

From strategy to action: project selection

“INNOVATION IN RURAL AREAS”

NOTEBOOK No.3

LEADER EUROPEAN OBSERVATORY

This file is the result of consecutive activities organised by the LEADER European Observatory:

1. *The preparation and realisation of case studies in 7 European areas, focusing on the selection of projects in the context of LEADER I and in the current context of LEADER II. These LEADER areas are:*
 - > **Wexford**, situated in the extreme south-east of Ireland;
 - > **Ouest-Aveyron**, in Midi-Pyrénées in the southern Massif Central (France);
 - > **Sierra de Béjar y Sierra de Francia** (Castile-Leon) and **Serrania de Ronda** (Andalusia) in Spain;
 - > **Capo Santa Maria di Leuca** in the Apulia region (Italy);
 - > **Kozani** (Western Macedonia) and **Psiloritis** (Crete) in Greece.
2. A seminar entitled “**Selecting local projects**”, which was held in Grevena (Kozani LEADER area) from 5 to 11 May 1997 with participants from five countries.
3. An analysis of the discussions and conclusions of the seminar. A few additional examples were analysed, notably **South Devon & Dartmoor** (England, United Kingdom), **Canal de Castilla** (Castile-Leon, Spain) and **Guadiato** (Andalusia, Spain).

All of these activities fall within the context of the more general work of the LEADER European Observatory; one of its missions being to support the transfer of innovations to rural areas.

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**LOCATION OF LEADER AREAS
MENTIONED IN THIS PUBLICATION**



1 Wexford

2 South Devon & Dartmoor

3 Ouest-Aveyron

4 Sierra de Béjar y Sierra de Francia

5 Serrania de Ronda

6 Guadiato

7 Canal de Castilla

8 Capo Santa Maria di Leuca

9 Montagna LEADER

10 Kozani

11 Psiloritis

Introduction

The implementation of a programme such as LEADER involves work which at first appears to be contradictory: on the one hand, a maximum number of projects have to be created and nurtured; on the other hand, a selection of these has to be made in order to finally only provide funding for some of them, i.e. those which appear to be the most interesting for the development of the entire area.

The call for projects [1] and their subsequent selection in fact constitutes two complementary approaches, which both enable the local actors to be mobilised at the service of development.

These approaches take on different forms and importance depending on the specific context of each LEADER area: in an area with very few potential project leaders or where there exists a certain mistrust of everything from the public sector, for example, the aim will primarily be to create rather than to select the projects as such; it will concern more specifically helping the project leaders succeed in having their project selected. On the other hand, in an area where there are many potential project leaders, the selection stage itself will be more important, but the involvement of local actors in the process, whether their project is selected or not, will be **a way of creating a consensus around a development strategy at local level.**

A priori, project selection can often appear to be the “administrative”, or even the “nit-picking” measure of the intervention of local action groups (LAGs). In practice, it proves to be a genuine coordination and dialogue tool for all the local actors. Project selection is also the concrete expression of strategic guidelines defined by the LAG. In this respect, analysing the actions of LEADER groups reveals a considerable capacity for drawing up specific methodologies for project selection, adapted to the particular context and to the specific strategic aims of each area.

However, this capacity would not have been possible without **great flexibility** in the ways of applying the programme. This flexibility is undoubtedly a driving force behind creativeness and innovation in terms of coordination methods for local development.

The enforcement of more specific guidelines relating to the implementation of LEADER II has nevertheless brought about new constraints. In some cases, these constraints have limited the possibilities for local groups to try out new solutions, sometimes leading to a certain “homogenisation” of the selection criteria; on the other hand, in many countries they have been able to facilitate the work of the LAGs by defining much more accurately their context of intervention than under LEADER I.

More generally speaking, this theme of project selection raises a fundamental question on the degree of autonomy these local action groups would like in order to maximise the effectiveness of their action and, henceforth, on the relations between the LAGs and the authorities at various levels (regional, national, European) concerned with the implementation of the LEADER initiative. The methods of institutional organisation specific to each Member State lead to situations which naturally differ from country to country, but European exchanges on this theme are certainly worth increasing in order to contribute to the distribution of responsibilities and procedures which are more suited to accompanying local development projects. One of the aims of this file is to contribute to this debate.

But project selection brings us to another important debate, this time at the level of the local groups themselves: concrete expression of the development strategy that the group would like must indeed ensure that the selection procedures chosen enable it to achieve the objectives that it has set itself. For example, if one of the objectives is social cohesion, have the most underprivileged communities benefited from the programme or has it been limited to favouring the economic effectiveness of the actions financed? Although one of the objectives was a better spatial distribution of activities, have the actions implemented included the parts of the area which are less well off?

[1]

In this document, the terms “call for proposals”, “call for projects” and “invitation to tender” are used indiscriminately. In the same way, the designations “project leader”, “promoter” and “beneficiary” are synonymous.

Given the diversity of contexts and experiences, this document does not claim to give an account of all the methods used by LEADER groups to mobilise and select projects. This file should instead be looked upon as a “window” open to the diversity of the approaches, enabling them to be sized up, evaluated and for the challenges they present to be weighed up.

It is structured in five chapters:

- > the first defines the essential elements of the project selection approach;
- > the second shows, on the basis of specific examples, how project selection is more the concrete expression of the development strategy chosen by each area;
- > the third chapter draws several general lessons from project selection as a development coordination tool;
- > the fourth analyses the importance of the evolution of reference contexts for project selection, both at the level of the authorities and the LAGs themselves;
- > the fifth examines the conditions necessary for optimising the effects of the selection approach at local level.

Chapter 1

The various methods of project selection

The various methods of project selection

1.1 Several possible forms of intervention

There are many ways of selecting projects. A call for proposals, followed by their selection, is only one such way. Besides this method, there are:

- > the actions initiated and implemented by the LAGs themselves, in particular everything concerning co-ordination, information, training, etc. at the service of development;
- > the actions carried out by a service provider (local or external) following a past mutual agreement with the LAG;

The relative importance of these types of intervention varies considerably between LEADER groups: some LAGs devote a large part of their activities to direct intervention, sometimes representing up to 80% of their budget. This is occasionally the case in the most underprivileged areas, where preliminary coordination and mobilisation work is vital in order to “flush out” the potential project leaders, who are often few in number. It then involves coming up with projects of an essentially demonstrative nature. This may also be the case in the most dynamic areas, where the aim would, for example, often be to structure collective approaches, enabling actors from different sectors of activity to work together.

In other contexts, the process of project selection by way of a call for proposals occupies a more important position: this is the case of areas able to rely on the awakening of a certain “entrepreneurial culture” and a large number of potential project leaders.

1.2 Types of projects and beneficiaries

The projects financed and their beneficiaries differ considerably between LEADER groups. They can also differ within the same group.

The projects can either be joint or individual, and aim to exploit an historic site or install leisure facilities as well as to group services under the same roof or computerise a company. In the same way, the leaders of

these projects can be individuals, companies, cooperatives, associations, public institutions, etc.

The typology of the projects and their beneficiaries is the expression of the strategy specific to each local group.

For example, in the *Ouest-Aveyron* area (France), 20% of projects funded in the context of LEADER I were projects organised by municipalities, 27% were coordinated by other public institutions, 24% were associative projects and 29% were private projects. More than 50% of these projects concerned “immaterial” investments (creation, communication and promotion of products, assistance and advice, strategic support, etc.).

