New Approaches to Rural Development
Constitution and Terms of Reference

1. The main tasks of the National Economic and Social Council shall be to provide a forum for discussion of the principles relating to the efficient development of the national economy and the achievement of social justice, and to advise the Government through the Taoiseach, on their application. The Council shall have regard, inter alia, to:
   (i) the realisation of the highest possible levels of employment at adequate reward;
   (ii) the attainment of the highest sustainable rate of economic growth;
   (iii) the fair and equitable distribution of the income and wealth of the nation;
   (iv) reasonable price stability and long-term equilibrium in the balance of payments;
   (v) the balanced development of all regions in the country, and
   (vi) the social implications of economic growth, including the need to protect the environment.

2. The Council may consider such matters either on its own initiative or at the request of the Government.

3. Members of the Government will meet regularly with NESC on their initiative or on the initiative of NESC to discuss any matters arising from the terms of reference and in particular to discuss specific economic and social policy measures and plans and to explore together proposals and actions to improve economic and social conditions. Any reports which the Council may produce shall be submitted to the Government, and shall be laid before each House of the Oireachtas and published.

4. The membership of the Council shall comprise a Chairperson appointed by the Government in consultation with the interests represented on the Council, and

   Five persons nominated by agricultural organisations;
   Five persons nominated by the Irish Business and Employers Confederation and the Construction Industry Federation;
   Five persons nominated by the Irish Congress of Trade Unions;
   Eight other persons nominated by the Government, including one from the National Youth Council, the Secretary of the Department of Finance, the Secretary of the Department of Tourism and Trade, and the Secretary of the Department of Enterprise and Employment.

   Any other Government Department shall have the right of audience at Council meetings if warranted by the Council’s agenda, subject to the right of the Chairperson to regulate the numbers attending.

5. The term of office of members shall be for five years. Casual vacancies shall be filled by the Government or by the nominating body as appropriate. Members filling casual vacancies may hold office until the expiry of the other members’ current term of office.

6. The numbers, remuneration and conditions of service of staff are subject to the approval of the Taoiseach.

7. The Council shall regulate its own procedure.

New Approaches to Rural Development

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RURAL DEVELOPMENT

The Council's Report
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The Council retains full responsibility for the contents of the report.

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SUMMARY OF MAIN POINTS

I: THE POLICY PROBLEM

National Goals and Rural Goals

1.1 Irish Public policy aims to provide the maximum number of people with access to:

- Employment and income;
- Basic provision of public goods and services;
- Viable community and social life.

The Council believes that this commitment includes a particular case for rural and local development. Once general policy goals are directed towards special areas, it is necessary to define the spatial units concerned and to understand their limitations. Given the inter-dependence of the rural and urban economies, and the strong tendency to agglomeration, rural policy goals must be framed in a realistic way.

1.2 Irish rural areas face serious economic and social problems. The Council believes that these problems are sufficiently important to warrant detailed analysis and sustained attention by policy makers.

The Scope and Limits of Rural Development Policy

1.3 Rural development policy can encompass all the economic and social problems found in rural areas less those problems which will be dealt with by the autonomous urban growth or by public policies which are national or international (and, therefore, neither urban nor rural).

1.4 The future of rural areas will be determined by a wide range of factors. These include, not only agricultural and non-agricultural restructuring, but also numerous national and European Union policies. A rural development policy is, therefore, only one element, but it is one which may enable communities to take advantage of internal and external changes as they occur.
II: A PERSPECTIVE ON RURAL DEVELOPMENT POLICY

Regional Policy

1.5 The goals of rural development policy can only be met in the context of balanced regional development and national settlement patterns. Consequently, rural development requires a regional planning framework setting out key long-term objectives and strategies, co-ordinating policies at a regional level. The capacity to formulate and implement regional policy is essential for coherent national rural development.

Settlement Policy

1.6 A range of public policies influence the location of population in rural areas, villages, towns and cities. Many issues in rural development policy cannot be adequately addressed without reference to a desirable and feasible overall national settlement pattern. The Council believes that work on rural development policy should now be followed by analysis of general settlement patterns and clarification of policy goals concerning settlement.

The Role of Towns in Rural Development Policy

1.7 The formulation of more explicit policies for regional, local and rural development, and for overall settlement, will, in some cases, involve a greater focus on:

- Growth centres;
- The role of towns in sustaining rural population.

The Council believes that further research on Ireland’s settlement patterns and urban system is necessary in order to explore the inter-dependence between urban and rural areas, emphasised in the Consultants’ report. Developments in some parts of Ireland show that rural development policy cannot everywhere be based on the assumption of urban growth. There is an urgent need for greater understanding of urban growth and decline, and of policy measures which influence them.

III: POLICY RECOMMENDATIONS

The Focus and Instruments of Rural Development Policy

2.1 Rural and local development has three main elements:

- Pre-development (the animation of local groups and the generation of a capacity to work purposefully in collective action);
- Reduction of social exclusion;
- Enterprise development.

The Council believes that rural development policy must address all three elements.

2.2 While the core elements of agricultural policy - prices and markets policy - will shape rural development, only small elements of this policy are available for discretionary use in rural development. Other elements of agricultural policy - including competitiveness, land mobility, farm diversification and forestry - can be used to address economic and social problems in rural areas. A wide range of non-agricultural policies can promote rural development. These include policies for rural industrialisation, support for small enterprises, crafts and services (particularly tourism) and policies which seek to promote social development in rural areas.

The Value of Area-Based Partnerships

2.3 The Council strongly supports the role of area-based partnerships in rural development. Recent experience of this approach (such as LEADER, PESP Partnerships and FORUM) shows that it can promote rural development in ways which are not available to mainstream agencies. This added value arises because:

- Local involvement generates voluntary commitment;
- Partnership of local groups, statutory agencies and private interests increases the co-ordination and effectiveness of policy;
- Information and consultation improve the design of national policy;
- Co-ordination of individuals, enterprises and groups encourages the identification of new opportunities for economic activity.
2.4 In order to increase their distinctive contribution to rural development, area-based initiatives should now give greater emphasis to:

- Adoption of a strategic planning approach;
- Innovative projects and methods;
- Capacity building and animation;
- Community and group projects.

These are the key substantive requirements within rural development policy in the second half of the 1990s.

2.5 The development of effective partnerships at local level, and of the appropriate administrative procedures at central level, takes considerable time. Policy commitment to rural and local development must be long-term.

2.6 The capacity of partnerships to formulate and implement coherent strategies should be enhanced by education and training programmes, designed specifically for members and staff. The secondment of executives from the public and private sector to work with local initiatives should be promoted.

Public Services in Rural Areas

2.7 Pressures of public finance and changing patterns of service provision have given rise to reorganisation and withdrawal of public service provision in rural areas. In order to reconcile efficiency and equity considerations, the Council recommends that active consideration be given to adoption of a unified location-based approach to service provision. This might ensure reasonable access to services within a sub-county unit. The practicality of such an approach could be explored on a pilot basis. The Council believes that partnership between government agencies and voluntary/community bodies in the delivery of some services offers the potential for a more effective and integrated approach. Given the vertical organisation of public administration, integration at local level can only happen if there is commitment to such an approach at the highest level.

Other Issues

2.8 The recent proliferation of initiatives and structures for rural development has given rise to some overlap and confusion. The Council's view on rationalisation are outlined in Point 3.7.

2.9 The Council is concerned about the heavy reliance on grants in the various rural development schemes. For commercial projects there should be greater use of loans or other forms of repayable finance.

2.10 Property and the use of property are key factors in almost all kinds of development. This implies that Local Authorities have the ability to assist or frustrate rural and local development.

2.11 There are doubts about whether the County Enterprise Boards (CEBs) have the structure, resources and capability to formulate and execute enterprise development strategies for local prosperity. It will be important to observe the extent to which CEBs devote attention to key strategic activities in the coming years.

IV: INSTITUTIONAL ISSUES

An Approach to Institutional and Organisational Issues

3.1 In analysing institutional and organisational issues in rural development, the Council makes use of the following concepts:

Two Dimensions of Organisational Structures

- Composition and procedures;
- Spatial scale or unit.

Three Types of Relationship

- Vertical relationships (between central, regional and local tiers of organisations);
- Horizontal relationships (between agencies and organisations within a region);
- Community-public authority relationships.
Three Criteria for Assessing Institutional and Organisational Structures

- Effectiveness in achieving economic development and equity;
- Accountability:
  - Propriety in the use of public funds;
  - Representativeness and responsiveness to interests and needs.
- Subsidiarity.

A Distinction Between Three Types of Arguments

- Arguments concerning territorial versus sectoral/functional policy;
- Arguments for a decentralised approach to development policy;
- Arguments concerning the role of local government in rural development.

The Council believes that such an approach provides a framework for addressing the institutional and organisational issues which now arise in Irish rural and local development.

A Decentralised Approach

3.2 On the criteria outlined above, there are strong arguments for a decentralised approach to rural and local development. The Council identifies a number of qualifications to the case for decentralisation. First, decentralised organisations require strong vertical relationships with central agencies and government. Second, the advantages of decentralisation are contingent on the emergence of a 'local development coalition'. The Council shows that the composition and procedures most likely to create an effective local development coalition are those associated with partnership.

A Territorial, or Area-Based, Approach

3.3 The Council strongly supports a territorial, or area-based approach in rural development policy, in which policy is undertaken by an organisation with responsibility for development in a defined geographic area. This approach can:

- Achieve co-ordination across policy areas and agencies;
- Take account of differences between localities;
- Encourage and harness local energies.

However, these advantages arise from an area-based structure in combination with other organisational and procedural characteristics. In addition, the pursuit of an area-based approach should not be allowed to exclude consideration of sectoral policies for rural and local development.

Local Development and Local Government

3.4 The Council examined a proposal, advanced in a recent report on the Structural Funds, which suggests that rural development policy should now be placed under the aegis of local authorities and central government. The Council finds that this is not an adequate proposal for designing the relationship between rural development and local government. First, the existing structures, procedures and role of Irish local government are unlikely to enhance current initiatives for rural and local development. Second, even reformed and local government structures are unlikely, in combination with central government, to constitute an adequate institutional arrangement for the design and conduct of rural and local development policy. Effective and accountable rural and local development policy requires a partnership of state, statutory, voluntary, private and community groups.

