

# THE LEADER METHOD AS RURAL DEVELOPMENT POLICY IN EXTREMADURA IN THE LAST 20 YEARS (1991-2013)

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Extremadura has some economic, territorial and population characteristics that have conditioned it to be involved in an important socio-economic delay regarding the other Spanish and European regions, despite of showing an incalculable historical, natural and cultural legacy. The region has a little over 1 million inhabitants, a population density of 27 per km<sup>2</sup>, long distances between one end to the other and a dependence on the agricultural sector economy; this means 10% of the regional employment and 8% of Gross Value Added (Nieto & Gurría, 2010).

Within the Extremadura site itself, there are also territorial differences, rural areas trying to decrease the inequalities respecting the urban ones, in which the economic activity, employment, equipment and services are concentrated, and so the majority of the population of Extremadura.

The urban areas are located in the most productive agricultural zones, on the sedimentary banks, taking advantage of irrigation or fed farming such as vine and olive, as well as they are the best communicated zones in the region around the main communication roads, opposite the rural areas, located in a surrounding isolated and less accessible border with a population density in some cases, below 10 per km<sup>2</sup>, in which people have no served needs regarding life quality and social welfare and move to those urban centres or better developed and populated area headers, in order to find better socioeconomic opportunities and see their needs of basic equipment and employment. Further, the GDP of Extremadura is below 75% of the European average and for this reason the region still belongs to the Convergence Objective regions (former Objective 1 status regions) and it is receiving various European Development Aid and the Operational Programmes of the ERDF, ESF, EAGGF, LEADER, URBAN, EQUAL Funds or the Cohesion Fund nationwide.

To reduce these socioeconomic differences with urban areas and keep the population in these rural areas from the 90s until today, development strategies, that we will call Method LEADER, have been implemented.

In this paper, the main objective is the study of these actions Rural Development, observing its evolution (territorial, legislative and sectors that have funded), presenting several results and its implementation in the territory. This paper is divided into three sections: the first, we define the LEADER method focusing mainly on the development of the EAFRD and referring to previous studies where it has been analyzed the implementation of LEADER in earlier stages; in the second part, we analyze the economic establishment since 1994 when it takes up 80% from Extremadura to the latest data available from the EAFRD (September 2012)<sup>1</sup>; the last block, where we have introduced a number of indicators to check the results of these investments in the various Local Action Groups.

LEADER is a model of integrated and innovative endogenous rural development, managed by Local Action Groups, in territories where the major demographic and socioeconomic imbalances are experienced and its primary objective is the diversification of economic activities, especially those that use endogenous resources through the implementation of a number of projects co-financed by the European Structural Funds ((ERDF, EAGGF, ESF, EAFRD and currently), national administrations and private actors (Nieto and Gurría, 2010).

There are three elements to highlight in the implementation of the LEADER method: 1) LEADER territory, 2) a strategy for comprehensive economic development taking advantage of their local resources and innovative measures y 3) the Local Action Group characterized by decentralized funding, cooperation and collaboration between public and private actors (OECD, 2004). All these actions are framed within a Rural Development Programme that enabled both the implementation of productive projects (with profitability as rural tourism accommodation, agribusiness and marketing of local products) and non-productive (rehabilitation of urban heritage, natural, improves access, disseminate tourist regions or training of workers) in the design of an economic strategy region. The Local Action Groups are responsible for managing these funds, decide which projects will be funded and are formed by a representation of public entities and the economic and social agents in each area, in its General Assembly and its Board of Directors and with a maximum contribution of 50% of public servants in both (Nieto and Gurría, 2008).

As discussed above, these rural development actions have had different stages coinciding with the periods of European Economic Programming: LEADER I (1991-1994); LEADER II-PRODER I (1995-1999); LEADER +- PRODER II (2000-2006) and EAFRD (2007-2013). The rural development actions have evolved in their methodology of action, their budgets and their implementation to be gaining increasing value in European development policy. From the territorial point of view, Extremadura has gone from 4 Local Action Groups (LEADER I) to 24 Local Action Groups in the current period EAFRD. These groups cover 90% of the regional area and 70% of the population (the whole territory except the four municipalities considered as urban and that have more than 40,000 inhabitants: Cáceres, Badajoz, Mérida and Plasencia). In the evolution of the development strategy, we stress that its budget has increased and areas of action in this last period with EAFRD and it's not just with projects of Axis 4 – «LEADER Method» and of Axis 3 – «Improving the quality of life and the economy in rural areas», also with Axis 1, with Action 123 – «Adding value