1.3 The selection criteria

Analysing the practices adopted in the context of LEADER reveals a great diversity in the selection criteria used by the LAGs. These criteria, which are applicable to both the projects themselves and the project leaders, can be grouped into four categories:

- > “**exclusion criteria**” (if the project does not meet the criteria, it is excluded);
- > “**classification criteria**” (criteria enabling projects to be grouped according to value);
- > “**assessment criteria**” (these enable, for example, the project’s possible viability and/or durability to be verified);
- > “**orientation criteria**” (depending on the type of project and its implementation status, intervention from LEADER is going to focus on immaterial aspects - training, technical assistance, a market survey, for example - or material aspects: contributions to investments).

Criteria may be **quantitative** (e.g. the number of jobs created) or **qualitative** (the level of innovation, quality of partnership, etc.). Once the invitation to tender has come to a close and all applications have been examined taking into account the quantitative aspects, the qualitative criteria will enable the LAG to make, if need be, the necessary readjustments.

Through the publication of invitations to tender, leaflets, brochures and information in the press, the LAGs generally explain in detail all the criteria adopted.

P O S S I B L E C R I T E R I A

	linked to the project	linked to the project leader(s)
1 Positioning in relation to the area (exclusion criteria)	> pilot or innovative nature of the project	> residence in the area > differentiation by area of establishment
2 Type of initiative (exclusion or orientation criteria)	> material/immaterial investment > productive/non-productive > individual/collective > multi-sectoral/sectoral	a)categories > if natural person: age, sex, socio-professional category > if legal person: collective, public, private operator b)involvement in a collective approach c)personal motivations > family context
3 Financial criteria (exclusion or assessment criteria)	> project cost > feasibility > profitability	> financial contribution > self-funding ability > guarantee of solvency
4 Quality (classification criteria)	a)submission of the proposal: > justifications > risk analysis b)content: > coherence > feasibility c)effects in relation to the area: > coherence with the strategic areas of development favoured by the LAGs > coherence with other types of intervention in the area.	a)ability to coordinate the project: > experience in the sector (know-how) > ability to mobilise means (financial and others) b)quality of the partnership: > complementarity / synergies > cooperation with other entrepreneurs / work in network c)compliance with quality criteria (training, standards, charters)
5 Impact in terms of development (classification criteria)	a)direct effects on the area: > job creation > economic diversification > integration between activities and sectors (multidisciplinary) > social cohesion > revival of cultural identity > development and/or better use of local resources > reversal of situations of deterioration (environment, etc.) b)indirect effects on the area: > demonstrativeness/multiplier effect c)area readjustment	> support for certain population types: • returning migrants • new project leaders • residents of underprivileged or less dynamic areas

1.4 The stages of the approach

Project selection is not an isolated approach. It is both the conclusion and starting point of other stages from which it cannot be separated (see *“The implementation of local development projects: the LEADER I experience”*, LEADER European Observatory / AEIDL, 1995). These include in particular:

> **upstream:**

- the definition of a development strategy;
- the rendering of this strategy into strategic and operational objectives;
- the creation of the “rural innovation programme”, which identifies the main lines of intervention, funds allocated, repayment schedules, etc.;

> **downstream:**

- appraisal of the implementation of the project, which will in particular enable the approach's relevance, effectiveness and efficiency to be verified.

It can very often be seen that these stages do not necessarily follow on from one another in this order nor in a linear fashion. Some groups do not have clearly defined strategies at the start, only very general guidelines have been established. The definition of the selection criteria for the projects is then a key time, which enables the group to set itself priorities which will, in fact, be the expression of the implicit strategy that it sets itself.

The LAGs formalise selection criteria before the call for proposals is announced. Very often, they fine-tune them when they analyse the projects they receive.

The level of precision in the definition of the selection criteria most often depends on the clarity of the strategic and operational objectives chosen and on the preparations made by the LAG. The more specific and clear the criteria are, the less they have to be refined afterwards.

However, refinement of the criteria once the call for proposals has been made can have several advantages:

- > creativity is encouraged and candidates should therefore have the opportunity to present their proposals as completely as possible;
- > the LAG wants to give itself leeway afterwards, since it does not know beforehand what proposals it is going to receive (the projects proposed may, for example, only focus on one part of the area or only take into account one aspect of a sector's development).

This refinement of the criteria is, however, only possible if it does not lead to the initial criteria being called into question: there would then be a risk of conflict and loss of confidence by candidates for LEADER support. However, many LAGs are managing to maintain a certain flexibility and revise the proposals without as much as losing the transparency which is so essential. This is the particularly the case of LAGs that have a pro-active approach, i.e. for whom coordination is an essential component of the local development strategy.

In the *Sierra de Béjar y Sierra de Francia* (Castile-Leon, Spain), the LAG uses different types of refinement once it has received the project proposals:

- > in the case of the restoration or construction of infrastructures (particularly accommodation for rural tourism), the costs of the project are subject to adjustments since the promoters have a tendency to underestimate the financial sums needed because they are not fully aware of the problems that can be encountered when the project is implemented. This means that once these costs are calculated for a second time, certain projects are excluded as the promoter is unable to meet his share of the real financial investment;
- > in the case of completely new projects (this was the case, for example, in the establishment of a small brewery), the LAG directly seeks additional information on the project's viability.

The LAG can also redirect projects depending on strategic priority areas once the promoters have submitted their initial idea.

In the context of invitations to tender for the development of tourism, for example, proposals favoured are those that set up new rural gîtes enabling the heritage to be revived or the cultural activities on offer to be enlarged, etc., in order to fill out the range of tourist attractions.

In this respect, the LAG provides for a period of two months each year for the informal submission of proposals or ideas in pre-determined sectors. Once the proposals have been received, the LAG advises and guides the candidates and pre-selects certain projects. It is only at this stage that the promoters whose projects have been chosen are invited to prepare a formal proposal.

On the basis of the experience of LEADER groups, the following table summarises the arguments which generally lead to the definition of criteria before the call

for proposals and those which lead to them being fine-tuned and/or certain others being completed after this call.

DEFINED CRITERIA, REFINED CRITERIA

	defined criteria	refined criteria
Advantages	<ul style="list-style-type: none"> > measure of transparency > enables certain types of proposals to be rejected at the start 	<ul style="list-style-type: none"> > enables the supply of projects to be better accounted for
In which cases?	<ul style="list-style-type: none"> > to encourage certain types of project (in strategic sectors, through certain leaders, etc.) > when there is a high potential of project leaders compared with the funds available > when there are local conflicts 	<ul style="list-style-type: none"> > when the area development strategy is not yet sufficiently clear > when the LAG does not have sufficient knowledge of the potential in terms of innovation of project leaders
Types of criteria	<ul style="list-style-type: none"> > quantitative, qualitative, methodological, restrictive, etc. criteria 	<ul style="list-style-type: none"> > certain qualitative weighting elements (e.g. the project's innovative aspect) > distribution by geographical area > distribution by type of leader > costs (in some cases)

1.5 Distribution methods and strategies

As far as the methods of distribution are concerned, we can distinguish in particular between **general public** distribution and distribution which is **more targeted**, more personalised:

- > the first has access to the media in particular (printed press, radio, television), posters, public information meetings;
- > the second follows a "door-to-door" approach, co-ordination carried out directly with actors sounded out as interesting project leaders.

In many cases, a combination of both types of distribution is used: wide-reaching distribution enables the LAGs to guarantee transparency and avoid any pressure, whereas the more personalised methods of distribution (visits, information meetings, helping can-

didates to put together their applications, methodological support, prior organisation of joint approaches, etc.) enable the project leaders to be mobilised and guarantee a better targeting of the projects.

Distribution is often taken care of by the LAGs themselves, but outside mediators are also used.

