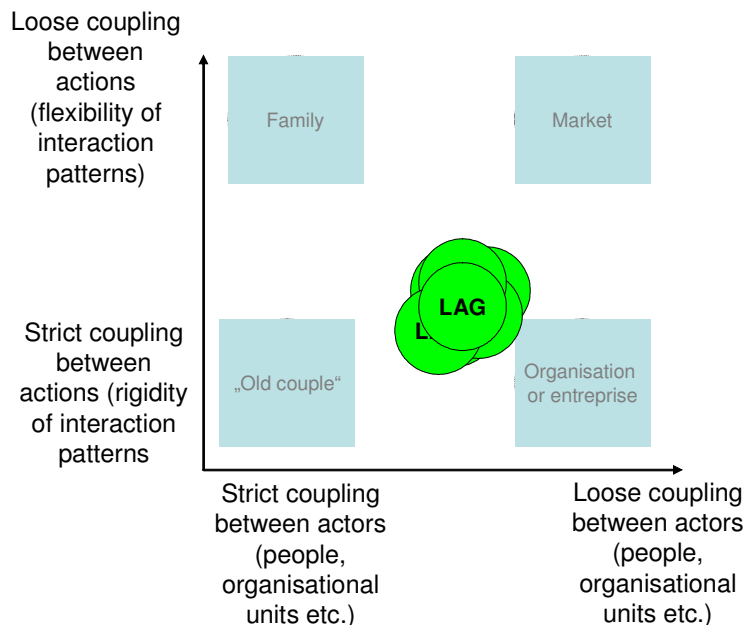
Source: SIMON F. 2004, p.85

We recognize that the coupling between actions is shaped by rules, and it seems worthwhile to explore the character of these rules more thoroughly.

Rules can be defined as means to narrow down the possible scope of interactions. Rules help to reduce complexity. It is useful to distinguish between three kinds of rules:

a   Grammatical rules

Grammatical rules guide the interactions by defining "admissible" and "forbidden" behaviour. In local partnership most of these rules are laid down in written format

(partnership agreements and statutes, rules of procedure), or they are so self-evident – at least for locals - that they do not need to be made explicit (e.g. not to knock the other one down in case of conflict). The breach of grammatical rules is considered as a serious offence and is therefore usually followed by sanctions. Grammatical rules are strongly rooted in the value systems of people and therefore emotionally binding. They are more associated with strict forms of interactions (the "old couple" type in the lower left corner of the diagram).

b   Informal rules
Informal rules shape most of our everyday activities. They are learned through imitation. They are conveyed as roughly outlined pictures of expected behaviour, and these models also change over time. Breaches of informal rules are not immediately sanctioned, sometimes not even at all. Informal rules are mostly short-lived, but if they endure over time, they may change their character and become grammatical rules. Couplings between both actors and actions are neither loose nor strict. Therefore they regulate many interactions located in the centre of the diagram.

c   Technical rules
Technical rules describe and define concrete, target-oriented behaviour. They are explicit and accessible to common reflection, as they are derived from reasoning and rational explanations. Technical rules are somehow "value-neutral": they may have innovative thrust or help to preserve traditional structures. Technical rules are "designed" and they are good instruments to overcome cultural and ideological differences, as they focus on those aspects which are essential for the operational targets of the partnership. Technical rules can be changed very quickly, if the partners discover that they have to modify them in order to get things done in the intended way. They provide solution paths for situations in which grammatical and informal rules contradict each other. As they are emotionally neutral, technical rules are specifically appropriate to regulate market interactions (the upper right end in the diagram).

In a local partnership,

- **Grammatical rules** lay the legal grounds for the cooperation, but they should not prevail in other areas of cooperation;
- Visions and strategies should be regarded as **informal rules**: not arbitrary, but not too narrow. They poise in a "homeostatic balance" of continued negotiation and conciliation of interests. Informal rules are the primary mode of regulation in local partnerships;
- **Technical rules** should define the operational targets, the core processes and procedures. They should be simple, understandable, and flexible enough to adapt to the targets. Technical rules are indispensable for transparent programme administration and good service provision for project promoters, but they would be "too cold" to bring the partnership to life.