The Role of Partnership

3.5 The key requirements for rural development are an accurate audit of local needs, a strategic plan for development, co-ordination of various policy instruments and mobilisation of local interests. These information, co-ordination and consultation requirements imply the need for a local development coalition of community groups, private interests, state agencies and government. Partnerships can provide a procedural and institutional framework for turning the interaction of community, market and state in a constructive direction, making self-interested collective action contribute to the achievement of public policy objectives.

3.6 The Council’s analysis suggests additional requirements for partnerships to achieve these goals. These include:

- Vertical relationships with national agencies and central government;
- A local partnership taking a pro-active role in development;
- Partnership understood not only as a structure but also as a process of communication and a negotiation.
3.7 In the Council’s view, the development of structures and institutions for rural and local development should be guided by the following principles:

(i) Area-based partnerships of state, statutory, voluntary, local and community groups;

(ii) Strong vertical links from local partnerships to national agencies and a central body with an overall responsibility for local development;

(iii) Development of the capacity of local groups to participate effectively in partnerships for development;

(iv) Development of the capacity of the centre and national agencies to participate effectively;

(v) Over time, a rationalisation of the overlapping structures and schemes active within each local area. However, care must be taken that a more unified structure would continue to address the different elements of local development: pre-development, social exclusion and enterprise development;

(vi) An increased role for local authorities in rural and local development should only occur within the context of (a) proven performance of County Enterprise Boards in the formulation and execution of strategic enterprise development plans (b) partnerships of statutory, voluntary and local bodies and (c) reform of local government.

The Council believes that changes to existing organisations, or establishment of new ones, should be in accordance with these principles.

CHAPTER 1

INTRODUCTION AND OVERVIEW

In *A Strategy for Competitiveness, Growth and Employment* the Council argued that the central objective of national economic and social policy should now be the reduction of unemployment (NESC, 1993, p.3). The Council emphasised that it does not see any conflict between a strategy to boost competitiveness and increase the rate of employment growth, on the one hand, and the pursuit of social equity, on the other. On the contrary, in a small economy such as Ireland the acceptability of the thrust of public policy depend on its perceived fairness. Furthermore, the relative economic success of other small economies, especially with regard to employment creation, is strongly related to a commitment to securing equitable participation by all sectors of the community in the process of economic development (NESC, 1993, p.13).

Within this context, the Council’s specific interest in policies for rural development arises from its earlier work on agriculture and the food industry. In *A Strategy of Competitiveness, Growth and Employment*, the Council said:

The limitations on expansion of mainstream agricultural enterprises arising from CAP and from the underlying trends in world markets point to the importance of looking to alternative farm enterprises as well as off-farm employment in order to maintain economic activity and population in rural regions. These issues are typically examined under the heading of Rural Development Policy. Given the extent of the external pressures on agriculture, together with the long-run decline in agricultural employment, the long-run future of many farm households will depend on successful diversification of on-farm activities and the development of opportunities for off-farm employment. The balanced development of the rural economy is equally vital to the future of the very substantial non-farming population of rural areas and to the viability and quality of life of communities outside the principal urban centres (p.317).

It was in response to the significance of these issues that the Council decided to undertake the current project on rural development.
Despite considerable success of some activities, Irish rural areas face serious economic and social problems. These include lack of employment opportunities, unemployment, low incomes, poverty, inadequate levels of amenity and service provision, environmental decay, under-utilisation/over-utilisation of productive resources and absolute population decline. The Council believes that these problems are of sufficient severity to warrant detailed analysis and sustained public policy involvement.

1. INTERPRETING THE RURAL DEVELOPMENT PROBLEM

The economic and social problems in rural areas, listed above, and the policy issues which they throw up, exist in a wider context, which cannot be ignored. That context includes reform of Common Agricultural Policy, the Uruguay Round of GATT, international economic integration, changing technology and markets, development of Irish towns and cities (which themselves contain many problems) and the constraints on Ireland’s public finances. The fact that rural problems arise in this wider context implies that the rural development problem must be interpreted in a general way first, before its individual elements and specific local patterns are studied.

The problem of rural development can be defined as economic development as it applies to rural areas where, using the census definition, rural areas are defined as towns under 1,500 persons or open country districts. As will be seen below, rural development policy is best defined as something different from, and additional to, some of the core elements of agricultural policy, such as prices and markets policy. Nevertheless, in defining the problem of rural development, and in identifying the scope of rural development policy, it is necessary to include - and, indeed, begin with - a consideration of agricultural issues. This is clear if we ask the question: what are the problems which confront development in rural areas and what are the factors which shape these problems?

(i) Underlying Factors: The Agricultural Dynamic and Other Restructuring

Two main factors shape economic and social problems in rural areas, and these are presented schematically in Figure 1.1. The first is the fundamental, underlying, trajectory of agriculture and food production in advanced economies. The demand for food does not grow as fast as the income and wealth of these societies, but the ability to produce food grows at least as fast, because of productivity improvements. This creates an underlying and long-run tendency to falling agricultural prices, decline in numbers engaged in agriculture and, in most situations, declining incomes of those involved. However, the actual path of agricultural development, and the precise set of social and economic problems it creates, depend on the particular structure and context in which this dynamic works itself out.

As can be seen in Figure 1.1, this all-important mediating factor includes numerous elements such as: the size structure of holdings, the age, skill and family structure of the farm population, the geographical pattern of the above elements, and the nature of prices and markets policies. It is only when mediated through this set of elements, that the underlying dynamic of agricultural demand and supply produces a particular set of economic and social problems in rural areas. A good example would be the way in which the operation of this dynamic has yielded a dualistic structure of Irish farming, as characterised by output, incomes and a range of economic and social problems. This agricultural dynamic is described in more detail in Chapter 3 of the Council Comments and Chapter 4 of the Consultants’ Report.

The economic and social problems in rural areas are also shaped by underlying forces which are non-agricultural. These are labelled ‘other restructuring’ in Figure 1.1. They include the rise and decline of particular industries and service sectors, as determined by technological change or international economic integration. In Ireland, an important element within this set has been the geographic pattern of industrialisation, partly shaped by industrial policy. This ‘other restructuring’ has both a direct and an indirect effect on rural areas. A direct effect arises where restructuring or a change in policy increases or decreases the amount of industrial or service sector activity and employment in rural areas. An indirect effect arises via the effect of restructuring on urban industrialisation and service sector development: this indirectly affects the employment prospects in the rural hinterlands of urban areas. The effects of non-agricultural restructuring on rural areas are also described in more detail in Chapter 3, and in Chapter 5 of the Consultants’ Report.
(ii) Varying Severity of Problems in Rural Areas

Together these underlying agricultural and non-agricultural forces yield the set of economic and social problems in rural areas listed above: lack of employment opportunities, unemployment, low incomes, poverty, inadequate levels of amenity and service provision, environmental decay, under-utilisation/over-utilisation of productive resources and absolute population decline. It is essential to recognise that the presence and severity of these problems varies from one rural area to another. This reflects the variations in the structures through which the underlying agricultural dynamic is mediated (see Figure 1.1) and the highly differentiated nature of other restructuring. However, it can be said that, while some rural areas display a high incidence of all these problems, almost all rural areas experience one of them: lack of sufficient employment opportunities. Thus, even a rural area made up entirely of viable farm businesses faces the problem of finding employment opportunities for the young people who grow up on those farms. It is, in principle, possible to rank rural areas, from those which only experience that employment problem, to those which experience several or all of the problems. From this schematic account the economic and social problems experienced in rural areas, and the underlying factors which shape them, it is clear that population decline is but one, possible, element of the problem and is best not used as a definition of the problem. Indeed, depending on the severity of other problems, and the size of the geographic area chosen, population decline may not even be viewed as part of a rural development problem, let alone its definition. Nevertheless, while acknowledging that demographic problems are merely symptoms of a deeper malaise, the Consultants argue that “demographic data offers the clearest evaluative criteria for assessing the efficacy of rural development measures”. The Council accepts this, but believes that the operational goals of rural development policy must include not only population, but also employment, incomes, public services and social and community life (see below). Furthermore, it is clear also, that a ranking of rural areas by the incidence and the severity of the economic and social problems listed above, remains a partial account. This is so because within any given rural area many of the problems are experienced by some people, but not by others. Consequently, issues of equity and social justice within rural areas must remain central to any policy approach.

2. DEFINING RURAL DEVELOPMENT POLICY

We have defined rural development as economic development as it occurs in rural areas and the rural development problem as the problems which
confront development in rural areas. But the definition of the remit of rural development policy should be narrower. The remit of rural development policy can be defined as: all the above problems found in rural areas less those problems which will be dealt with by autonomous urban growth or by public policies which are national or international (and, therefore, neither urban nor rural). For example, in a rural area made up entirely of viable farms, the primary problem would be lack of employment opportunities for those coming in to the labour force. If this employment problem were addressed by the autonomous growth of nearby towns, then that would remove the problem from the remit of rural development policy. Likewise, if an economic or social problem found in rural areas can be addressed by public policies which are national in scope - such as taxation policy, education policy, and significant parts of industrial, health, welfare and agricultural policy - then that also removes the problem from the remit of rural development policy. Thus, although agricultural development is fundamental to rural economic development, and agricultural policy can be seen as a key factor in rural development, it is possible to limit the scope of rural development policy in such a way as to exclude some elements of agricultural policy. This makes practical sense, since some elements of agricultural policy are determined at international level and there is little scope for national, let alone local, policy discretion.