*In the context of LEADER II, the **Sierra de Béjar y Sierra de Francia** LAG (Castile-Leon, Spain) has organised a genuine information campaign on its development strategy and priority objectives:*

- *the drafting and distribution of 2 500 leaflets presenting the programme and the LEADER group, emphasising the importance of certain criteria such as the innovative nature of the projects proposed and compliance with the priorities listed in the LAG's rural innovation programme;*

- > 9 advertisements on local radio;
- > 3 advertisements in 3 local newspapers;
- > the sending of a letter and brochure to 97 local organisations and 200 individuals;
- > 5 information meetings organised in different parts of the area;
- > 4 sectoral information sessions.

1.6 Frequency of the call for projects

Some calls for projects remain open throughout the LEADER programme. Others, on the other hand, set a relatively short deadline for submitting proposals; in some cases, new calls for projects are launched at regular intervals. The table below gives certain points for thought when deciding upon which frequency to use for calls for proposals.

FREQUENCY OF THE CALL FOR PROJECTS

Call for projects	one call alone at the beginning of the programme	invitations to tender open throughout the programme or once a year
Advantages	<ul style="list-style-type: none"> > rapid implementation > strong one-off mobilisation 	<ul style="list-style-type: none"> > allows more flexibility > leaves time for unprepared actors to acquire the means to do so
Disadvantages	<ul style="list-style-type: none"> > leaves little time for project leaders to prepare their offer 	<ul style="list-style-type: none"> > the mobilisation effect can weaken over time
Aim	<ul style="list-style-type: none"> > calls targeted at specific socio-professional groups > to limit the number of project leaders (when funds are limited, for example) > to carry out the action within a specific repayment schedule 	<ul style="list-style-type: none"> > to provoke a demonstrative effect among the population and give rise to new proposals > to implement actions which are an extension of others.

1.7 Requirements in terms of submitting applications

In some cases, candidates must immediately submit very detailed applications. In other cases, by contrast, the applications to be submitted are very simple: they more or less relate to the candidate's intentions, which are then reworked by the beneficiary candidates with the LAG (this, for example, is normal procedure for many Irish and Scottish LEADER groups). **However, the effectiveness of this method requires professional monitoring and an avoidance of long procedures, which could discourage the project leader.** An initial

project proposal is studied within the LAG and suggestions are made to the project leader, either in terms of improving the project's innovative content, submitting it for alternative sources of funding or attending training sessions. Between these extremes, there are a whole series of intermediary positions.

*The **Sierra de Béjar y Sierra de Francia** LAG asks that a detailed file be prepared (complete with technical studies, legal authorisation, etc.) only when the project has been pre-selected (e.g. 30 projects out of 120 at the 1996 invitation to tender).*

DETAILED FILES OR SIMPLIFIED FILES?

System	detailed files immediately	simplified files beforehand
Advantages	<ul style="list-style-type: none"> > lower processing cost (can be easily computerised) 	<ul style="list-style-type: none"> > larger "combing" of ideas and interests > essential for reaching less privileged people
Disadvantages	<ul style="list-style-type: none"> > discourages certain candidates > may put small projects out of the running > favours the best prepared beneficiaries 	<ul style="list-style-type: none"> > requires more coordination with the beneficiaries > requires more time
Aim	<ul style="list-style-type: none"> > to get to know the beneficiaries better > to choose among many project leaders > to obtain more guarantees 	<ul style="list-style-type: none"> > to favour the creation of new ideas > to create an air of trust with the potential beneficiaries > to support those most disadvantaged

1.8 The application of the selection criteria

All or nearly all cases are included, from the most formal and sophisticated systems to very simple calls for proposals. However, one important element differentiates the LAGs: the use of a **weighting system**.

a) Using a weighting system

Using a points system to select the projects has several advantages:

- > it enables the relative importance of the criteria to be formalised and made known;
- > it makes it easier to process the files;
- > it is particularly useful, even essential, when there are a large number of projects to process and/or pressure;

However, it has difficulty in evaluating certain qualitative elements of the projects submitted and correctly predicting the weighting to be allocated to each criterion.

An example of a weighting system: Guadiato (Spain)

*The **Guadiato** LAG (Andalusia, Spain) chooses projects according to a weighting system with 7 criteria, for a total value of 8 points allocated as follows:*

- > *2 points are awarded depending on how well the project conforms to the aims of the local LEADER programme, its innovative character and its contribution to the whole area's development;*
- > *1 for the project's contribution to the reduction in area and productive imbalances;*
- > *1 for the assurances made by the promoters;*
- > *1 for the use of local production resources,*
- > *1 for the creation of jobs;*
- > *1 for the way in which the project is carried out;*
- > *1 for the multiplier effect generated by the project.*

As the following table shows, these points are calculated on the basis of weighted indicators for each criterion.

The weighting system used by the Guadiato LAG (Andalusia, Spain) for project selection

Criteria	Indicators	Value
1- Project's technical, economic and financial viability	1.1- Investment	YES — NO
	1.2- Personal contribution and solvency	YES — NO
	1.3- • commercial strategy [1]	YES — NO
	• other indicators: financial equilibrium	YES — NO
2- Compliance with the programme's aims, innovative character and contribution to the integrated development of the area	2.1- theme of interest for the development of productive sectors	0 — 0,4
	2.2- Innovative character	0 — 0,3
	• New technologies	
	• New products	
	• New processes	
	2.3- Use of existing infrastructures	0 — 0,3
	2.4- Demonstrative effect	0 — 0,3
	2.5- Boosting and motivating nature	0 — 0,4
3- Help in correcting the area and productive imbalances	2.6- Compliance with standards:	0 — 0,3
	• for town-planning	
	• for the environment	
	• for landscapes	
	• for the rural heritage	2 POINTS
4- Promoters' guarantee	3.1- Entrepreneurial diversification: sectors and activities	0 — 0,25
	3.2- Location in a priority area, depending on the type of investment	0 — 0,25
	3.3- Complementarity with the other sectors	0 — 0,25
	3.4- Marketing or destiny of production:	0 — 0,25
	• local market	
5- Use of local production factors	• provincial market	
	• other markets	1 POINT
6- Job creation or maintenance	4.1- promoters' and company's track record	0 — 0,7
	4.2- guarantee of the continuity of the activity and stages of realisation	0 — 0,3
		1 POINT
7- Way project is realised	5.1- Origin and processing of local produce	0 — 0,6
	5.2- Relations with supplier companies in the area	0 — 0,4
		1 POINT
8- Multiplier effect	6.1- aimed at groups with problems of integration into the job market	0 — 0,25
	6.2- Direct job creation:	
	• permanent workers	
	• seasonal workers	0 — 0,25
	• self-employment	
9- Way project is realised	6.3- Induced direct jobs	0 — 0,25
	6.4- Inclusion of training plans	0 — 0,25
		1 POINT
10- Multiplier effect	7.1- Appropriateness of the type of investment:	0 — 1
	• Initial expenses	
	• Extension	
	• Modernisation	
11- Multiplier effect	• Relocation of an outside company to the area	1 POINT
12- Multiplier effect	8.1- Vertical integration or integration into the sector	0 — 1
		1 POINT

[1] The commercial strategy includes the following aspects as far as possible: study of the product or service, market survey, development of demand, analysis of competition, pricing policy, distribution channels, advertising, promotion.