Questions to reflect upon:

•What is the importance of written cooperation agreements (statutes, rules of procedure etc.) in comparison with tacit arrangements?
•If conflicts arise, what are the main causes and issues?
•How are conflicts dealt with? Are there specific mechanisms of conflict mediation and solution?
•How is information shared in the partnership? How about the relationship between „insiders" and „outsiders"?
•How are strategic issues dealt with?
•How binding are guiding principles? Is there a link between espoused visions or ethical principles and the daily practices of negotiation and decision-making?
•Are social skills an issue? Does the partnership make social competence a subject of discussions, exchanges, trainings etc.?

3.6.3   Use a coherent set of indicators for monitoring and self-reflection

Programmes co-financed from national or European funds are evaluated on the basis of indicators relating to the expected output, outcomes and impact of the programme. To a growing extent, the local partnerships come into the focus of evaluations. This is especially justified in the LEADER programme, if we regard their primordial role in that approach.

The external evaluation of programme-bound indicators is one important component of a learning process. However, external evaluations should be complemented by an internal monitoring and self-evaluation activities.

Regular programme monitoring and external evaluation on one side and internal process monitoring and self-evaluations on the other side can be combined in a two-tier learning cycle (see the diagram), which allows for a continuous upgrading of programme delivery on the basis of feedback. The successful implementation of this two-tier learning cycle depends on

- the degree to which the system put in place by the programme managing authority allows the LAGs to excel in their hinge function between programme administration and local actors (see the "recursiveness" criterion, the last of the "6R" in chapter 3.3);

- the continuity of structures and relationships over several programming periods;

- a climate of trust in the vertical partnership.

External monitoring and periodic evaluations (prevailing in the upper cycle of the diagram besides) and continuous internal monitoring and self-evaluation (orchestrated in the lower cycle of the diagram) should complement and support each other.

Two-tier learning cycle
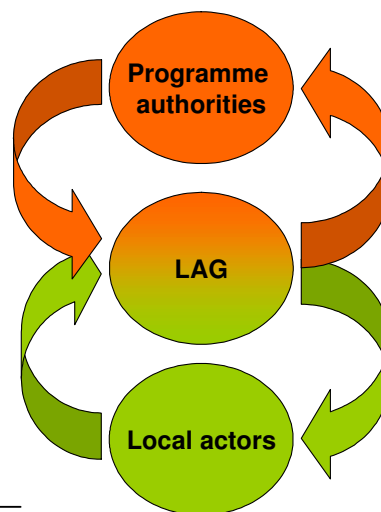
a) The monitoring and evaluation of output and outcome indicators

It is recommended to assess the quality of the partnership by using a coherent set of indicators following the logic of a Balanced Scorecard[29], which has been recently adapted for local and regional development[30].

The **Local Balanced Scorecard** integrates four perspectives:

- The external perspective of territorial outcomes and impacts
- The long term processes of learning and development
- The internal implementation processes
- The short term perspective of resources

For each of these four perspectives a small number of indicators can be identified. The indicators serve to monitor success and failure as precisely as possible.

The use of the Local Balanced Scorecard (LBSC) should not narrow down the scope of observation. In addition to **monitoring** indicators, fields of observation should be identified serving to **scan** contextual elements and to get early hints on unexpected developments (early warning).