The Council defines the remit of rural development policy as all those economic and social problems found in rural areas, except those which will be dealt with by autonomous urban growth and those which can best be dealt with by undifferentiated national policies. This definition is pragmatic and, it is important to appreciate that it defines a shifting boundary between rural development and other policy areas. Successful taxation policy, industrial policy, health policy, education policy and welfare policy can remove issues from the remit of rural development policy, either by solving problems in rural areas, or by creating dynamic urban development which indirectly solves some rural problems. But, pending such policy developments, it is hard to see how problems of insufficient employment, unemployment and poverty, arising in rural areas, can be excluded from the remit of rural development policy.

(i) Co-Ordination with National Policy
Above we have limited the scope of rural development policy by excluding national and European Union policies which are undifferentiated. While this altogether excludes some national policy areas from the domain of rural development policy, it has to be recognised that other elements of national policy need, at the very least, to be co-ordinated with rural development policy. This is particularly so in the case of those national policies and services whose implementation is, necessarily, local. This is true of many aspects of the activities undertaken by state agencies, such as Forbairt, Teagasc, Coillte, Bord Fáilte and FÁS. Although these are national agencies, and implement policy set at a national level, it is clear that rural development policy, more narrowly defined, needs to be co-ordinated with the work of these agencies, and vice versa. The precise form of that co-ordination is a secondary question, depending on the institutional and organisational structure put in place for rural development policy.

(ii) Distinction between Rural Development Policy and Settlement Policy
It is important to appreciate, that the definition of rural development and rural development policy outlined above, though broad, actually excludes one significant and relevant question. A study of economic and demographic developments in rural areas, such as that provided by the Consultants, is not an analysis of Irish settlement patterns. Such an analysis would include not only the demographic developments in rural areas, but also developments in the hierarchy of village, town and city settlements. Many issues in rural development policy cannot be adequately addressed without reference to a desirable and feasible overall settlement pattern. Yet, policy-oriented studies of settlement patterns have not been undertaken in Ireland since the mid-1960s. At that time, wider questions, including settlement policy, were seen as integral to discussion of national development policy. The Council believes that work on rural development policy, taking as given an underlying policy goal of maintaining maximum possible population in rural areas, should now be followed by analysis of overall settlement patterns and clarification of policy goals concerning settlement. It should be clear that the Council's current work on rural development excludes consideration of this important question.

(iii) Both Long and Short-Run Focus
The Council sees its current work on rural development having both a short and long-run focus. The Consultants make clear that recent developments in the area of rural development, and the availability of a new round of Structural Funds, throw up a number of substantive and organisational issues which require fairly immediate decision. However, the Council strongly believes that any policies or structures put in place now must be consistent, first, with a long-term system for promoting rural and local development and, secondly, with an effective system of central and local economic and social
governance. Within this context, the Council support the Consultants in their view that approaches to rural development must avoid an over-emphasis on the structures and institutions for development. Nevertheless, as will be seen below, the Consultants' report and the Council's own considerations do raise important structural or organisational issues (see Part III).

(iv) Distinction Between Given Resources and Economic Development

In developing comments on the issues of rural development, the Council wishes to make a strong distinction between the allocation of given resources to a particular rural area, on the one hand, and economic development, on the other. In general, the process of wealth creation involves adding value to the cost of resources. In most situations, the creation and appropriation of added value requires the possession and use of distinctive capabilities (Kay, 1993). Indeed, in ongoing competition this creation of added value requires, and is characterised by, the generation of higher quality products at lower unit costs. By contrast, the allocation of given resources to a particular area frequently involves no added value or wealth creation and may do little to stimulate development.

3. IDENTIFYING THE POLICY ISSUES OF THE 1990S

In recent years, developments in both European Union and Irish policy have given rise to a range of programmes and structures pursuing, or directly relevant to, rural development. These include:

- Pilot-Area Programme for Integrated Rural Development, 1988-90;
- Area-Based Response to Long-Term Unemployment (PESP Partnerships);
- Community Development Programmes (CDP);
- LEADER;
- FORUM - a model action project in the EC poverty programme (Poverty III);
- County Enterprise Boards (CEBs);
- The Global Grant for Local Development;
- Community councils, community co-operatives and community enterprise.

These programmes have included policies for agricultural diversification, farm competitiveness, afforestation, rural tourism, long-term unemployment, poverty, enterprise and industrial development, marine enterprises, rural infrastructure, and public service provision (for further detail, see Chapter 4 below). Consequently, it is clear that this is not an area which is now neglected by policy. The Consultants provide an account of past policies and policy perspectives which shows that, after the mid-1970s, a regional and rural development focus disappeared from many areas of public policy. Up to quite recently, analysts of rural and regional development were primarily concerned with advocating the reintroduction of a regional and rural focus. This is not the position now. Given the recent proliferation of policies and organisations focusing on rural development, it is time to change the nature of the debate. In contrast with the position prevailing some years ago, described by the Consultants, policy analysis can now be based on a combination of conceptual clarification, comparative study and reflection on practical experience.

In the context of the National Development Plan, a new Community Support Framework for Ireland and further Community Initiatives, the following policy issues arise in the area of rural development. First, is there a continuing need for rural development policy? Second, what should be the scope and broad content of rural development policy, and how should this relate to the main thrust of national economic and social policy, in areas such as public finance, industrial development, education, training, and policies which address unemployment and social disadvantage? Third, what are the strengths and weaknesses of existing initiatives in the area of rural development? Which programmes and structures have succeeded, and which have made little impact? Fourth, is there significant overlap between existing programmes and organisations? Do overlaps undermine the coherence of rural development policy? Finally, there are an important set of issues concerning structures and organisations. Which of the structures and organisations which have emerged in recent years have been effective in promoting rural development? Are these organisations accountable? Do they complement or undermine the existing administrative structure of government departments and statutory agencies? Is there a need for

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1 In the case of community programmes for rural development, it has been suggested in a recent overview of Irish policy that these disappeared because they "encountered a number of well documented problems ... of sufficient magnitude to lead to the virtual abandonment of this approach to development" (Shornall, 1994, p.234). It is doubtful that the abandonment of community and rural development can be explained by its own limitations. Strong tendencies to centralisation and the adoption of an analytical and practical approach to regional development which placed emphasis on the movement of resources into weaker localities, rather than the development of indigenous potential, seem sufficient to explain the earlier abandonment of public policies for community, rural and local development (O'Donnell, 1994).
rationalisation, or unification, of the structures and organisations which pursue rural development in any given area? What should be the relationship between structures and organisations pursuing rural development, on the one hand, and local government, on the other?

In addressing these questions, the Council draws on its Consultants' report and its own investigations. Given its role in the policy system, it identifies the principles which should guide concrete policy decisions on each of the broad questions listed above.

4. OUTLINE OF THE COUNCIL'S REPORT

The Council Comments on Rural Development are divided into three main parts. Part I considers the origin and nature of the problem. Part II considers current and future policy responses to problems of rural development. Part III examines the institutional and organisational issues which now arise. This final section of Chapter I provides an outline of the Council's views on rural development. This, combined with the Summary of Main Points, provides a synopsis for those who are not in a position to study the full report.

(i) The Origins and Nature of the Problem

The Goals and Means of Rural Development Policy

The first chapter in Part I, Chapter 2, explains why the Council considers rural development an appropriate concern of policy. Public policy should aim to provide the maximum number of people with access to employment and income, minimum public good provision and viable community and social life. While these might be seen as essentially non-spatial goals, they do, in practice, imply a general case for local and rural development. However, it is shown in Chapter 2, that translation of these general policy goals into rural development goals has a number of important implications. The need to define a spatial unit in translating general policy goals into rural goals introduces an element of arbitrariness and calls for recognition of the limits of any purely spatial goal. The need to take account of the inter-dependence of the rural and urban economies, and of the strong tendency to agglomeration, implies that rural policy goals must be defined with reference to their feasibility. Since the ends and means of rural policy are not independent, it is not possible to discuss goals without taking a stance on policy. Drawing on their analysis of economic and demographic change, the Consultants propose an approach involving:

- A greater emphasis on balance between Irish regions;
- A renewed focus on inter-relationships within Irish regions;
- A greater consideration of the growth centre concept, whereby the geographical clustering of economic activities in strategically located hub-towns could induce spread effects to their hinterlands;
- The development of regional and local economic statistics.

Chapter 2 finishes with an outline of the Council's own overall perspective. The Council is in full agreement with the Consultants that the goals of rural development policy can only be met in the context of balanced regional development. Consequently, rural development requires a regional planning framework which can set out key long-term objectives and strategies, and achieve the co-ordination of certain policies at a regional level. Furthermore, many issues of rural development cannot be adequately addressed without reference to a desirable and feasible overall national settlement pattern. The Council believes that work on rural development policy should now be followed by analysis of overall settlement patterns - including the hierarchy of village, town and city settlements - and clarification of policy goals concerning settlement. The Council agrees that the formulation of more explicit policies for regional, local and rural development, and for overall settlement, will, in some cases, involve a greater focus on growth centres and the role of towns in sustaining the rural population. However, it believes that further research on Ireland's settlement patterns and urban system is necessary before rural development policy can be uniformly based on 'the role of strategically located urban or town centres'.

Agricultural and Non-Agricultural Restructuring

Chapter 3 provides a more detailed account of the agricultural dynamic and other restructuring which shape the pattern of economic and social problems in Irish rural areas. This shows that the contraction in numbers employed in agriculture, generated by the underlying agricultural dynamic, is likely to continue in the future. It is also clear that the underlying agricultural dynamic, when mediated through the particular structures of Irish agriculture, have left a relatively small proportion of farms in the viable category. These two trends indicate an ongoing need for the creation of off-farm employment. The degree to which agricultural change creates economic and social problems in rural areas varies sharply from one area to another. The way in which the restructuring of the non-agricultural economy is creating economic and social problems in rural areas is also explored. In contrast with the 1960s and the 1970s, a smaller proportion of mobile industrial projects will be located in rural areas. The growth of the service
sectors, the main source of employment creation nationally, is occurring predominantly in Dublin and other cities. Finally, considering the indirect effect of other restructuring on rural areas, indigenous manufacturing in Irish towns continues to experience slow employment creation, thereby providing little relief of the employment problems in their rural hinterlands. As in the case of agricultural restructuring, the path of industrial and service sector development produce a highly differentiated pattern of economic and social problems in rural areas.