1 Investments committed to September 30, 2012 handled by Local Action Groups and approved by the Ministry of Agriculture and Rural Development of the Government of Extremadura.

to agricultural and forestry products», with which it has been able to finance agro-business activities with lower amounts to 200,000 Euros that were forbidden until now. Projects under this action should be aimed at the creation, expansion and / or improvement of micro, small and medium agribusiness enterprises in areas where it is considered that the viability of the local economy is tied to the development of the food industry that transforms and local production markets. The name of the actions LEADER to be financed has changed according to the regulations of the different programming periods, so, for a better analysis of the same and an evolutionary study, is convenient to carry out its homogenization. In this research we have completed this methodology together all eligible projects in various stages of LEADER method in seven actions shown in the following table:

Table 1  
HOMOGENIZATION OF LEADER, PRODER AND EAFRD MEASURES

	LEADER II	LEADER +	PRODER I	PRODER II	EAFRD 2007/2013
<b>Action 1. Operating expenditures</b>	<i>B1. Technical support</i>	<i>102. Operating expenditures</i>	<i>6. Business services</i>	<i>1. Operating expenditures</i>	<i>341. Acquisition of capacities and promotion with a view to the processing and application of a local strategy</i>
		<i>103. Services to the population</i>			<i>431. Operation of Local Action Group, acquisition of capacities and territorial promotion</i>
		<i>109. Other investments</i>			
<b>Action 2. Training and Employment</b>	<i>B2. Training and Aid to the employment</i>	<i>110. Training and Employment</i>		<i>2. Training</i>	<i>331. Training and information of the economic agents who develop their activities in the covered scopes in Axis 3</i>
<b>Action 3. Tourism</b>	<i>B3. Rural Tourism</i>	<i>108. Rural tourism</i>	<i>3. Agrotourism</i>	<i>3. Rural tourism</i>	<i>313. Promotion of tourist activities</i>
			<i>4. Local tourism</i>		
<b>Action 4. SMES, Craft and Services</b>	<i>B4. SMES, Craft and Services</i>	<i>106. SMES and Services</i>	<i>5. SMES, Craft and Services</i>	<i>4. SMES, Craft and Services</i>	<i>311. Diversification into non-agricultural activities</i>
					<i>312. Aid to the creation and development of micro-enterprises</i>
<b>Action 5. Valuation of the agrarian and forest production</b>	<i>B5. Valuation and Marketing of agrarian, forestry y forest production</i>	<i>105. Valuation of Local farming production</i>	<i>7. Revaluation of agrarian and forest productive potential</i>	<i>5. Revaluation of agrarian and forest productive potential</i>	<i>123. Increase in the added value of agrarian and forest products</i>
<b>Action 6. Conservation and improvement of Heritage and the environment</b>	<i>B6. Conservation and improvement of the environment</i>	<i>104. Natural heritage</i>	<i>1. Valuation of the rural heritage</i>	<i>6. Valuation of the rural heritage</i>	<i>321. Basic services for the economy and the rural population</i>
		<i>107. Valuation of cultural and architectural heritage</i>	<i>2. Valuation of local heritage</i>		<i>322. Renovation and development of rural population</i>
			<i>323. Conservation and improvement of the rural heritage</i>		

<b>Action 7. Cooperation</b>	<i>C1. Transnational cooperation,</i>	<i>201. Interterritorial cooperation</i>			<i>421. Transnational and interterritorial cooperation</i>
		<i>202.Cooperación Transnacional</i>			

Source: From methodology of Nieto and Gurría (2008).

Several authors have studied these policies in different regions, such as Márquez (1999), Ruiz et al (2000), Esparcia (2004), González Regidor (2006), Pillet (2008), Cejudo and Navarro (2009) and Papadopoulou et al (2011), who have different points of view, but mainly focused on the distribution of investments, measures, types of promoters, job creation and improvement of new tourist accommodation, inclusion of youth and women in the labor market and economic diversification in the study areas. Other jobs like Márquez et al (2005), Mondéjar et al (2007), Nguyen et al (2009) and Navarro et al (2012) have focused mainly on the creation of relevant indicators that can help us to be evaluation instruments of these policies and finally, works of authors like Dargan, L., Shucksmith, M., (2008), Dax, T, Strahl, W, Kirwan, J. and Maye, D. (2013) and Esparcia (2014) that focus on the study of the concept of innovation, one of the main objectives of the last programming period.