Monitoring

Scanning
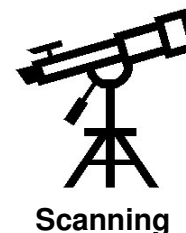
The following diagram shows a LBSC with some exemplary output indicators relating to the partnership:

Local Balanced Scorecard (LBSC): An example

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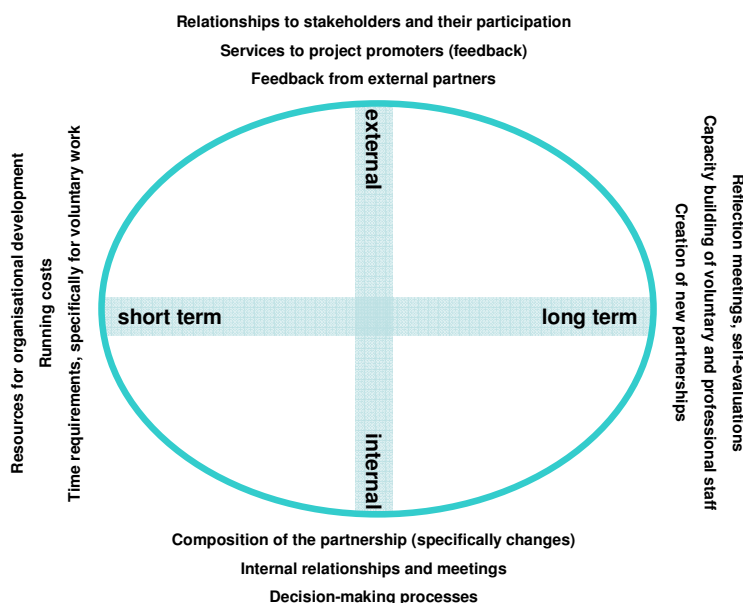
[29] A management instrument created by the Harvard teachers Robert S. Kaplan and David P. Norton, nowadays widely used in business. Lit.: "The Balanced Scorecard: Translating Strategy into Action." MacGraw-Hill 1996.
[30] This adaptation, the "Local Balanced Scorecard", has been made by Leo BAUMFELD (ÖAR Regionalberatung GmbH) together with a work group of the Austrian LEADER+ network. The methodological framework can be downloaded in German language under http://www.leader-austria.at/network/downloads.

b) The process monitoring of impacts

The usefulness of indicators for external evaluation and internal monitoring is broadly acknowledged. The "indicator chain" (output → results[31] → impact) taps specific measures and observable phenomena. On the other hand we know that development is about change, and change in social systems is induced by behavioural changes, different ways to act. Processes are difficult to tap, but they can be tapped by looking at the arrows between output, result and impact. This can be done by an approach called "process monitoring of impacts"[32]:

Process Monitoring of Impacts consists of
Step 1: Establishing basic assumptions for the pathways of change;
Step 2: Periodical review of the validity of these assumptions.

Step 1: Establishing basic assumptions for the pathways of change

When the expected output and result indicators are established, two questions are posed:
- How shall the output be used by target beneficiaries and other key actors in order to produce the expected results? (→ Assumptions for the use of the output).
- In which way will the results contribute to the expected impacts? (→ Assumptions for the conditions of success).

These assumptions can be translated into flowcharts
- connecting the expected outputs with the expected results;
- connecting the expected results with the expected impact.