This system, which enables projects to be classified, has a number of eliminatory conditions:

- > *the project's technical, economic and financial non-viability is an eliminatory criterion;*
- > *the project's compliance with the aims of the LEADER programme, its innovative character and its contribution to the area's integrated development must be awarded at least one point.*
- > *if the project obtains 0 for any of the seven criteria, it is eliminated.*

b) If a weighting system is not used

Many LEADER groups do not use a points system, particularly LAGs operating in two types of context:

- > where LEADER aims to help achieve a qualitative jump to some of the area's assets (environmental quality, cultural supply, leisure facilities, etc.), for example by favouring the organisation of and support for joint representation;
- > where the Initiative is used at the service of a "basic" development in areas deprived of a strong local dynamic and where "everything that moves" must be supported.

The non-use of a weighting system enables inter alia:

- > files to be processed in a more personalised manner (each proposal is examined case by case);
- > the projects' content and originality to be better taken into account;
- > a more pro-active orientation approach (the proposed project is fine-tuned depending on the eligibility criteria of LEADER or directed towards other sources of funding).

However, particularly as far as the experimental projects aimed at "awakening" a local dynamic are concerned, the risks of error and failure are greater. Most LAGs that do not use a points system have therefore made provisions aimed at lowering the risk factor: close monitoring and regular appraisal of projects implemented, a ceiling on the amount of subsidies awarded, etc.

In all of these cases, if a weighting system is not used, logistical support and considerable monitoring is required.

- For the **South Devon & Dartmoor** LAG (England, United Kingdom), projects are selected mainly in a "community" development logic and a logic of mobilisation of the local population ("community development"). Each project must:

- > *demonstrate considerable local support and meet real needs;*
- > *enable new or existing economic sectors to grow (stimulate agricultural diversification, tourism, arts and culture as local economic resources);*
- > *maximise the consequences for the local community in terms of training, social, cultural or leisure activities etc;*
- > *be innovative for the area;*
- > *demonstrate its environmental benefits;*
- > *encourage the involvement of the private sector in the rural development process;*
- > *demonstrate its integration with other programmes implemented in the area and use the LEADER funds only when other funds are not available;*
- > *be sustainable, as the activities must be able to be continued once the financial support of LEADER II has ended.*

Several systems exist to lower the risks entailed by not using a weighting system:

- the **Wexford** LAG (Ireland) has implemented a system of project presentation by stages, comprising several levels of discussion and selection with the beneficiaries;
- the **Capo Santa Maria di Leuca** LAG (Apulia, Italy) has set a funding ceiling for each project, which has enabled it to support 144 projects, 82% of which are small scale and are an individual initiative. Apart from lowering risks, the initial (LEADER I) aim of the LAG was to raise the confidence of young entrepreneurs by giving a considerable number of them the chance to progressively introduce qualitative improvements in their businesses in order to subsequently (LEADER II) strengthen the multiplier effect of their work by suggesting that they work in a network.

This does not mean that all formalities were abolished: the LEADER group's approach to project selection can be described as "progressive" and "heavily based on human contact between the LAG practitioners and potential project leaders". It aimed to identify, before a more formal selection process took place, the actors whose initiatives could be integrated into the LAG's strategy. An "invitation to submit projects", published

in the local press, determined the general guidelines (especially the privileged sectors) for access to LEADER funds and invited those interested to go to the LAG's offices and discuss their idea. Following this initial meeting, the LAG's practitioners went to the candidate's business to assess the project's environment. It was only once this stage had been completed that the LAG suggested that the candidate formally submit a request for funding.

1.9 Moderating the rates of subsidies

The LAG can **moderate the rates of subsidies depending on the strategic lines it has set itself**. These rates are firstly determined by European standards for competition, by the regulations determining the use of the Structural Funds and by the specific LEADER guidelines in force in some Member States. The rates therefore vary depending on the type of investment (material or immaterial), the sector of activity concerned, the nature of the beneficiaries, etc. Material investment projects, for example, generally receive less funding than immaterial investment projects.

The following are given by way of example and should not be taken as the norm.

*The **Canal de Castilla** LAG (Castile-Leon, Spain) has established criteria and differentiated subsidy rates for cultural projects and productive projects.*

In the case of cultural projects borne by municipalities, the LEADER subsidies are awarded to infrastructure projects to promote culture (cultural centres, meeting areas, social clubs, etc.) and to complementary tourist facilities (centres for studying nature, tourist information offices, ethnographic or thematic museums, etc.).

In this context, if the project includes the restoration of historic buildings, a maximum grant of 55% is awarded, whereas in the case of infrastructures without real heritage interest, the grant is 50% (with a ceiling of ECU 85 000). Projects for tourism promotion, for restoring historic monuments and for cultural activities linked to rural development also receive grants of 50%.

For productive projects, the rates of subsidies vary: 20% if an already existing activity is being supported without the number of jobs being increased, 30% if craft activities are created (5 extra points are awarded for each job without exceeding 35% of LEADER subsidies and a ceiling of ECU 110 000).

For rural tourism facilities (rural gîtes, for example), a pre-determined ceiling of ECU 10 000 in subsidies is applied to all projects whose local investment does not exceed ECU 30 000 and a subsidy rate of 40% is allocated to projects exceeding this amount.

In general, apart from the criteria of financial viability, of impact in terms of job creation, of project appropriateness to the LAG's strategy, of development of local resources and criteria which can be applied to all projects, priority is given to projects whose total cost does not exceed ECU 130 000.

The rates of funding can also vary within the same area of intervention: for example, the **South Devon & Dartmoor** LAG area (England, United Kingdom) covers a 5b area and an adjacent area which is not eligible under Objective 5b. In the case of projects situated in the area outside 5b, the percentage of the LEADER subsidy is reduced to 35% of the total cost of the project. If some project partners are situated in the area outside 5b and others within the 5b area, the rate of funding is fixed at between 35% and 45%. In all cases, funds allocated to projects from outside Objective 5b areas must not exceed 10% of the total amount allocated by LEADER.

1.10 Differentiated approaches

It can be seen that in many local action groups, the project selection process is based on new methods of application, which are sometimes complex and very often differ from more traditional approaches.

The more "traditional" approaches to project selection can therefore be compared with the new approaches implemented by many LAGs, with the aim of "sticking" to the specificities of each area and to the set strategic guidelines, as well as optimising the effects in terms of area dynamics.

"TRADITIONAL" APPROACH, "NEW" APPROACH

A MORE "TRADITIONAL" APPROACH ▼	concerns that it can deal with ▼	Possible disadvantages ▼	"NEW" APPROACH ▼	concerns that it can deal with ▼	Possible disadvantages
Separation between the people who thought up the criteria and candidates	> avoidance of interferences	> reduces mobilisation	Participation of potential beneficiaries in the conception	> participation > quality of the projects chosen	> slows down the process
Egalitarian conditions between the candidates	> guarantee of equality between the potential candidates	> emphasises imbalances	Introduction of differentiated criteria	> reduction of area or social imbalances	> less interesting projects as far as short-term economic effects are concerned
Relatively defined and specific criteria	> avoidance of possible ambiguities and disputes	> limits the "combing" of ideas	Broad thought-provoking criteria	> wider opening to new ideas	> slower preparation procedure
Egalitarianism in distribution	> equality of positions	> does not target the beneficiaries sought	Additional forms of distribution Pro-active approach	> integration of the most underprivileged communities	> less interesting projects as far as short-term economic effects are concerned
Complete, sometimes sophisticated, written files	> having all components available for selection	> discourages the beneficiaries, particularly the smallest ones	Simplifies the files; Gives importance to speech	> mobilisation	> increased problems in the selection and monitoring of files
Selection by an ad hoc team comprising independent experts	> independence	> independence	Participation of potential beneficiaries in the selection	> introduction of consensus, of joint references and of social cohesion	> risk of scattering of funds on multiple beneficiaries > risk of lack of transparency for non-beneficiaries

Chapter 2

Project selection, expressing a development strategy

Project selection, expressing a development strategy

2.1 Diversity of contexts, diversity of answers

The forms that the project selection process take reflect the area's history and the development strategy that the LAG has chosen for itself, depending on the needs of its area of intervention. A study of the procedures adopted has shown the local groups' ability to search for the most suitable answers to the specific problems facing their area.