(ii) Policy Responses

Types of Rural Development Policy

The discussion of policy responses in Part II of the Council's Comments is undertaken in two different ways. Rural development policies can be classified according to their function (e.g. agricultural diversification, tourism, etc.) or by programme titles (e.g. LEADER, Operational Programme for Rural Development, etc.). Chapter 4 examines current rural development policy in the first of these ways. This shows that there are a very broad range of measures in place to assist rural development. While the core elements of agricultural policy - prices and markets policy - will shape rural development, only small elements of this policy are available for discretionary use in rural development. However, other elements of agricultural policy - competitiveness policy, land mobility policy, farm diversification and forestry - can be used in different combinations to address economic and social problems in rural areas. In addition, there are a wide range of non-agricultural policies and initiatives which seek to promote rural development. These include policies for rural industrialisation, support for small enterprises, crafts and services particularly in tourism and policies which seek to promote social development in rural areas.

The review of these agricultural and non-agricultural policies in Chapter 4 reveals the potential and limits of current approaches and brings to light some of the policy issues which must now be addressed. Although the pace of farm diversification has accelerated in recent years, this remains a minority pattern of adjustment and will not be a realistic option for many older farmers. In considering tourism policy, it is useful to distinguish between agri-tourism and rural tourism. Issues in rural tourism policy include the balance between major infrastructural projects, financed by the Structural Funds, and the development of community based rural tourism in which local people participate in the provision and marketing of a rural tourism package for their area. Recent initiatives in forestry policy have yielded a dramatic increase in tree planting but there are marked regional differences in the pattern of applications for afforestation grants. These reflect deep-seated socio-cultural barriers to forestry among smallholders, particularly in the West, and raise important questions concerning the co-ordination between agricultural, forestry and social welfare policy. Fisheries are an important element of the economy in some rural areas and the National Development Plan has allocated resources to fleet development, fleet renewal, aquaculture development, fish processing, capital renewal and the development of infrastructure and marine research. The prosperity of rural areas will be significantly influenced by the success of Forbairt in fostering indigenous industrialisation in rural areas and in those urban centres upon which many rural areas will rely for employment opportunities. Indeed, attention needs to be given to ways in which industrial policy can assist the regeneration of Irish towns and cities which have suffered de-industrialisation and can foster the development of urban centres in those parts of the country which have a weak urban structure. This requires a greater focus - in both research and policy - on national settlement patterns and problems of urban development. The Council sees the emergence of these issues as an important by-product of its current work on rural development.

Review of Rural Development Initiatives

Chapter 5 provides a review of rural developed initiatives, classified according to their programme titles. The Chapter begins by identifying some issues which arise in evaluating rural development initiatives. It has recently been shown that evaluation needs to include not only an assessment of the achievement of specific goals, but also qualitative assessment of how the management of initiatives makes a novel contribution to local economic performance and learning about the nature of local economic development.

An account is then given of the Pilot Area Programme for Integrated Rural Development (1988-90), the Operational Programme for Rural Development (OPRD), LEADER, Area-Based (PESP) Partnerships, the Global Grant for Local Development, the County Enterprise Boards (CEBs), the Community Development Programme, FORUM (the North and West Connemara rural project), various rural development initiatives from below and the new Regional Authorities. As well as explaining the main activities undertaken in each programme, the Council reports the findings of existing evaluations and provides its own comments on the strengths and weaknesses of each programme.

This review begins with an outline of the Pilot Area-Based Programme for Integrated Rural Development. A significant finding which emerged from the evaluation of this programme is that "there are certain types of project
activity which can be initiated and developed more effectively through the process of co-ordinating and linking up of people. This made it possible for some things to be done which would have been unlikely or much slower to happen simply by relying on enterprising individuals in isolation" (O’Malley, 1992, p.9).

The OPRD was one of the programmes under the Community Support Framework (CSF) over the period 1989-93. It aimed to diversify the rural economy, improve rural infrastructures, promote local enterprises and provide the necessary back-up services in terms of human resources, to enable the measures undertaken to be effective. Although it consisted of discreet sub-programmes, the OPRD provides practical experience of the effectiveness of various instruments and incentives in encouraging diversification, small and community enterprises, research and development and the uptake and use of training. Some of the activities undertaken within the OPRD by government departments and state agencies could, in future, be conducted by these bodies in partnership with local and rural development bodies.

A significant section of Chapter 5 is devoted to a review of the LEADER programme. This EU initiative, designed to find innovative solutions to problems in rural areas, led to the establishment of 16 rural development groups on a pilot basis from 1991-94. These groups generally include representatives of the farming organisations, co-operatives, local authorities, state agencies and local groups. The focus of LEADER activity is on economic development, particularly rural tourism, small enterprises and natural resources. As well as creating a quantifiable economic impact, in terms of employment and incomes, LEADER has regenerated local involvement in development and had a significant effect in mobilising voluntary effort in the interests of local development. Drawing on an important recent review of LEADER, by Kearney, Boyle and Walsh (1994), the Council identifies some of the problems in both the focus of LEADER activity and in developing an effective partnership process.

Another important pilot programme in rural development is the area-based response to long-term unemployment, the PESP Partnerships, established under the Programme for Economic and Social Progress (PESP) following a recommendation by the Council in A Strategy for the Nineties. Four of the twelve PESP Partnerships are in rural areas and their work constitutes an important experiment in new approaches to addressing the problems of rural disadvantage. Given their small resources, the partnerships have only a limited executive role; instead, they co-ordinate other agencies and provide the information and mobilisation on which their programmes can be tailor-made to meet local needs more effectively. This initial experiment has had considerable success and, most significantly, has provided experience from which many lessons can be learnt. It confirms the value of an area-based approach which focuses on long-term unemployment and disadvantage. It has demonstrated the value of an agency or organisation which is concerned less with the dispersal of large amounts of money, than with improving the targeting and effectiveness of programmes and policies undertaken by existing agencies and departments. Furthermore, it has shown that partnership with local, voluntary and community groups is necessary if such an improved policy design and implementation is to be achieved. Among other advantages, this approach allows policy to take account of differences between areas. The experience also confirms the advantage of careful research and formulation of strategy. The establishment and development of the PESP Partnerships also yields important lessons concerning the design of organisations and institutions for rural and local development. While these are identified in Chapter 5, their implications are explored in greater detail in Part III of the Council’s Comments.

The Global Grant for local development was established by the European Commission in 1992 to support the development of indigenous at local level in Ireland. In its support for the PESP Partnerships and other local groups it focuses on broad socio-economic development, while LEADER groups have a more specific focus on economic development. The position of the Global Grant requires clarification in any rationalisation or unification of the range of programmes and structures pursuing rural development.

The County Enterprise Boards (CEBs), linked to the local authorities, are also discussed in Chapter 5. There is some difference between the two chief tasks (and rationales) of the County Enterprise Boards: (i) developing enterprise action plans covering all sectors and developing an enterprise culture; and (ii) providing grant support to businesses of a defined type. Though only time will tell, it must be doubted whether the CEBs have the structure, resources and capability to formulate and execute enterprise development strategies for local prosperity. The Council considers that it will be important to observe the extent to which CEBs devote attention to the key strategic activities set out in their terms of reference: developing an enterprise action plan based on a comprehensive appraisal of the local economy and creating local enterprise awareness. Though the CEBs cannot strictly speaking be seen as a pilot initiative, because their coverage is nationwide, the Council believes that they should, like most other recent initiatives in rural development, be seen as pilot, in the sense of experimental. Experience in the coming years will indicate the extent to which a structure
embedded in the local authority system can meet the fundamental goals of rural development - effectiveness, accountability and subsidiarity (see Part III below).

FORUM is one the twenty-seven model action projects in the third EC Poverty Programme to foster economic and social integration of the least privileged groups. The project, located in North and West Connemara, ran from 1990 to 1994. The Consultants consider it as "the most advanced attempt to date to incorporate the main concepts of integrated rural development" (Commins and Keane, this volume, Chapter 11). However, its experience reveals some of the major organisational and procedural difficulties arising in rural development initiatives. Significant imbalances in power and resources can exist within partnerships and, consequently, non-statutory partners require training and resources in order to participate on equal terms. The experience of FORUM underlines the need not only for co-ordination across policies and agencies at local level, but also at central level. The principles for institutional development, outlined in Part III of the Council's Report, draw on that experience. Chapter 5 also contains a brief review of 'rural development initiatives from below'. The Council considers that these experiences of attempted development from below confirmed the importance, not only of resources from outside the local area, but also strong vertical links from local groups to central government and international agencies. This requirement is emphasised and discussed at greater length in the Council's consideration of institutional issues in Part III of this report.

Council Recommendations on Substantive Issues in Rural Development

When collected together, as in the final section of Chapter 5, these comments on recent rural development initiatives constitute the Council's main recommendations on the substantive issues now confronting rural development policy. The most important of these is the Council's strong support for an area-based approach to rural development. Area-based programmes, based on partnership, can promote rural development because they generate voluntary commitment, increase the co-ordination and effectiveness of policy, provide the information and consultation to improve the design of national policy and encourage the identification of new opportunities for economic activity. Recent experiments with area-based initiatives have demonstrated the value of a local agency or organisation which is concerned less with the dispersal of large amounts of money, than with improving the targeting and effectiveness of programmes and policies undertaken by existing agencies and departments. The development of effective partnerships at local level, and of the appropriate administrative procedures at central level, inevitably takes considerable time. Policy commitment to rural and local development must be a long-term one.

The Council considers that rural and local development has three main elements: pre-development, reduction of social exclusion and enterprise development. Rural development policy must address all three elements. It is vital that area-based programmes concentrate on achieving outcomes which would not otherwise be achieved by the mainstream agencies. This implies greater emphasis on: (i) innovative projects and methods; (ii) adoption of a strategic planning approach; (iii) capacity building and animation; and (iv) community and group projects. These approaches should replace the heavy reliance on grants in some existing schemes. The Council's review reveals that property and the use of property are key factors in almost all kinds of development. This implies that Local Authorities, which shape the use of property, have the ability to assist or frustrate rural and local development. These conclusions on substantive matters raise numerous issues about the organisations and institutions for rural development policy. These are considered in Part III of the Council's Report and summarised below.