The diagram shows an example for a Process Monitoring of Impact Chart.
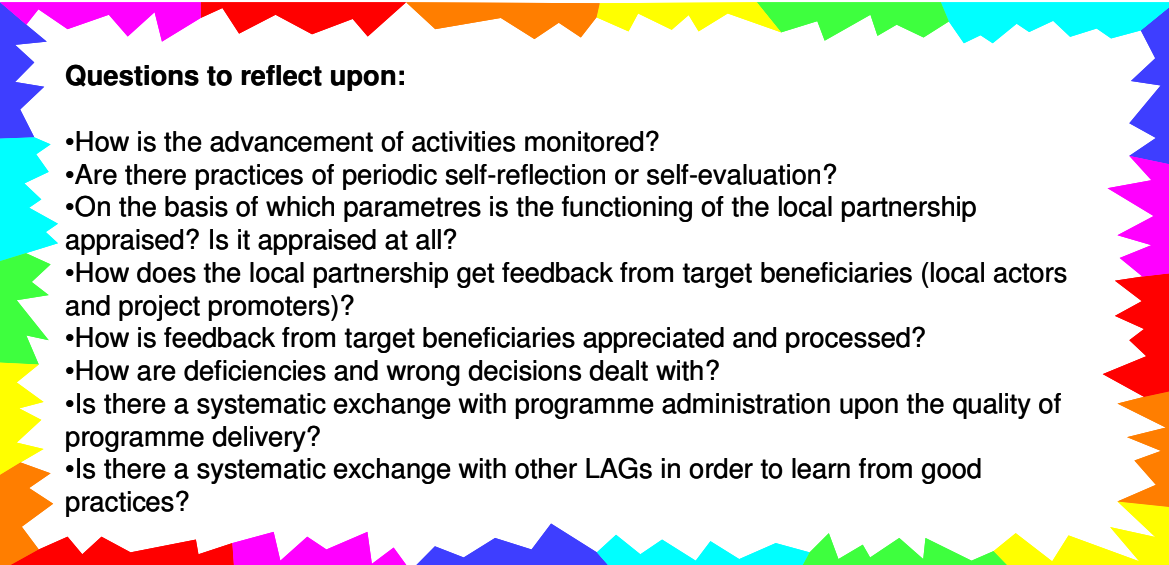
Example of a PMI chart

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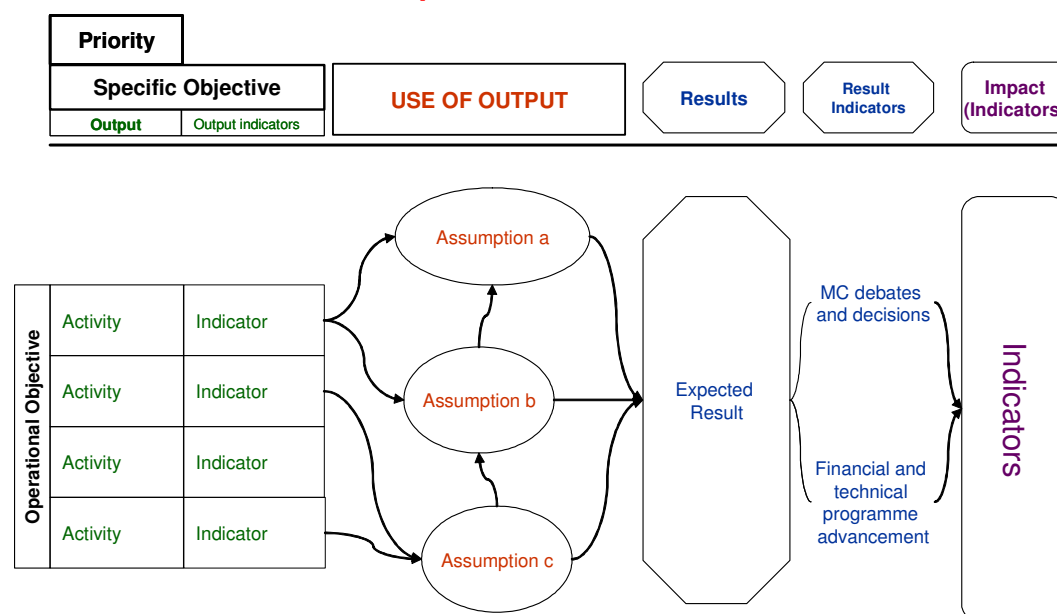
[31] Synonymously the term "outcomes" is used for "results".

[32] The method has been developed by Richard HUMMELBRUNNER (ÖAR Regionalberatung GmbH) and is growingly used in the realm of territorial cooperation. See the INTERACT Working Paper "Process Monitoring of Impacts (Wien 2006): http://www.interact-eu.net/download/application/pdf/1068932.