Various qualitative and quantitative results are presented in our study to analyze the socio-economic and demographic impact of LEADER method. Since 1995, it has invested over 425 million Euros in Extremadura, of which 55% were from public funds (40% of the European Union and 15% from national governments) and 44% of the private sector, showing significant mobilization of private investment that has taken place over the year. In the successive stages of the LEADER method, initial estimates were lower than those that have been carried out at the end of each scheduling period. In all periods the investments has been increased due to the mobilization of private investment and effort involving all national administrations. The business sector is key to the development of rural areas and growing sector is more committed to him to be involved in the financing of new projects.

Cannot emphasize only the management of the LEADER method of Local Action Groups to obtain a high private participation also consider the role of environmental factors, such as the own dynamics of change and social transformation and / or economic, present in many rural areas.

Most of the investment has been primarily aimed at the productive measures: Tourism SMEs, crafts and trade and improvement of agricultural production, through 8,940 projects, representing 68% of the total.

Local Action Groups has opted for strategies dependent on the needs of their territories. Thus, in the first stage (LEADER II-PRODER I) the Local Action Groups opted for the exploitation of its rich resources, both natural and historical art, taking into account that rural tourism could be a good alternative activity to help fight the crisis the agricultural sector (25.57% of total investments, much more differentiated with LEADER II with 22% and PRODER I with 27%). Later, they took advantage of the lessons learned, for energizing your business network, increasing in the second stage as in the current period investments in actions 4 and 5 (Craft, Tourism and SMEs and Revaluation of Agricultural Production).

Most of the projects are aimed at diversification into non-agricultural activities in order to strengthen its production structure, the creation and development microenterprise, the promotion of tourism activities and the creation of a «tourist product» strengthening and complementing the existing infrastructure of the local tourism sector through activities of non-productive, as information centers, interpretive centers and small museums, provided it is related to ethnography, culture, environment, agriculture and fishing, as well as signposting of tourist sites that promote rural tourism, they developed, in many cases, thanks to previous PRODER and LEADER investments.

The distribution of investments through LEADER methodology can be identified with the various socio-economic realities facing the region, both in number of projects and amounts of money. Thus, aid has been aimed at the more established sectors in each territory, in which the Local Action Groups considered feasible investment, building activity and exploiting previously generated for the benefit of the local population. We find areas where major investments have been carried out, which show the highest socio-economic and demographic dynamism and are located in areas of more productive irrigated with important services and industrial sector, by proximity to cities. In these areas, most of the population, employment and equipment and services are concentrated.

On the other hand, we find territories where their physical limitations have not allowed carrying out the modernization of agricultural structures and are characterized by shirking their smallholder farms in the mountains, and landowners in the pen plain and poor and aging population have been carried out smaller investments. In these areas rural tourism has been chosen as the main activity, as many of its municipalities have rich natural and cultural resources, with the launch of numerous projects, but less economic value relative to other major. In addition, it is noteworthy that the projects dedicated to tourism activities do not generate a number of jobs and significant benefits. Also notice that the municipalities that have received major investments are those with greater economic activity and in the role of regional head and center of agribusiness activities and facilities and services, with a central position in the communications system. We can say, therefore, that there is a positive discrimination in the distribution of aid to Rural Development, focusing, as already stated, in the most developed municipalities in which we find the most reliable and entrepreneurs (Nieto and Gurría, 2008; Cejudo and Navarro, 2009).

Aid to Rural Development have produced mixed results and effects depending on the territory of action and starting their socioeconomic conditions, not being allowed in some areas. However, no one can deny that the LEADER method has contributed to the generation of a new way of approaching development strategies involving local people in decision making, according to their needs, and improving native possibilities awareness of their own territory through investment in SMEs, agribusiness, handicrafts, tourism or heritage. LEADER, INTER-REG with, is the only European Initiative that has been maintained since its inception, demonstrating that the results have had to be positive, although not expected in some areas.

The territorial nature of this rural development support is very present in the new programming period 2014-2020, as the GAL must create and implement a strategy of dependent development of the specificities of its territory.

We present the LEADER method as a basic element in the development of rural areas and believe that we must continue to support it, so that their budget allocations are increased,

and the objectives to be achieved, highlighting the agricultural sector, very importantly in Extremadura economy. Also, one cannot forget that the LEADER method has contributed in setting rural people for their positive influence in increasing their incomes and living standards through diversification of activities taking endogenous resources.