The diversity of the project selection processes is therefore primarily an expression of the diversity of the area contexts.

- > In the **Kozani LEADER** area (Western Macedonia, Greece), the area has only been occupied for a relatively short period of time. The recapture of this area by Greece after the First World War led to an enormous number of Greeks moving to the area, often to land formerly belonging to great Ottoman landowners. The land reform of the 1930s facilitated and intensified their establishment. This recent occupation of the area found expression in certain deficiencies in terms of infrastructure and quality of the building heritage that was accentuated even further by the migratory movements of the 50s and 60s, brought about by the new sectors of industrial development and irrigated farming. **The LAG must, therefore, in this case, emphasise the creation of basic conditions for people who settle in the area and for local development (basic facilities, infrastructures, support centres, etc.).**
- > In addition to its isolation, the **Capo Santa Maria di Leuca** area (Italy) is faced with people having less confidence in the public institutions and, more generally speaking, in the collective organisations. However, this area benefits from a certain energy that can be found at two levels: on the one hand, at the level of companies who use sub-contractors; on the other hand, at the level of young people, who show a certain spirit of initiative. Local businesses remain, however, relatively isolated and of a small-scale, without a sufficient critical mass to access more distant markets.

The LAG is therefore faced with the need to support the creation of young people's initiatives and the restoration of confidence between inhabitants, necessary to set up joint activities.

- > Other LAGs operate in an isolated environment, in areas which for many years have existed almost in autarky, with an economy based essentially on traditional family farming, supplemented by revenue from emigration and with unfavourable natural conditions. This is the case of the **Serranía de Ronda** (Andalusia, Spain), where for several years new assets have been emerging, particularly in tourism, taking into account the proximity of the coast and the area's cultural heritage. **The LAG therefore chooses the most appropriate projects to solve the problem of structuring the local society, which is essential if the new opportunities which arise are to be developed.**
- > The **Sierra de Béjar y Sierra de Francia** (Castile-Leon, Spain) has experienced a similar situation, but for 20 years has benefited from a certain economic energy, particularly thanks to tourism favoured by the relative proximity of Madrid and the development of quality agri-food (such as Iberian ham) and craft products. **The challenge facing the LAG exists especially in terms of mobilising individual producers in order to encourage them to improve production conditions whilst belonging to networks or associations so that they can realise strategic projects for their development, such as centres for promotion, sales and training.**
- > A similar context exists in areas such as **Psiloritis** (Crete, Greece), where proximity to the coast has facilitated a certain economic energy by associating tourism to traditional farming activities, which still occupy more than 60% of the population. Nevertheless, the adaptation of small family businesses to coastal tourism is a long-term job. Modernising the structures located inland in order to reverse the trend of concentrating tourism on the coast is the LAG's privileged main line of intervention.

- > Other areas, such as **Wexford** (Ireland), are relatively dynamic but have a little asserted local decision-making power. **Emphasis is therefore placed on community development, local democracy and the fight against social exclusion.**
- > Other LEADER areas, such as **Ouest-Aveyron** (Midi-Pyrénées, France), are relatively well structured areas benefitting from a certain economic energy. The professional associations are well organised within dynamic representative bodies. However, the strategies are based considerably more on a sector of activity than on the whole area in its complexity. This sectoral development has found its limits and the **challenge for the LAG is therefore to gradually introduce an integrated development strategy at the level of micro-areas, which can allow new development opportunities to be created and implemented.**

In each of these contexts, it can be seen that the area is faced with a particular hurdle, which slows down its development, but that the area does have assets which can be called upon to break the stalemate. It is therefore in this context that the LAGs will devise the procedures for project selection. Four types of approach can be singled out:

- a) Creation of basic facilities to ensure that communities settle in the area** (infrastructures, revival of the building heritage, etc.). *This is the case of Kozani (Greece), where actions are essentially based around "equipping" the area.*
- b) Creation of the conditions necessary for mobilising potential project leaders.** *This is particularly the case in Capo Santa Maria di Leuca (Italy): the LAG is looking to recreate confidence in public institutions and joint approaches. In a different way, this is also the case of the Serrania de Ronda, where it is hoped to structure the local actors in order to be able to develop the new opportunities arising.*

c) Development and harmonisation of the individual structures of non-trading companies around an area strategy. *This is particularly the case in the Sierra de Béjar y Sierra de Francia (Spain) and in Psiloritis (Greece).*

d) Rediscovery of a new internal coherence between actors around new development lines in areas that have already been experiencing a certain dynamism. *This concerns the most developed areas, whether they are Objective 5b areas such as Ouest-Aveyron or Objective 1 areas such as Wexford.*

2.2 A development approach rather than a series of procedures

Each LAG organises its selection process in the context of a global approach which responds to specific concerns as shown in the following table:

The LAG and its strategy	A concern stemming from a particular context	Involving a development approach	Which is expressed by a number of methodological characteristics
Kozani (Greece)	Equipping the area	Development approach: <i>Traditional approach to project selection carried out by a centralised professional team</i>	<ul style="list-style-type: none"> > selection criteria emphasising the project's economic quality and financial guarantees > weighting system > selection by a specialised professional team
Capo Santa Maria di Leuca (Italy)	Recreating confidence	Accompanying approach: <i>The LAG helps in the creation of projects and in the preparation of potential beneficiaries' files</i>	<ul style="list-style-type: none"> > wide-ranging initial criteria > broad distribution > definition of a low ceiling of funding for each project > well-formed accompanying team
Serrania de Ronda (Spain)	Structuring non-trading companies	Associative approach: <i>Membership of an associative structure serves as both mediation structures and selection criteria</i>	<ul style="list-style-type: none"> > selection criteria emphasising social organisation > development strategy widely discussed beforehand with the local actors > consensual selection at the start
Sierra de Béjar y Sierra de Francia (Spain)	Mobilisation of individual initiatives around strategic lines	Demonstrative approach: <i>A few large visible and demonstrative projects are put forward and serve as pacemakers for the small projects</i>	<ul style="list-style-type: none"> > selection criteria emphasising the strengthening of the area strategy; > strengthening of the demonstrative effect; > participation of beneficiaries in networks
Psiloritis (Greece)	Maintaining the traditional character of the area whilst modernising production structures	Distributed energisation approach <i>A large number of small projects for strengthening family businesses, spread over the whole area of intervention by seeking to create the conditions to strengthen certain strategic areas such as agri-tourism and crafts</i>	<ul style="list-style-type: none"> > heavily pro-active approach and good understanding of the actors > development of traditional know-how and local resources > emphasis on the gradual modernisation of existing businesses
Wexford (Ireland)	Community development and the fight against social exclusion	Consensus approach <i>The majority of the projects are approved after discussion with the beneficiaries and alternative solutions are proposed for those which are not</i>	<ul style="list-style-type: none"> > case-by-case discussion process with all the project leaders, in order to choose those which best comply with the chosen strategy > directing project leaders to other ideas, alternative sources of funding or training sessions
Ouest-Aveyron (France)	Enlarging area strategies	Dialogue approach <i>Collecting projects serves as a basis for dialogue between the heads of various sectors of activity</i>	<ul style="list-style-type: none"> > asking project leaders to justify how their projects fall within an area strategy > priority given to structuring projects (habitat, tourism), the area's facilities, technical assistance and to specific thematic projects

Chapter 3

Project selection in the area coordination process

Project selection in the area coordination process

The previous chapters have shown that project selection is not merely a set of procedures and techniques, but it is also a part of the LAG's development strategy, which created and implements it depending on a particular context. Project selection must therefore also be seen as an important part of the area's coordination process.