These assumptions are periodically reviewed and adapted in focus groups and self-evaluation meetings. These processes ensure that undesirable developments can be recognized at an early stage, and according measures can be taken.

Questions to reflect upon:

•How is the advancement of activities monitored?
•Are there practices of periodic self-reflection or self-evaluation?
•On the basis of which parametres is the functioning of the local partnership appraised? Is it appraised at all?
•How does the local partnership get feedback from target beneficiaries (local actors and project promoters)?
•How is feedback from target beneficiaries appreciated and processed?
•How are deficiencies and wrong decisions dealt with?
•Is there a systematic exchange with programme administration upon the quality of programme delivery?
•Is there a systematic exchange with other LAGs in order to learn from good practices?

4 The future starts…now

In the last two decades, the LEADER initiative has brought forth local action groups in all European Member States. The "community" of LEADER practitioners continuously grows and exchanges between informal and institutional networks intensify.

It's hard to imagine Europe's rural futures without LEADER, and why should we. However, there are some crucial questions which LEADER practitioners, be they local actors or programme officials, will have to solve.

4.1 Permanence or evanescence?

In some countries, LAGs have developed into permanent local development agencies with a wide array of tasks and functions. They do not depend from single programmes, nor do they depend from a higher mandate for implementing rural policy. They have proved their usefulness, as they are locally acknowledged, and they bring in support from the outside.

In other countries, LAGs are designated to play a pivotal role for delivering or complementing rural policy. They may have less or more autonomy to implement additional programmes or deliver other services than those assigned by the authorities. In these countries, the trend goes towards a complete coverage of rural areas with local action groups, as their mission is integral part of the overall policy.

All this means that local action groups establish themselves as permanent partnership and service structures. Co-financing from local, regional, national and EU level assures their endurance.

In other countries and regions, local action groups are rather temporary coalitions occasionally emerging as combined outcome of endogenous forces and the temptations of

funding opportunities. In these countries the authorities support their emergence, but they apply stronger selection criteria and do not have to ambition to establish permanent structures. They rather lay the accent on good concepts and innovative projects, here and now. Under these circumstances we observe a chequered patchwork of LAGs flaring up and going out in the septennial rhythm of EU budget periods.

Summing up, the overall trend seems to go towards long-lived, multi-purpose partnerships and variable geometries.

Why? For two reasons:
- It has proven too costly to set up a new partnership from scratch for just one programming period. The value added of a local partnership can more easily be grasped after two or more funding periods (say 10 years and more), as it is largely the investment in social capital which pays. Due to the complex programming and selection procedures, LAGs become only operational at half-time (after 3 years) in many countries and regions. On the other hand, why should there be a lasting guarantee for support, if the partnership does not prove to be useful and delivering? Therefore, the local actors will watch out for additional funding options while enlarging the scope of activities in their area.
- Varying tasks imply varying reference spaces. The partnership will have to be flexible enough to deal with that variability. In "mature" social environments, partnerships will take on the character of complex local networks giving birth to temporary coalitions for specific tasks.

4.2 Yin or yang?

The multiple tasks of local partnerships can be roughly categorized under two groups of tasks:

Tasks of the heart	Mobilising social actors, fostering trust and cooperation, enhancing local identity and endogenous resources	Yin
Tasks of the brain	Planning, managing and implementing programmes, linking up to knowledge networks and contributing to multi-level governance	Yang

Whereas the first mentioned function addresses feelings and emotions, strengthens interpersonal ties and enhances self-esteem, the second mentioned function is more businesslike and obeys "hard" criteria like efficiency and effectiveness. In reference to an ancient concept of Asian philosophy, we could nickname these two functions the "Yin" and the "Yang" pole of a local partnership. The two poles are inseparable: there's a brain in the heart and a heart in the brain. Therefore there are aspects of both sides in each local partnership, but their proportions vary.
- The Yin pole expresses itself rather
  - o   in incipient and evanescent partnerships;
  - o   in smaller areas with less inhabitants (between NUTS III and NUTS IV);
  - o   if the partnership has been created out of an endogenous process of self-assertion, regardless of funding opportunities.
- The Yang pole expresses itself rather
  - o   in mature and permanent partnerships;
  - o   in larger areas with more inhabitants (between NUTS III and NUTS II);
  - o   if the partnership emerged in response to a funding opportunity perceived by local stakeholders.