(iii) Institutional Issues

As noted above, Irish rural development policy now confronts a range of institutional and organisational issues. These include questions concerning possible overlap between existing institutions, questions concerning the relative effectiveness of different organisations, questions concerning the relation between rural development organisations and government departments, questions concerning the need for rationalisation or unification of the structures and organisations which pursue rural development and whether, as some suggest, local initiatives for rural development should now be subsumed within the local authority structure.

Part III of the Council's Comments addresses these issues. The work of the Consultants and of other researchers on rural, local and regional development - provide commentaries on these organisational and institutional issues. However, these tend to be understood and analysed in somewhat different ways within the disciplines of regional, local and rural development and among those active in each of these areas. Furthermore, the development of organisations and institutions pursuing local development is undoubtedly linked to the question of local government. Consequently, perspectives on organisational and institutional issues found in the rural, local and regional development fields, need to be combined with perspectives which emerge in work on public policy, administration and politics. This implies that, as a preliminary, the Council must identify the correct terms in which issues of overlap, organisation, institutions and overall
concern over the Council begins Part III by proposing a framework for the discussion of the institutional, industrial and procedural issues which are now arising in the area of rural and local economic development.

A Framework for Analysis of Institutional Issues

This framework, which is set out in Chapter 6, has several elements. The first is an identification of two dimensions of organisational structures: composition and procedures, and spatial scale or unit. The second element is identification of three types of relationships: vertical, horizontal and public/private. Next the Council identifies three criteria for evaluating the merits of various institutional and organisational approaches: effectiveness, accountability and subsidiarity. Finally, the Council believes that it is useful to distinguish between three kinds of arguments which appear in the Consultants’ Report and, more generally, in debates on rural and local development. These are:

- Arguments concerning territorial versus sectoral/functional policy;
- Arguments for a decentralised approach to development policy;
- Arguments concerning the role of local government in rural development.

The Council believes that this analytical framework provides a framework for discussion of institutional and organisational issues. It does this because, unlike many other discussions of these issues, it uses categories and language which do not preclude the issues. This framework is used in the remainder of Part III, to formulate some principles which should guide the development of the organisations and institutions designing and executing rural development policy.

A Territorial, or Area-Based, Approach

Chapter 7 distinguishes between arguments for territorial, decentralised and local government approaches to rural development policy and evaluates each. It begins by considering the Consultants’ arguments in favour of territorial over sectoral/functional policy. The Council strongly supports the Consultants’ argument that a territorial approach should be adopted in rural development policy; that is, policy should be undertaken by an organisation which has responsibility for development in a defined geographic area. This approach can offer several significant advantages. Perhaps the most important is the possibility of achieving close co-ordination between different policy approaches and agencies. Another advantage is the ability to take serious account of differences between localities in designing and implementing policy. A territorial approach may also be more effective in encouraging and harnessing local energies in both commercial and voluntary work. However, the Council has identified two qualifications to these arguments. The undoubted advantages of a territorial approach do not occur automatically once an area-based structure is established. The advantages arise from an area-based structure in combination with other organisational and procedural characteristics. Second, the emphasis on a territorial or area-based approach should not be allowed to exclude consideration of a sectoral policy.

Arguments for Decentralised Rural Development Policy

Chapter 7 also considers arguments for a decentralised approach to rural development policy. The Council believes that arguments about the general merits of centralisation or decentralisation are of limited relevance. Discussion can now be based on the experience of local and central organisations pursuing rural development, applying the criteria of effectiveness, accountability and subsidiarity. On these criteria, there are strong arguments for a decentralised approach to rural and local development. However, in Chapter 7 the Council identifies a number of qualifications to the case for decentralisation, or, more precisely, additional requirements if decentralisation is to be effective. These are identified by focusing, not on structures, but on the vertical, horizontal and public/private relationships which are necessary if policy is to be effective. The first requirement is that decentralised organisations require strong vertical relationships with central agencies and government. Second, the advantages of decentralisation are contingent on the emergence of a ‘local development coalition’. This is likely to require that a local group has a particular composition and set of procedures. The Council shows that the composition and procedures most likely to create an effective local development coalition are those associated with partnership.

Local Development and Local Government

The final organisational issue considered in Chapter 7 concerns the relationship between rural development organisations and local government. Given that the Consultants provide no detailed discussion of this issue, the Council wishes to identify the principles which should guide thinking on this question. Its approach is to focus on economic, administrative and political reality, rather than abstract administrative or democratic principles. It is argued that proposals in this area must ‘run with the grain’ of economic, political and social life in Ireland, by taking account of the history and current position of local administration and politics. The Council examines a
proposal, advanced in a recent report on the Structural Funds, which suggests that rural development policy should now be placed under the aegis of local authorities and central government. The Council argues that this is not an adequate proposal for designing the relationship between rural development and local government. First, the existing structures, procedures and role of Irish local government are such that its involvement is unlikely to enhance current initiatives for rural and local development. Second, even reformed local government structures are unlikely, in combination with central government, to constitute an adequate institutional arrangement for the design and conduct of rural and local development policy. Effective and accountable rural and local development policy requires a partnership of state, statutory, voluntary, private and community groups.

Principles for Institutional Development

The analytical approach set out in Chapter 6 and the arguments developed in Chapter 7, are used to identify principles which should guide the development of structures and institutions for rural and local development. These are set out and explained in Chapter 8. The Chapter begins with a restatement and summary of the core arguments. These include the view that consideration of organisational structures for rural development needs to focus not only on the appropriate spatial unit, but also on the composition of organisations and the procedures which govern activity. Given the tensions between effectiveness, accountability and subsidiarity, the design of structures for rural development cannot be based on some formal model of administration or definition of democracy. The key requirements for rural development are an accurate audit of local needs, a strategic plan for development, co-ordination of various policy instruments and mobilisation of local interests. The central organisational and procedural way to meet these requirements is through partnerships. At its best, partnership provides a procedural or an institutional framework for turning the interaction of community, market and state in a constructive direction. Ultimately, the purpose of partnerships in rural and local development is to make self-interested collective action contribute to the achievement of public policy objectives.

While the core argument advanced by the Council in Part III of this Report is that partnerships provide the best chance of effectiveness and accountability, a number of considerations suggest additional requirements for partnerships to achieve these goals. Given the limits of an exclusively bottom-up approach, there is strong evidence that vertical relationships between decentralised organisations and the national agencies (or government) are also an important ingredient of effective local development.

In addition, the effectiveness of a decentralised approach depends on the local partnership taking a proactive role in development, animating local groups, building their capacity to function effectively and stimulating enterprise and project ideas. The central purpose of partnership is to achieve both horizontal co-ordination (between programmes and agencies operating within a given area) and vertical co-ordination (of local, regional, national and EU levels of governance) and this is possible where partnership is understood not only as a structure, but also as a process of communication and negotiation.

From these core arguments, the Council derives the following principles, which should guide the development of structures and institutions for rural and local development:

(i) Area-based partnerships of state, statutory, voluntary, local and community groups;

(ii) Strong vertical links from local partnerships to national agencies and a central body with an overall responsibility for local development;

(iii) Development of the capacity of local groups to participate effectively in partnerships for development;

(iv) Development of the capacity of the centre and national agencies to participate effectively;

(v) Over time, a rationalisation of the overlapping structures and schemes active within each local area. However, care must be taken that a more unified structure would continue to address the different elements of local development; pre-development, social exclusion and enterprise development;

(vi) An increased role for local authorities in rural and local development should only occur within the context of (a) proven performance of County Enterprise Boards in the formulation and execution of strategic enterprise development plans (b) partnerships of statutory, voluntary and local bodies and (c) reform of local government.

Each of these principles is briefly explained in Chapter 8. The chapter finishes by documenting the international emergence of partnerships for rural development.
PART I

The Origin and Nature of the Problem
CHAPTER 2

WHY RURAL DEVELOPMENT IS AN APPROPRIATE CONCERN OF POLICY

1. A GENERAL CASE FOR LOCAL AND RURAL DEVELOPMENT

(i) An Eclectic Approach

Given the priority of employment, unemployment and equity objectives in national policy, what is the basis for identifying rural development as a goal of public policy? The analytical and political debate within the European Union, on the question of economic and social cohesion, is instructive in this regard. That debate has, of occasion, been characterised by an exclusive focus on narrowly interpreted efficiency criteria. That approach did little to develop analysis or policies on regional and social inequality. In fact, policies for economic and social cohesion (in the European Union) or local and rural development (in Ireland) can be considered from a microeconomic, macroeconomic and a developmental perspective; it is possible to apply either efficiency, or, equity criteria. In the Council’s view, exclusive focus on one perspective and one set of criteria serves little or no practical purpose. It is necessary to adopt an eclectic approach which takes account of each aspect of the issue and allows for the fact that these are not totally separable from one another. Any sensible proposal for achieving greater rural or local development, would inevitably combine both equity and efficiency arguments and must take account of microeconomic, macroeconomic and developmental considerations.

An example of this approach is cited by the Consultants. They identify three kinds of reasons why policy should be concerned with rural development, based respectively on efficiency, equity and environmental considerations. An efficiency argument arises if some of the problems in rural areas arise because of the failure of market mechanisms to take advantages of opportunities for productive, profit making, economic activity in the countryside. In this context, policy encouragement to exploitation of these rural opportunities can be efficiency enhancing and contribute to the well-being of society as a whole. The second fundamental argument in favour of rural development policy draws on equity considerations. The general policy goal of reducing inequality in outcomes and opportunities can, in some circumstances, take the form of a policy goal of producing the gap in well-being between rural and urban areas. The third reason, cited by the
Consultants, for having rural development as a goal of public policy is that society as a whole has a strong interest in correct management of land and other resources. This concept of ‘stewardship of the country-side’ has, in recent times, figured significantly in European Union policy statements.