3.1 What is meant by "coordinating an area"?

By "coordinating an area" we mean everything that falls within the context of mobilising local actors around joint references and a joint strategy with regard to this area.

Coordination needs differ considerably between areas depending on the types of hold-ups encountered, the level of development, the history, the local traditions, etc. The examples given in the previous chapters illustrate this diversity.

The idea that people have of coordination is generally fairly restrictive: it is most often limited to the contact between the LAG's coordinators and the local actors. In reality, analysis of the practices of the LEADER groups reveals coordination actions at many levels, in particular:

- > the creation of local partnerships;
- > the implementation of specific projects from the LAG;
- > the follow-up of projects;
- > informal self-assessment, etc.

It therefore involves examining how project selection is structured in relation to these other types of intervention and what is its specific role.

3.2 Local partnerships and project selection

Forming local partnerships and project selection are two complementary ways of involving local actors: whilst the first is a very hands-on and relatively restrictive form of mobilisation, project selection aims towards a "lighter" and much broader involvement of local actors.

In the form it takes, project selection is heavily dependent on the local partnership's ways of operating. Both approaches are actually solutions to specific concerns (see the file "*Organising local partnerships*", LEADER European Observatory, 1997).

Context

•

Main concern

•

Local partnership

•

Method of selecting projects

- > The **Kozani** LEADER group (Greece), run by a development agency (ANKO) bringing together many regional institutions, has concerns mainly relating to planning and developing the area;
- > The **Serrania de Ronda** LAG (Spain) is a local development association bringing together a broad spread of local actors - individual and collective - and slowly integrating them into associations which gradually become their representatives within the "Junta Directiva", a decision-making body of the LAG. Concerns relating to structuring the local society therefore exist, both in terms of the local partnership and project selection.

3.3 The stages of the coordination process and project selection

In general, there are two main types of coordination stages in project selection. These do not necessarily follow on from one another over time, but instead are superimposed, thereby interacting with each other:

- > **stages of reflection, diagnosis and definition of strategic guidelines.** In this case, coordination is aimed at both the local partnership and, in a broader sense, the whole population or its most dynamic components;
- > these stages lead to **implementation stages.** Cooperation is on two levels:
 - **collective** (to fine-tune the consensus, strengthen the strategies, resolve the conflicts, etc.);
 - **individual** (to accompany each project leader).

The relationship with the project leaders can be very different depending on the strategic approach adopted by the LAG:

- > **a pro-active** approach involving fairly fine-tuned coordination methods and practices, since the LAG is seeking to give rise to, even to induce, the creation of projects;
- > **a reactive approach** involving very “light” coordination interventions (e.g. a simple formal communication). Here, the LAG puts itself more in a position of waiting for projects without carrying out any induction strategy, with the exception of the publication of invitations to tender and criteria that it has set in the context of its area strategy.

PREVIOUS COORDINATION STRATEGIES PARALLEL TO PROJECT SELECTION

A) REFLECTION STAGES

Needs for coordination	Targets	Situations needing coordination intervention
In relation to the context	potential project leaders	> few project leaders: <ul style="list-style-type: none"> - lack of initiative - lack of means - lack of confidence > many project leaders (entrepreneurial culture) <ul style="list-style-type: none"> - non-coherence of proposals - development of cooperation, cohesion, creation of networks of actors
	local partnership	> search for a solution to institutional conflicts/consensus > search for a solution to public-private conflicts/consensus > mobilisation of the local population
In relation to the development strategy	Population/ institutions	> poorly known strategy > lack of appropriateness of the strategy for the actors
In relation to the main concern	population/institutions, potential project leaders	> development of a collective dimension; > give rise to ideas for projects to strengthen a strategy; > favour the initiative, local organisation; > search for guarantees, protect itself.

B) REALISATION STAGES

	Joint approach (at area level)	Individual approach (at the level of each project)
Call for projects	Broadcasting: <ul style="list-style-type: none"> > radio, TV, printed press > information meetings 	Relations with the project leaders: <ul style="list-style-type: none"> > pro-active approach > reactive approach
Project selection	Search for coherence with the strategic lines	Direct relation with the project leaders or neutral selection.

Chapter 4

Evolution of the methods of project selection

Evolution of the methods of project selection

Project selection evolves over time, whether at the level of selection criteria, procedures, the formalisation of calls for proposals or methods of distribution, etc.

Each LAG draws on the lessons of the past and tries to adapt the criteria and methods of selection taking into account the problems encountered in its previous experiences, the appraisal of the results obtained, the evolution of the area or changes in the markets, etc.

Changes can be introduced during the programme's implementation, but it is particularly when a new programme is being negotiated, often for reasons of opportunity and availability of time, that the rules of the game are modified.

An important moment in this evolution was therefore the transition from LEADER I to LEADER II. This was the opportunity for the various levels involved (not only the LAGs but also the European, national and/or regional authorities) to draw on the lessons of LEADER I and consequently formalise new methods and procedures for calls for proposals and project selection.

The transition from LEADER I to LEADER II was expressed by a number of changes which, interacting with each other, changed the conditions of implementation of the initiative, particularly:

- > the role of the Member States and/or Regions in the implementation of LEADER II;
- > the evolution of the LAGs themselves.

4.1 The evolution of the institutional context

In the previous chapters, the LAGs have always been considered as the management bodies of the programmes. But the LEADER programme can be considered as a series of calls for projects and project selections between several institutional levels (European, national, regional, local).

In the context of LEADER I, the European Commission launched a call for proposals by inviting develop-

ers from rural areas eligible under Objectives 1 and 5b to present a "business plan" based on an analysis and development strategy, drawn up in association with the local actors.

Once their business plan was approved, the LAGs, for their part, launched calls for projects to potential final beneficiaries and selected them.

In the context of LEADER II, the European Commission's call for proposals became a call for proposals for regional or national programmes presented by regional or national authorities who, for their part, launched a call for proposals for the local LEADER programmes and held talks with the potential LAGs.

The comparative analysis of LEADER I and LEADER II highlights a number of common factors, enabling the essence and interest of the procedures for calls for proposals organised at successive levels to be better understood.

a) Similarities between LEADER I and LEADER II

LEADER I and LEADER II both comprise in particular:

- > **the principle of independence between levels** - In the context of LEADER I, neither the European Commission nor the national authorities intervened directly in the invitation to tender and project selection, two procedures carried out by the LAGs. In the same way, under LEADER II, the European Commission does not intervene in talks between the regional bodies and the LAGs. For their part, the regional bodies generally do not directly intervene in the invitations to tender and project selection, which fall within the competence of the local level;
- > **the principle of global negotiation** - This is the consequence of this first principle. Talks between the LAG and the European (LEADER I), regional and/or national authorities (LEADER II) are generally not carried out on a project by project basis but globally, on a whole programme at each level of the call for proposals;

> **the principle of global funding** - this follows on from the principle of global negotiation. Signing the contract, which confirms the agreement between both parties on the programme's content, implies global funding of the programme.

b) Changes between LEADER I and LEADER II

At European level, the most significant change is the introduction of the concept of “**innovation**” as a criterion of eligibility of the projects and funded actions, and, as already pointed out, the mandate given to the Member States and/or Regions to implement the programme.