Both poles bear inherent risks:

- The inherent risk of "Yang" LAGs is to establish itself as a local or regional development agency while giving up its consistent bottom-up approach. This is not a problem per se: the development agency could be highly efficient and useful, continue to be supported by institutional stakeholders of different sectors, to deliver important services to the population and to produce added value in managing and evaluating sectoral and multi-sectoral development programmes. But if no other initiative took care of the "tasks of the heart", a gap would yawn between large parts of the local population and the networks of governance. "Elitist degeneration" would impend.

- The inherent risk of "Yin" LAGs is to depend from ephemeral local contributions and nonrecurring funding sources. The local actors would get disconnected from certain support opportunities if the local partnership failed to persist. Experienced managing staff would resign and go away to find a job elsewhere.

There are at least three different ways how to avoid a separation between the "Yin" and "Yang" functions: Task sharing, pooling and internal differentiation.

a. Task sharing
Programme administrations or by local/regional development agencies can offer support services for LAGs to relieve them from administrative and management tasks. This model is implemented in many regions, where LAGs are served by a contracted agency (for technical assistance, project selection, advisory and monitoring tasks etc.). The price is a certain relinquishment of autonomy, because in these cases the programme administration usually keeps the right of decision-making on project approvals; however, many LAGs feel more comfortable with that solution than if they had to justify each decision on project selection vis-à-vis the local actors.

> *"Global grants have not been judged as a suitable solution for Austria, as this would imply a big responsibility for LAGs. The current Austrian system has the advantage that the concentration of power is taken away from LAG level. Consequently decisions on projects are taken upon more objective criteria at the Länder level."*
>> Report from the Austrian focus group for the European synthesis of the LEADER+ mid-term evaluation (2006)
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> *"Some LAGs are working with cluster projects: projects are bundled under a certain theme, and a local consultancy does the follow up. The advantage: the LAG members have less administration to do and consultancy has the know-how; disadvantage: it is not completely bottom-up, as professional knowledge is 'hired' to play the role of intermediate."*
>> Report from the North Netherland focus group for the European synthesis of the LEADER+ mid-term evaluation (2006)
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> *The English Local Strategic Partnerships are multi-institutional bodies without juridical status. Their aim is to harmonise the various elements of public, private, communal and voluntary sectors at local level. In some rural areas the LSP operate as overarching partnerships, which strive for the integration of services, policy initiatives and existing partnerships into a strategic framework. Among their main duties and competencies the LSP develop municipal strategies, elaborate*

> *Local Public Services Agreements (LPSA) and coordinate and streamline partnerships.*
>
> Adapted quotation from the OECD report on the New Rural Paradigm (2006): Chapter 2, Local Strategic Partnerships and Local Public Service Agreements in England/UK

b. Pooling

The LAG can be designed as an overarching roof organisation or a holding of various theme-specific small-sized local partnerships. Or, regarded from bottom-up, the theme-specific local partnerships (Yin) create their own service structure (Yang) by clustering into a LAG. The LAG can be made up as an all-round service structure, or pooling only a number of specific tasks. In our example, the overarching LAG focuses on the application of new information technologies to rural areas. It is helpful if a cluster-LAG can build on a strong regional identity, apart from local identities; otherwise it would be more efficient to make use of the existing service structures.