(ii) From National Goals to Rural Goals

At a general level, the particular priorities of Irish policy - employment, unemployment and equity objectives - can be specified in terms which suggest the relevance of rural development policy. Those priorities suggest that public policy should aim to provide the maximum number of people with access to:

- employment and income;
- minimum public good provision;
- viable community and social life.

While these might be seen as essentially non-spatial goals, they do, in practice, imply a general case for local and rural development. However, translation of these general policy goals into rural development goals has a number of important implications, which should be noted.

**Definition of Spatial Units and the Limits of Purely Spatial Goals**

First, in defining employment, unemployment, equity or population goals for rural development it is necessary to define a spatial unit. A good example would be goal of population stability at the county level, articulated in the *Report of the Task Force on a Crusade for Survival* (1994) and recently adopted by government. The Council supports this goal, but recognises that the definition of a particular spatial unit is, to some degree, arbitrary. Consequently, while the general goals of public policy, outlined above, do genuinely imply the validity of rural development policy goals, there are limits to any specific spatial goal. These limits are outlined in Section 3 below.

**The Implications of Inter-Dependence and Agglomeration**

Two other factors must be taken into account in translating general policy goals into rural development policy goals. Both have the effect that the goals of rural development policy cannot be defined independently of the means by which they might be pursued. The first of these factors is the inter-dependence of the rural and the non-rural economy. Chapter 1 has provided a schematic account of the factors shaping economic and social problems in rural areas. The fundamental characteristic to emerge from that account, and from the Consultants’ Report, is the *inter-dependence* between the rural economy and society in any given area, on the one hand, and non-rural economic, social and political factors, on the other. It follows that specification of both the ends and means of rural development policy must take account of this inter-dependence. Since employment, incomes and population in rural areas are inter-dependent with the prosperity of urban centres, the goals of rural development policy must be defined with reference to their feasibility. This includes an identification of the extent to which rural access to employment and income, public goods and community and social life is to rely on urban centres.

Of course, the over-riding national goals of policy, outlined above, would not imply a rural development policy goal if inter-dependence took the form of an absolute trade off between these national goals and the regional distribution of economic activity and employment. In that case, policy pursuit of employment, income and service provision in rural areas would detract from national employment creation. It is shown in Section 2 of this chapter that rural-urban inter-dependence does not imply an absolute trade-off between the over-riding national policy goals and the regional distribution of economic activity and employment.

A second, and related, factor which must be taken into account in translating general policy goals into rural development goals is the powerful tendency to agglomeration of economic activity and population. It must be asked whether this tendency to agglomeration undermines rural and regional policy goals. This is also discussed in Section 2.

**The Ends and Means of Rural Policy Are Not Independent**

Overall, the need to define a spatial unit in translating general policy goals into rural goals introduces an element of arbitrariness and calls for recognition of the limits of any purely spatial goal. The need to take account of the inter-dependence of the rural and urban economies, and of the strong tendency to agglomeration, implies that rural policy goals must be defined with reference to their feasibility.

2. THE IMPLICATIONS OF AGGLOMERATION

(i) Does Agglomeration Undermine Regional Goals?

Economic history, and economic and geographical analysis, show that there are very significant forces for concentration of economic activity. Indeed, the forces generating agglomeration may even be cumulative. This does
Fourth, clustering and agglomeration are not the only observed patterns of underlying economic change. Research on geographical industrialisation identifies two other elements or phases in the process: dispersion and shifts. After strong clustering, a degree of dispersion of some production activities is frequently observed and, more fundamentally, economic development is characterised by a shifting hierarchy of leading and lagging regions. Economic and social policy is confronted with these underlying dynamics, rather than an inexorable tendency to concentration or agglomeration.

Overall then, the insistence on a strong trade-off between national development and employment, on the one hand, and regional development and employment, on the other, either implies that national development would be maximised by complete agglomeration (a view for which there is no rational foundation), or implicitly assumes that whereas local development occurs in a place, thereby costing additional resources, national development occurs nowhere (aspatially), thereby costing less. One of the implications of the international re-emergence of regions, regional policy and regional analysis is that, in a sense, ‘all development is local development’.

(ii) Agglomeration Might Reinforce Regional Policy

It is, indeed, possible that the undoubted, but complex, relationship between overall national development and the spatial pattern of development, reinforces the significance of rural and local development objectives.

Developments in the real economy, economic policy and analysis have served to blur the distinction between national economic governance and regional policy. Regional goals can no longer be placed in a simple logic of piecemeal optimisation: first, maximise overall growth by means of national policies and then achieve regional goals by a subsequent redistribution or reallocation. Instead, the achievement of overall national prosperity is increasingly seen to be dependent on the design and implementation of policies which secure the dynamism of regional economies. This confluence of national and regional concerns, is strongly reflected in the fact that the analysis of national, and indeed international, economic development and competitive advantage now focuses strongly on regional factors as the source of prosperity. While this does not establish any particular regional policy goal, and especially does not establish rural policy goals, it strongly suggests that the undoubted relation between national development (and employment) and regional development (and employment), rather than undermining regional policy objectives, demands a significant regional dimension to national development policy.
3. THE LIMITS OF ANY SPATIAL GOAL

(i) Place Prosperity Versus People Prosperity

Having defended a policy goal of rural and local development, against outlier objection, the Council accepts that there are limits to any spatial goal. One of the important innovations in recent analysis of regional problems is a rejection of what is called ‘spatial separatism’: ‘The notion that it is possible to identify, separate and evaluate the spatial as an independent phenomenon or a property of events examined through spatial analysis’ (Sack, 1974). The criticism of this viewpoint does not imply that regional patterns do not matter, but that the spatial pattern should not be separated from the social processes which are occurring within a country, and evaluated separately. This has implications not only for analysis, but also for the specification of regional or rural goals, and the exercise of rural development policy. For example, the idea that regional economic disparities should be reduced for the sake of equity only makes sense in technical terms if there is a relationship between spatial equity and social equity. The pursuit of inter-regional equity as a policy goal has been characterised as, sometimes, substituting ‘place prosperity’ for the more fundamental goal of ‘people prosperity’. It has been argued that in the absence of analysis of the relationship between spatial equity and social equity, the pursuit of inter-regional equity can become meaningless (Gore, 1984). An increase in the average income in a given spatial area is consistent with the worsening of income distribution within that area; likewise, a stabilisation, or indeed increase, in population in a given rural area could occur with an increase in unemployment and social marginalisation. Consequently, we cannot sensibly define spatial goals, concerning rural or local development, in a purely spatial way, which separates them from general goals and general processes.

(ii) Rural Policy Goals Defined with Reference to Feasibility

The limits of any spatial goal, and the need to take account of the inter-dependence between rural and non-rural economies and the tendency to agglomeration, imply that rural goals cannot be specified without reference to feasibility. One implication of this, is that a rural development goal formulated in terms of culture and community (as, for example, by O’Tuathaigh, 1993) cannot, in the long-run, be seen as separate from the creation of a viable economy. Culture and community cannot survive where those involved have no access to employment and income or minimum public good provision. Indeed, it is precisely where a viable economy does not exist that regional goals come to be defined in a purely spatial way, i.e. the need to use policy to locate or preserve resources, activity or population in a particular place. It is when goals are formulated in this way that people eventually ask: why does the distribution of population and employment across space matter? To avoid this, more detailed specification of a desirable rural development goal cannot be done without reference to some judgement on a feasible pattern of rural development.

4. PERSPECTIVES ON RURAL DEVELOPMENT POLICY

(i) The Consultants’ Perspective

Underlying Economic and Demographic Trends

The inter-dependence between rural and urban areas and the need to define rural policy goals with reference to feasibility are important themes in the Consultants’ Report. First, their study of spatial change in the Irish rural economy confirms the increasing inter-dependence between agricultural and non-agricultural activities within rural areas, and between rural and urban areas. Second, their study of population change indicates that ‘population stability seems, in general, to be a characteristic of bands of territory in the perimeter of urban areas and along inter-urban communication routes’ (Commings and Keane, this volume, Chapter 14). They argue that:

A broader distinction must be made between town or urban hinterlands and the more outlying districts. The capacity of the latter to sustain viable rural systems - in schools, employment, transport, social services, etc. - without being systematically linked to secondary or major urban centres, must now be seriously in question (Commings and Keane, this volume, Chapter 13).
Third, the Consultants’ analysis of patterns of economic activity in urbanised, semi-urban and rural districts shows a high concentration of both manufacturing and service activities in the urban areas. While large and medium-sized industrial enterprises have become proportionately less important in the urban areas, moving to semi-urban areas, the concentration of retail services in urban areas has become more pronounced. In addition, both urban and semi-urban districts display a much greater degree of economic diversity and this is, in turn, positively correlated with population growth and economic prosperity.

Implications for Policy

Their analysis of these trends has significant implications for the overall policy approach advanced by the Consultants. Their concern to identify feasible approaches suggests that policy should:

address the problems of the rural system through a strategy of identifying the more viable elements which are emerging within the current pattern of changes. Specifically, a central element of the desired approach is to identify a gradation of urban and town centres, which together with their service hinterlands, could be the basis for the reorganisation of the rural economy so as to consolidate economic activity and achieve demographic stability (Commins and Keane, this volume, Chapter 2).

In their view this articulation of objectives and means is likely to be best attained in the form of some territorial or area-based approach to policy and planning that ‘does not ignore the urban connection’ (Chapter 12). Indeed, they argue that ‘central to such an approach would be the role of the strategically located urban or town centres’ (Chapter 12).

Taking account of these underlying economic and demographic trends, the Consultants suggest that the current orientation of planning needs to be supplemented by:

(i) A greater emphasis on the balance among the sub-regions, especially between the expanding perimeter of Dublin and in the West, Northwest and Midland;

(ii) A renewed concern for the changing economic inter-relationships between the different areas and centres within sub-regions;

(iii) A greater consideration of the growth centre concept whereby the geographical clustering of economic activities in strategically located hub-towns could induce spread effects to their hinterlands and;

(iv) More information systems of regional and county economic and social statistics (Commins and Keane, Chapter 14).