At regional and/or national levels, various situations exist: in some cases, considerable leeway for autonomy has been given to the local groups. In other cases, the regional authorities have played an important role in terms of guidance for the content of the rural innovation programmes, which, in certain countries, have led to standard methods for calls for proposals and project selection by the LEADER groups. Also, in many cases, as was particularly the result of the contributions of the LEADER groups at the Symposium on 9,10 and 11 November 1997, the ways of managing the programme have become considerably cumbersome, greatly reducing the programme's flexibility and credibility.

Finding the right balance in terms of sharing responsibilities between the Member States / Regions (who have decisive roles to play in decentralised rural development policies) and the LAGs (who are able to adapt the interventions to the specific characteristics of their area) remains a key issue for the future.

4.2 Changes introduced by the LAGs themselves

During the transition from LEADER I to LEADER II, the LAGs introduced changes in their procedures and project selection criteria **depending on the evolution of the contexts and lessons learned from the past.**

On the one hand, the LEADER II groups find themselves faced with new methods of intervention as well as having to take into account new procedures. On the other hand, the implementation of LEADER I often allowed the local context to develop. With LEADER II, the LAGs have therefore been encouraged to update their development strategy and consequently their selection methods and criteria.

- > *In **Capo Santa Maria di Leuca** (Italy), the credibility earned by the LAG thanks to the success of LEADER I has enabled more restrictive criteria to be established in the context of LEADER II and to better involve the beneficiaries in the definition of a global development strategy, which was not possible before. New criteria have therefore been introduced: the action's innovative character, the integration of small groups into the global strategy, priority to young people and women.*
- > *In the **Serrania de Ronda** (Spain), the structuring of the local society achieved during LEADER I enabled a greater importance to be placed on individual criteria without, however, neglecting the projects' collective and area dimension. Following a social mobilisation stage, great importance was also given to strengthening the economic fabric (priority to businesses, whilst maintaining links with the associations created in the context of LEADER I). This led the LAG to introduce selection criteria aimed at individual projects by sector.*
- > *In **Wexford** (Ireland), the projects implemented and the experience acquired in the context of LEADER I have been able to be used in the definition of an overall strategy which, until then, was lacking. Criteria have also been introduced in terms of the integration of the actions in this strategy (particularly in terms of greater attention to the balance between the different parts of the area, greater attention to the environmental and cultural aspects) as well as for monitoring and assessment.*
- > *In **Ouest-Aveyron** (France), LEADER I enabled a consensus to be reached between the professional bodies for integrated development strategies at the level of micro-areas. The LAG was then able to organise calls for proposals according to these area strategies and define the selection criteria as a result.*
- > *In the **Sierra de Béjar y Sierra de Francia** (Spain), the demonstrative effects of LEADER I enabled a greater number of project leaders to be mobilised. The LAG evolved from adopting a more pro-active method to a more reactive method and introduced both more individualised and more sectoral selection criteria. Additionally, in sectors where structures are already in place, emphasis is placed on the development of soft investments, for example direct support given to rural gîtes under LEADER I has been abolished in the context of LEADER II to the benefit of leisure projects, the use of free time, developing the historic and cultural heritage, etc.*

In some cases, it is a **change to the limits of the area of intervention which leads the LAG to review the selection methods and criteria:**

- > in **Kozani** (Greece), *LEADER II* extended the area of intervention to areas where, contrary to the *LEADER I* area, the project leaders were few in number and where there was a lesser capacity to submit projects (not only in financial terms but also in terms of know-how, technical nature, contacts, etc.). This has led the LAG to introduce an initial level of calls for projects, which is broader and less demanding, to enable less prepared project leaders to submit an application;
- > in **Psiloritis** (Greece), the enlargement of the initial area (mountainous area of inland Crete, where extensive cattle rearing is traditionally the principal economic activity) to areas of the Messara Plain (characterised by intensive farming) has led the GAL to radically review its development strategy and therefore the selection criteria for projects. It was first necessary to define a sort of differentiated policy for each area: in the first area (former *LEADER I* area), the strategic priorities have remained the development of agri-tourism and support for small craft enterprises, whilst in the new area acquired during *LEADER II* (which has little interest in terms of tourism), emphasis has had to be placed on support for conditioning enterprises and those for marketing agricultural produce.

Very often in the changeover from *LEADER I* to *LEADER II*, the LAGs went from a **mobilisation stage to an economic consolidation stage**, which was expressed by more reactive, less pro-active forms of intervention and by more targeted selection criteria.

Others reacted in relation **to certain problems and specific difficulties encountered**, which led them to be more restrictive, even more formalistic, in the methods used.

- > In **Kozani** (Greece), the LAG has increased its selection methods and criteria: a more rigorous presentation of the project in the form of a file comprising several pages, strengthening of the role of the technical team in the selection process, introduction of certain more selective criteria such as the establishment of a minimum threshold of 8 rooms per funded tourism establishment.

4.3 Conclusion

The *LEADER* groups that have had the opportunity to run a *LEADER I* programme have been able to benefit from a system of reference for *LEADER II*, to draw on the lessons from the past and have good bases on which to redefine their criteria. On the other hand, the LAGs which began with *LEADER II* often find themselves in a relatively more defined context, leaving them less room for manoeuvre to think up solutions at local level, even if in some cases the existence of this context has enabled them to better define their intervention priorities in addition to other area strategies.

Chapter 5

Optimising the effects at local level

Optimising the effects at local level

The selection process yields two types of results:

- > **the realisation of selected projects** - This involves evaluating each project in terms of cost-profits, direct and indirect impact and multiplier effects, etc. The projects can have a restabilisation effect on existing inequalities or alternatively strengthen imbalances (social or area);
- > **the area dynamics that the procedures for calls for projects and project selection have created**, for example:
 - **the generation of ideas** - The launch of a call procedure can lead to a considerable number of projects being prepared. Projects which are not selected can be the starting point for a mobilisation of future initiatives. Through training sessions and technical assistance, the LAG will be able to accompany those concerned throughout their approach;
 - **increased interest for the approaches and forms of collective organisation** - The launch of a call for projects for actions aiming to revive a local heritage which has been abandoned, for example, can create a new collective interest at area level and a new joint reference. It can create mobilisation, be thought-provoking and give rise to creativeness, highlight certain forgotten or implicit ideas and values, etc. But it can also provoke or exacerbate conflicts, give way to frustrations or strengthen social exclusion, etc.

It is therefore necessary to make the call for proposals and project selection become levers of development, readjustment, mobilisation and cohesion. In this respect, LEADER practices can teach many lessons.

5.1 Optimising the effects in terms of selected projects

These effects can be examined on the basis of each project taken individually or, on the contrary, on the basis of all the actions carried out in a given area.

a) The effects of projects taken individually

Each project, once accomplished, has both direct and indirect effects on the area:

- > **the direct effects** correspond to the actual results of the project, in terms of additional productions, added value, the creation of new resources (physical, human, technical, etc.), new activities, new jobs, etc.;
- > **the indirect effects** correspond to the demonstrative and multiplier effects of the project and, more generally speaking, of the project's impact on the development of the area as a whole.