> *"The Basque country is a very special case: it has only one LAG and focuses on one single priority theme: the application of new information technologies to rural areas and activities. The aim of the LEADER+ initiative in the Basque Country is to bring the broadband and all its services to rural areas. The main advantages of this system are:*
> - *The Basque Country is a small, relatively industrialised region with clusters of rural areas sandwiched in between urbanised and industrialised areas. The model chosen for LEADER+ allows the small isolated rural areas to come together into one single support group.*
> - *More transferability: as there is only one Local Action Group for the whole territory, successful projects are easily transferred from one area to another.*
> - *It's a good way to take advantage of synergies."*
>
> Report from the Basque focus group for the European synthesis of the LEADER+ mid-term evaluation (2006)

c. Internal differentiation

In this case LAGs try to integrate Yin and Yang functions in one organisation. To master their complexity, the multi-purpose LAGs should differentiate between the general coordination level which operates as a local or regional development agency, and the level of specific programme strands (LEADER, INTERREG, EQUAL, national schemes etc.) which are attended by different work teams. However, not only the professional teams, but also the voluntary partnership structures and decision-making bodies for each programme should be set up distinctively, accepting that certain stakeholders will assume multiple roles. The mature stage of such a network-like partnership corresponds to the level 7 mode of governance (see chapter 2.2.1).

> *"One of the main strengths of the LEADER+ programme in Portugal has been the role that local actors have played in the governance of local development programmes of all kinds, including EU programmes. ADICES is an example of a LEADER group that has played this role. Its total budget is around 10 MEUR and LEADER+ makes up around 45% of this amount. It also manages INTERREG and the Portuguese training programme. Many local action groups also managed*

> *EQUAL programmes. EQUAL and LEADER+ have developed good complementarities, specially by combining training and creation of enterprises. EQUAL has provided the project promoters with the training necessary for carrying out their LEADER projects. LEADER+ programmes are often managed in a way that complements the mainstream Portuguese rural development programmes. This is the case specially with AGRIS (Subsidy 7.1 of the regionally decentralised intervention on agriculture) and RURIS (Rural Development Plan). However, only about half of the LEADER groups fulfil this function of integrating different programmes at different levels."*
> Report from the Portuguese focus group for the European synthesis of the LEADER+ mid-term evaluation (2006)
>
> *"There are examples of good practices of LAGs that they fully exploit synergies and complementarities between LEADER+ and other EU policies which promote local development, employment and quality of life. Good examples are some Local Action Groups (ANKA, Heraklion Development Agency etc.) which have initiated a new model in implementing EU policies at local level, through cooperation with other rural actors (local government, NGOs, private sector) that promote the implementation of the EU policies at local level, exploiting fully synergy and complementarity."*
> Report from the Greek focus group for the European synthesis of the LEADER+ mid-term evaluation (2006)

4.3 Local, glocal or global or all in one?

No doubt, LAGs have asserted themselves as capable and multifunctional collective actors in rural areas. They will continue to do so, and the pattern is now spreading over 27 member states of the European Union. There is also growing interest in other countries and continents. This is shown by the special appreciation of the LEADER approach in the OECD Report on "The New Rural Paradigm" (2006).

Local partnerships will have, if they want and get appropriate support, a role at local level, in glocal interaction and in global networks:

a. At **local** level they have proven to be effective instruments of local governance; they provide spaces for democratic deliberation, civic participation and the shaping of local policies; they reinforce the effectiveness of local self-organisation and self-administration of municipalities in the framework of European multi-level governance; and they are stewards of local knowledge and skills, heritage and dormant potentials.
b. National and European networking support and the territorial cooperation strand has brought forth a European-wide community of LEADER practitioners. Exchanges, knowledge transfers and joint actions are widespread, and European networking has become a habit for many local partnerships. As unique as they are, local partnerships might develop innovative solutions for local development which can be learned, adapted and used by other partnerships. This is what we call **glocal** interaction.
c. Many examples of local innovation practices show that local skills and knowledge blend with technological solutions at the cutting edge. The requisite networking capacity is often provided by the local partnership and its managing staff. The LAG translates the competitiveness of successful local actors (economic and social entrepreneurs) and public entities (municipalities) into territorial competitiveness. Thus the LAG becomes an

innovation broker and an interface to **global** networks of knowledge transfer, research and development.