They argue that in such a framework of regional and sub-regional planning, the smaller and more vulnerable rural communities ‘could better face the reality that their future does not lie in narrow parochialism but through association with spatially wider economic and social networks’ (ibid). They note that in any event the traditional boundaries of local communities are being extended and reshaped as they are obliged to adapt to new scale requirements with rationalisation in commerce and in services. They see the challenge as being to harness these trends with more constructively planned forms of ‘localised centralisation’ (Commins and Keane, Chapter 14).

The European Commission’s response to the problem of rural decline places a similar emphasis on strengthening intermediate centres.

In many cases, diversifying and strengthening rural economies in decline will require that economic activities be brought together at certain locations in order to avoid isolation, to facilitate the formation of clusters and the flow of information between the firms, to enable certain services to function profitably and to allow some investment in infrastructure. Experience has shown that where economic activities are too widely scattered, they are considerably more vulnerable and are much less likely to prosper (Commission, 1988, p.37).

While acknowledging the limitations of widely scattered economic activity, the Commission does not favour the ever-greater concentration of economic activity. The Commission suggests that one course of action would be to encourage the emergence of economic sub-poles at regional level:

The role of the intermediate centres (small towns) as places providing employment in services to individuals should be reinforced, whilst an effort should be made to preserve the neighbouring rural areas as residential and leisure areas, all the while observing the code for rational development of green spaces (Commission, 1988, p.37)
This perspective on the role of towns in rural development is one which requires assessment in the Irish context.

(ii) The Council’s Perspective

The acceleration of employment growth and the reduction of unemployment must now constitute the over-riding national policy objective. Development policy cannot ignore the existence of significant agglomeration economies. The Council supports the development of networks of firms to strengthen this capability (see NESC, 1993). At the same time, efficient development does not require complete concentration. Indeed, as noted above, the achievement of overall national prosperity is increasingly seen to be dependent on the design and implementation of policies which secure the dynamism of regional economies.

Policy for Balanced Regional Development

The Council is in full agreement with the Consultants that the goals of rural development policy can only be met in the context of balanced regional development. Consequently, rural development requires a regional planning framework which can set out key long-term objectives and strategies, and achieve the co-ordination of certain policies at a regional level. Development of the capacity to formulate and implement regional policies is critical for national and rural development.

Settlement Policy

Furthermore, many issues of rural development policy cannot be adequately addressed without reference to a desirable and feasible overall national settlement pattern. The Council believes that work on rural development policy should now be followed by analysis of overall settlement patterns - including the hierarchy of village, town and city settlements - and clarification of policy goals concerning settlement.

Growth Centres and the Role of Towns

The Council agrees that the formulation of more explicit policies for regional, local and rural development, and for overall settlement, will, in some cases, involve a greater focus on:

- Growth centres;
- The role of towns in sustaining rural population.

However, the Council believes that further research on Ireland’s settlement patterns and urban system is necessary in order to explore the inter-dependence between urban and rural areas. Two considerations suggest that further work is required before rural development policy can be uniformly based on ‘the role of strategically-located urban or town centres’. First, the Consultants themselves note the need for more detailed studies of emerging spatial patterns (Chapter 12). Indeed, they emphasise that the delineation of the sub-county units which would pursue an area-based approach to policy, each of which would include a significant urban area:

should be determined on the basis of a comprehensive spatial analysis of economic and social conditions, e.g., settlement patterns, population changes, mobility and commuting routes, spatial distributions of employment and services, physical geography, inter-dependencies among towns and villages (Commins and Keane, this volume, Chapter 13).

They note that ‘in practice, however, sub-county areas can be discerned pragmatically, using county towns as centres’. However, even this, needs to:

take account of existing patterns of centrality (the relationship of different towns to their hinterlands), homogeneity or degree of ‘natural’ cohesion within an area, size and population numbers. Labour market areas, travel to work areas, and second-level school catchment areas suggest the kinds of scale in mind here. The identification of a county town and its functions would be important in the delineation of area boundaries (Commins and Keane, this volume, Chapter 13).

While this practical assessment requires less formal research, it is not definite that the experience of those involved in rural development will confirm the feasibility of what the Consultants call a “‘town centred”, area-based strategy for integrated development’. Indeed, this is the source of the Council’s second reservation.

In some parts of the country, economic and population decline in towns exceeds that in the surrounding rural areas. A good example would be New Ross, within the South-West Wexford PESP Partnership area, but the same is true of many small and medium-sized towns which have suffered from de-industrialisation. Indeed, the Consultants themselves note that a significant feature of population change in the 1980s (the East excluded) was that ‘de-population in Rural Districts was not offset by population growth in
CHAPTER 3

STRUCTURAL CHANGE IN RURAL REGIONS

1. INTRODUCTION
This chapter outlines the process of structural change in the agricultural sector and the non-farm economy of rural regions. Its content is mainly empirical and draws on the Consultants’ Report. An overview of the process of structural change is helpful in understanding the nature and dimension of the current and future problem of rural development.

Despite the growth of the industrial and services sectors in the past decades, the agri-food sector continues to be a major part of the national economy. In 1992 the combined agri-food sector (agriculture, forestry, fishing, food and drinks) accounted for 17 per cent of employment and 25 per cent of exports. Given the relatively low import content and profit repatriation of the sector, the contribution to net foreign exchange earnings is even greater.

As shown elsewhere in this report, rural and urban areas are increasingly inter-dependent. Rural areas have become more reliant on employment in urban centres; nevertheless, rural areas remain highly dependent on agriculture. Indeed, a rural area, almost by definition, implies an area where primary agriculture (or other primary activity such as forestry) is a significant, if not the single most important, economic activity. The process of restructuring in agriculture poses challenges and problems for the national economy, and rural areas in particular. These are outlined in Section 2. Structural changes in the non-agricultural economy of rural regions are considered in Section 3.

2. STRUCTURAL CHANGE IN AGRICULTURE
The critical dynamic which drives adjustment in agriculture is the fact that the demand for food does not grow as fast as the ability to produce it. In advanced economies, the consumption of food does not grow as fast as the income and wealth of society. The potential output of food grows rapidly, driven by technological progress. This combination of demand and supply trends places continuous downward pressure on prices over time. This process can be described by the treadmill theory. The leaders who first adopt technology gain a competitive edge, which enables them to reduce unit costs and increase output. This causes prices to fall, which puts pressure on other
farmers to adopt the new technology to keep up. This, in turn, reinforces downward pressure in prices. Some farmers, for various reasons, are unable to maintain the necessary ongoing investment to keep up with this process, and fall increasingly behind. In Irish circumstances, this process tends to create a dualistic structure in agriculture. Commins et al (1978) point out that paradoxically, this can have a negative impact on development of agriculture itself. Where land tenure patterns and public policies are not conducive to land mobility between potential users - as in Ireland - land holdings accumulate in relatively under-productive hands. Agricultural land falls into low-intensity usage or even dereliction.

An important part of this adjustment process is the reduction of employment in agriculture. The movement of labour from agriculture, while conferring benefits in an aggregate long-term sense, imposes social costs in both rural and urban areas. Many agricultural areas have residual populations, with an unbalanced demographic structure which is incapable of maintaining even the former moderate levels of agricultural output. Social infrastructures become redundant. Rural community facilities and services are downgraded or withdrawn altogether. The rural community itself becomes severely disrupted. By contrast, urban areas must cope with congestion, overcrowding of facilities and chronic shortages of some items of social provision, eg. housing (Commins et al, 1978).

In Chapter 4 of their Report, the Consultants describe in some detail the particular pattern of agricultural restructuring which has occurred in Ireland. The principal elements of this restructuring are summarised below.

A key determinant of agricultural restructuring is technology. Machine technology has been supplemented by developments in bio-technology and in information technology. The adoption of new technology tends to be positively associated with farm size. For example, in 1990 the value of machinery on the largest category of farms (over 100 hectares) was seven times the national average. Technical progress in agriculture has a strong bias towards saving and displacing labour, while using machinery and other purchased inputs. This increases vulnerability to macroeconomic forces such as inflation and interest rate volatility. Indeed, there has been a significant rise in the cost of purchased inputs over time.

To obtain the advantages of technology, and also to pay for its costs, Irish farmers have increased the size of individual farm businesses. Modern commercial farming has tended to involve a reduction in the number of enterprises per farm and the concentration of production in a narrowing range of farm sizes. Figures from the Teagasc 1990 National Farm Survey also indicate that the top 20 per cent of Irish farms - based on farm income - accounted for 39 per cent of agricultural land but produced 60 per cent of farm output.

Agricultural restructuring, and especially specialisation and concentration, does not occur randomly across rural areas, but follows a definite spatial pattern. Tillage farming has become the preserve of Leinster counties. Total cattle numbers have declined in the Midlands, West and North-West. The number of dairy cows have declined in all regions, but the combined share of the Midlands, West and North-West of the total number of dairy cows has declined from 27.6 per cent in 1960, to 15.3 per cent in 1991. Hence, these regions have had a relative decline in the most profitable system of dairy farming. Consequently, the expansion in agricultural production in these regions was significantly outpaced by the rest of the country.

Modern Irish farming is increasingly integrated into the world of agribusiness. The technological and consumer demands of agri-processing firms often require complimentary investments by farmers themselves. It is in this context that we can understand some of the drastic reduction in the numbers of small (under 5,000 gallons) milk producers - from 77,000 in 1966, to 25,000 in 1986.

It is inevitable, given the structural trends outlined above, that farm incomes will show increasing differentiation by farm size, system and region. Most of the counties where farm incomes per male member of the family were below the national average in 1960, were also those which had below average growth rates of income over the 1960s and 1970s. These were mainly the Western and North-Western counties. However, some of these households, as will be shown below, have other sources of income.