The partnership approach plays an essential role in optimising projects because, faced with the problem's complexity, each partner brings a different and complementary point of view. The synergies between the points of view and the diversity of the arguments make it impossible to forget certain pitfalls or possible negative effects. All forms of contributions by potential beneficiaries to the definition of selection criteria are made in the same way. Finally, communication plays a key role, particularly in terms of developing the demonstrative or educational effects.

b) The effects of the projects together: cohesion by readjustment

The social and/or area inequalities and imbalances are the concern of many LAGs. The rural areas often suffer from imbalances which can call into question their internal cohesion and development dynamic. Many LAGs are looking to confront these imbalances, which can take different forms:

- > **social imbalances** - some population categories are underprivileged, even marginalised and excluded from the development process for reasons of age, sex or qualifications, etc.;
- > **geographical imbalances** - certain parts of the area of intervention are turning into a desert, whereas others benefit from a concentration of human, economic or environmental resources etc.;
- > **imbalances in the allocation and utilisation of natural resources** - some activities are heavily consumer-orientated, even destructive, of natural resources which have become rare and essential for other activities important to the area (water, earth and forests, etc.);
- > **imbalances in sector development** - certain key sectors for the area are underdeveloped (e.g. services for the community).

Consequently, how can the call for proposals and project selection be best used to correct these imbalances? This question is all the more delicate since the concept of project selection already includes the idea of competition, of “winners” and “losers”...

A “traditional” type selection (“priority to the best”) risks tending to accentuate the differences and increase the imbalances, particularly social ones. In order to confront these problems, it is possible for example:

- > **to introduce specific criteria** - some LAGs introduce criteria for membership of social groups, either as classification criteria or as exclusion criteria;
- > *In Friuli-Venezia Giulia (Italy), the **Montagna LEADER** LAG has created “initiation grants” for young entrepreneurs. This is a pilot project with 3 grants (of ECU 45 000, 35 000 and 25 000) which can be given to a young person or group of young people who, after having received training, wish to set up a new business in the area, by strengthening one of the strategic lines of development chosen by the LAG. The grants are non-refundable and aim to facilitate the*

realisation of the corporate plan, provide access to advisory and research services to improve the initial idea, etc. The grant is in fact a sort of contribution to the start-up capital of the new company.

- > **to introduce an explicit criterion to help correct the imbalances** - *in its weighting system, the Guadiato LAG (Spain) therefore awards one point for the project’s contribution to the correction of area imbalances (see Chapter 1).*

These means or **forms of targeting** enable the projects to be better directed towards the population groups, areas or types of use of local resources that it is hoped can be strengthened to correct the imbalances.

5.2 Optimising the effects in terms of area dynamics

In terms of area dynamics, the procedure for calls and project selection can have several effects:

a) the mobilisation of local actors

The call for proposals and project selection is a powerful mobilisation lever insofar as the approach is based on a concrete motive, i.e. to obtain funding. It is the opportunity for someone to plan or, even better, to realise an idea or project for which there are no financial means.

However, there are limits to this ability to mobilise: if the preparation of proposals proves to be too complicated or costly or if there are still too many uncertainties, mobilisation can give way to discouragement.

In some countries, the LAGs deplore the discouragement of project leaders when faced with the great complexity of the formalities to be fulfilled. Elsewhere, the delays in payments of the LEADER I balance have discouraged project leaders from submitting applications in the context of LEADER II.

It is therefore useful to properly manage the mobilisation potential that the call for proposals and project selection represent. Wasting it should be avoided; instead, it should be fully developed and used as a lever for other types of mobilisation.

b) the creation of joint references

Launching a call for proposals creates a joint reference by the very act of publishing and broadcasting the call: henceforth, the selection methods and criteria are publicly known and the conditions for submitting proposals become a joint reference for all those who have applied to be project leaders.

Depending on the way in which the call for proposals is made, this joint reference may be perceived as a mere formality linked to the call or, alternatively, as a reference to shared objectives.

In the first instance, each candidate will position itself as a potential project leader in competition with other candidates and, therefore, each adopts a strictly personal approach to the call for proposals which is perceived as a competition. Here, joint reference takes the form of an occasional game rule, linked to the call for proposals. There is then a competitive perspective between actors, which can sometimes exacerbate potential conflicts and reduce social cohesion.

In the second instance, on the other hand, reference to common objectives can be part of a more general reconciliation dynamic between the area's actors or it can be the bearer of mobilisation, dialogue and new development prospects through the specification and formalisation of joint interests. Here, the call for projects becomes a bearer of unifying challenges for public or private local actors.

5.3 Global vision of the effects

Finding selection criteria suited to the context entails wide-ranging listening and understanding skills. It is indeed important to define selection criteria which simultaneously correspond to the beneficiaries' levels of

concern, to the strategic guidelines that the group has set itself and to the area's needs for readjustment, in a context which sometimes proves to be fairly complex, as the following table shows:

POSSIBLE EFFECTS OF THE PROJECT SELECTION PROCEDURE ON THE AREAS			
Level of analysis	Possible negative effects	Possible positive effects	Means for favouring the positive effects
Projects taken individually	<ul style="list-style-type: none"> > development limited to certain sectors, actors > exacerbation of conflicts 	<ul style="list-style-type: none"> > demonstrativeness > multiplication > pilot projects 	<ul style="list-style-type: none"> > partnership approach > involvement of beneficiaries > communication around selected projects
All projects selected	<ul style="list-style-type: none"> > increase in social, ecological and area imbalances 	<ul style="list-style-type: none"> > Readjustment: <ul style="list-style-type: none"> • social • area • towards what is never funded • sustainable use of resources 	<ul style="list-style-type: none"> > specific criteria;
Area dynamics	<ul style="list-style-type: none"> > discouragement of actors > emergence of opportunism approaches 	<ul style="list-style-type: none"> > Mobilisation of actors: <ul style="list-style-type: none"> • creation, strengthening of joint references 	<ul style="list-style-type: none"> > involvement of potential beneficiaries in the definition of criteria; > use of relevant criteria > communication

On the experience of many LAGs, it seems that project selection, in order to be able to bear fruit in terms of development and social cohesion, is based on methods adapted to the reality of each area, defined in conjunction with the LAG's members and in close contact with the potential beneficiaries.

Conclusions

The approach proposed by LEADER enables often sophisticated forms of project selection to be introduced, but which can be adapted to the realities of each area and their development strategy. It contributes to the readjustment (social, geographical, ecological, etc.) of the areas and to the strengthening of area dynamics (mobilisation, trust, unity of actors, joint references, etc.), vital for taking advantage of the new opportunities which are being offered to the rural environment.

The approach introduced by LEADER is essentially based on an approach built around the distribution of decisions between the partners united within the LAG, and, more broadly speaking, around permanent dialogue with the local actors and potential beneficiaries (pro-active approach, assistance in selection, etc.).

What is important for the LEADER groups is for them to find criteria and methods of intervention which are relevant to the level of mobilisation and a reflection of the potential beneficiaries, in order to gradually commit the areas to keeping on the road to sustainable development.

This ability to adapt is an essential component for success. However, it presupposes a certain degree of autonomy as well as administrative and adapted financial methods of operating. These conditions would make the work of the local action groups in LEADER II more effective and would certainly be worth improving in the next Community initiative for rural development.

Other LEADER II technical dossiers (*)

Directories (1)

“European Union action programmes and rural development“

“Innovative actions of rural development“

Observatory dossiers (2)

“Innovation and rural development“

Methodological guides (2)

“Methodological guide for the analysis of innovative actions”

“Methodological guide for the analysis of local innovation needs”

“Evaluating the touristic potential of an area”

“Transnational Cooperation between Rural Areas”

“Innovation in a rural environment“ collection

Dossier no.1 “The collective organisation of a sector for the local valorisation of agricultural resources: the example of cheese processing”

Dossier no.2 “Organising local partnerships”

(*) Available in 7 languages (English, French, German, Spanish, Italian, Portuguese and Greek).

List updated on the publication date of this document. Certain language versions may be out of stock.

(1) 1800 BEF TTC (environ 45 ECU)

(2) 300 BEF TTC (environ 7,5 ECU)