The answer is that a local partnership evolves in three dimensions, the local, glocal, and global one, or it does not evolve at all.

4.4 Options and Futures

In this handbook we set out the roles and functions local partnerships can play in local governance and for local development in rural areas. We also discussed some criteria and features of excellence, as experience taught us.

We also sketched the evolution of partnerships over time, and in this last section we want to cast our nets[33] of imagination into the future –beyond 2013 – and see what we bring ashore.

What's coming up, are some hypotheses. Some trivial, and some bold ones.

☞ Local action groups in rural areas will continue to exist and to evolve in manifold ways- within and without LEADER.

☞ LAGs will either
  o evolve into more or less virtual local networks bringing forward various local partnerships over time, in response to specific local needs or to funding opportunities; or
  o become local/regional development agencies obtaining a leading role in local development, featuring strong participation of private (business and non-profit) stakeholders; or
  o establish themselves as durable institutions, sharing responsibilities as consolidated actors in local governance, or
  o shift between different types.
  Only a few LAGs having "survived" two budget periods will disappear!

☞ Collective and organisational learning will become a major issue. There is still a lot to learn about how to learn. In accordance with the concept of multi-level governance, the requirement could be called "multi-tier learning". LAGs can become pivotal players in multi-tier learning, which we define as the special attention and staging of three processes of interlinkage:
  o **The connection between expert knowledge and practitioner knowledge**: indicator-based external monitoring and evaluation on one side and dialogue-based self-reflection in focus groups from the local to the LAG and to the programme level essentially contribute to improve competencies of both local actors and the programme administration.
  o **The connection between programme and project level**: LAGs learn from adaptive behaviour of local actors and project promoters, whereas programme administrations learn from the local partnerships' responses to the programming framework. Both learning cycles should be adequately designed and linked into each other.
  o **Learning between and within areas**: The above described processes should be undertaken not only within rural areas, but also between rural areas, by grouping local actors of different areas in comparative evaluations and inter-regional focus groups.

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[33] Bulgarian fisherman (BBC images)

☞ LAGs are most appropriate instruments for translating the Community objectives, as stipulated in the Lisbon and Gothenburg agendas, to the local level; however, this potential will only be sufficiently grasped by LAGs enjoying sufficient autonomy to respond to their area's real needs instead of being restricted to a limited number of agricultural or non-agricultural policy measures. Even if LAGs are designed to implement nation-wide rural policy, they should be kept at the "long leash" in order to remain demand-responsive. Furthermore, public incentives will increasingly be offered on the basis of open calls and competitions, and competitiveness requires flexibility, adaptability and autonomy of decision-making.

☞ Local partnerships in the framework of LEADER promote European citizenship. The possibility of inter-territorial cooperation and networking has a mind-opening effect on rural actors, and will continue to do so. Cooperation projects between local action groups of different regions and countries trigger interactions in which local specificities play an eminent role. That's where the motto "unity in diversity" really applies.

☞ As acknowledged players in European multi-tier governance, LAGs can contribute to the fulfilment of the European good governance principles: openness, accountability, transparency, effectiveness and coherence; furthermore, local partnerships are excellent instruments to translate the subsidiarity and proportionality principles of good governance into daily practice at local level.

☞ The LEADER approach is a European export opportunity which has barely been considered so far. LAGs can "sell" this excellent product of social and institutional engineering to other parts of the world – if there were a political mandate and sufficient resources to do so.

☞ Finally, to follow a quotation grasped in a German focus group during the ex post evaluation of LEADER II: *"LEADER is fun"* - for local actors and programme officials. LAGs will continue to be the reason of sleepless nights – and a source of delight.