Agricultural restructuring is marked by widespread disengagement from full-time farming to part-time operation of the holding, or to a retreat into retirement or semi-retirement. Dependence on non-farming occupations and incomes for a living increased at a far greater rate in Connacht and Ulster, between 1960 and 1980, than in Leinster and Munster. Obviously, the rapid expansion of industry in the Western region in the 1960s and 1970s, facilitated the disengagement from full-time farming in those areas. The gradual attrition of the demographic structure has resulted in a growing dependence on state income transfers (including pensions). There are approximately 11,000 recipients of smallholders assistance. Taken together, the earnings from non-farm employment and the income from state transfer are now such that only a minority of farm households depend solely on the farm for a livelihood. The reliance of farm households on non-farm income sources is significantly higher in the West than the East.
In analysis of farm structures, use is made of the concepts of economic and demographic viability. Teagasc define economic viability as a farm having: (a) the ability to remunerate the family labour at the average agricultural wage rate; and, (b) able to give a 5 per cent return to non-land assets. Demographic viability refers to the presence of an heir. Where no apparent heir to the current land holder exists, farms are defined as demographically non-viable.

Based on these definitions, the 1992 National Farm Survey (NFS) estimated that approximately one third of farms (about 50,000) could be considered economically viable. Viable farms can be either full-time or part-time. Eleven per cent of all farms are viable on a part-time basis. These farms are viable in the sense that although the quantity of family labour devoted to farming is small, it is rewarded at the average agricultural wage. Twenty per cent of all farms are estimated by Teagasc to be both viable and full-time.

The proportions of economically viable and non-viable farms are illustrated in Figure 3.1, where it can be seen that roughly two-thirds of farms are economically non-viable. The figure also shows the breakdown of these economically non-viable farms into the demographically viable and demographically non-viable categories. In addition, it shows the proportion which benefit from off-farm employment (of either the farm operator or spouse). The figure shows that whereas 67 per cent of farms are economically non-viable, 48 per cent (17 plus 31) are economically non-viable but demographically viable. In considering the likely evolution of farming activity, the question naturally arises how the occupants of these demographically viable farms acquire a living.

It is clear from Figure 3.1 that a much higher proportion (31 per cent) have no off-farm employment than have such employment (17 per cent). Consequently, 31 per cent of farms are demographically viable but depend on state transfers or on the earnings of family members other than the spouse. Figure 3.1 shows that 19 per cent of farms are economically and demographically non-viable and have no off-farm employment (of operator or spouse). These farms, which are giving a low return to both labour and capital and are dependent on state transfers, are likely to disappear as independent farm units in the next generation. Indeed, this may happen sooner if the current operator opts for the early retirement scheme.

**FIGURE 3.1**

**Economic Viability, Demographic Viability and Off-Farm Employment, 1992**

Per Cent of Total Farms

```
Economically viable
31%

Not economically viable
67%

Demographically viable
Has job
17%

Demographically viable
No job
31%

Not demographically viable
No job
19%
```

**Note:** See text for definition of economic and demographic viability. Some of the economically viable farms are viable on a part-time basis.

In Ireland the rates of land mobility have not been such as to achieve a degree of farm consolidation commensurate with the quite substantial changes in the structure of production and the decline of the farm labour force. However, more detailed analysis show that there are regional variations in land mobility. The higher rates of movement tend to be in the West and North-West, that is, in those areas where rural depopulation has been most pronounced.

A central feature of structural change in modern agriculture is the movement of labour out of farming. Between 1971 and 1981, the Irish agricultural labour force declined by 3.6 per cent per annum. The rate of decline dropped to 2.4 per cent per annum in the period 1981 to 1986, and was negligible during the period 1986 to 1990. However, decline resumed in the years following 1990. With more than 80 per cent of total agricultural output now subject to quota restrictions, and only one third of farms deemed to be economically viable, the decline in the agricultural labour force can be expected to continue.

3. STRUCTURAL CHANGE IN THE NON-AGRICULTURAL ECONOMY OF RURAL REGIONS

Although rural regions are obviously most directly affected by changes in the agricultural sector, it is important to realise that rural regions are also very much affected by structural change in the non-agricultural economy. Consequently, some relevant changes in the non-agricultural economy are outlined below.

(i) Industrial Sector

The process of structural change in the industrial sector can be understood by identifying three groups of industries, each characterised by different patterns of adjustment in recent decades (NESC, 1989). The first group contains the foreign-owned, grant-aided, export-oriented, sectors which have experienced both strong output and employment growth in the past, and which have the prospect of continued strong growth in the years ahead. Second, there are industries in which the domestic market is naturally protected, comprising large-scale firms (paper and printing, etc.) and small-scale fragmented firms (metal articles, etc.). Some parts of this sector are becoming more exposed to international competition. The output of the industries in this group is significantly influenced by the level of domestic demand. The third group contains indigenous firms in internationally-traded industries, such as textiles, clothing, motor vehicles, etc. These relatively large-scale activities showed both output and employment decline in the 1970s, and especially the first half of the 1980s under the pressure of exposure to international competition. There was a modest recovery in output during the late 1980s.

In earlier decades, industrial policy, with its strong regionalisation, had a profound impact on rural Ireland. It was precisely the most rural regions that experienced the fastest rate of industrial growth in the 1970s (Cuddy, 1991). This reflected the fact that many multinational firms, in the first category described above, located in rural areas, partly because of the policy of rural industrialisation. This industrialisation absorbed labour from agriculture, thus helping to raise income per capita among the agricultural labour force.

The regional pattern of multinational investment has been studied by O'Malley (1994). His analysis suggest that the willingness of many multinational firms to locate in less industrialised regions reflects the fact that they were relatively mobile operations which did not require advanced labour skills or close contact with suppliers or specialised services. Since they were generally highly export-oriented, neither did they require to be located close to the principal centres of Irish population. Since part of the attraction of Ireland lay in relatively low labour costs and generous incentives, there was a tendency for these firms to go to the smaller towns and rural areas where higher grants were offered, where labour costs were somewhat lower and where the traditions of labour organisation were weaker than in the main urban areas (O'Malley, 1994).

While it is true that foreign-owned firms, over the past few decades, have gone disproportionately to the less industrialised regions, in the sense mentioned above, in absolute terms they actually employ most people in the East, South-West and Mid-West regions. It is worth noting that the firms in the modern high technology sectors do seem to have a particular preference for locations in the more urbanised regions, and that they tend to be disproportionately concentrated in these regions, unlike the typical pattern of foreign firms in other more mature sectors (O'Malley, 1994).

It is clear, therefore, that the regional pattern of multinational investment in Ireland, though it was more evenly distributed than traditional indigenous industry, is not sufficient to maintain employment prospects in rural areas. The third category of industry referred to above, the internationally-traded indigenous sectors, tend to be concentrated in major urban centres. Hence, rural areas were initially shielded from the impact of decline in this sector. However, eventually the loss in employment in Dublin was so severe that it
too was classed as a ‘Designated Area’, thus increasing the domestic competition for a limited number of jobs (Drudy and McKeown, 1991). This domestic factor has been reinforced by increased competition between peripheral regions in many countries for mobile international capital. As a result, only a minority of substantial investments announced by the IDA in 1990 offered Irish policy-makers or industrial development agencies any choice in their location within Ireland (McGowan, 1991).

**Dairy Processing in the Western Region**

The development of the food industry has been characterised by rationalisation and concentration of production. There is a danger that this trend could result in the loss of dairy processing to the Western region. Since co-operatives provide the potential for the development of other enterprises, the decline of the co-operative movement in this region would have implications beyond the immediate loss of employment. The report of the Government Task Force on “A Crusade for Survival” recommended that agricultural production quota rights should be safeguarded in vulnerable areas like the West of Ireland. This would be more difficult to achieve if milk processing were to decline in the West. The long-term viability of dairy processing in the Western region will require a strengthening of the industry in that region. To this end, the Council recommends that the consolidation of the co-operative structure in the West should be promoted.

(ii) Recent Employment Trends

In recent years, the growth rate of non-agricultural employment has been highest in the East, (especially outside Dublin) and also in the North West/Donegal and Mid-West, with moderate growth in the South-West and West. The Midlands emerges as the most problematic region, being one region to experience an absolute decline in employment over the period 1987 to 1992. The distribution of this recent employment growth by region and the contribution of each broad sector to employment change in each region are shown in Table 3.3. A highly disproportionate share (66 per cent) of overall employment growth, particularly in the services sector - and to a lesser extent in the industrial sector - has accrued to the Eastern region. After the Eastern region, the largest increases in employment, in absolute terms, were experienced in the South-West, Mid-West and North-West/Donegal. Although the data are highly aggregative, they do suggest that non-agricultural employment growth has been more buoyant in the more urbanised regions, with the notable exception of North-West/Donegal, which probably reflects employment growth in Donegal.

<table>
<thead>
<tr>
<th>Region</th>
<th>Non-Agricultural Employment Change</th>
<th>Industry</th>
<th>Services</th>
<th>Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>East</td>
<td>+0.7</td>
<td>+6.8</td>
<td>+32.8</td>
<td>+1.1</td>
</tr>
<tr>
<td>South-West</td>
<td>+2.0</td>
<td>+0.4</td>
<td>+2.0</td>
<td>-0.4</td>
</tr>
<tr>
<td>South-East</td>
<td>+0.1</td>
<td>+1.0</td>
<td>-1.8</td>
<td>+0.9</td>
</tr>
<tr>
<td>North-East</td>
<td>+5.9</td>
<td>+3.5</td>
<td>+1.5</td>
<td>+0.9</td>
</tr>
<tr>
<td>Mid-West</td>
<td>+5.6</td>
<td>+1.1</td>
<td>+4.5</td>
<td>neg</td>
</tr>
<tr>
<td>Midlands</td>
<td>-0.2</td>
<td>-0.7</td>
<td>+0.4</td>
<td>+0.1</td>
</tr>
<tr>
<td>West</td>
<td>+3.2</td>
<td>+1.9</td>
<td>+0.9</td>
<td>+0.4</td>
</tr>
<tr>
<td>North-West/Donegal</td>
<td>+4.7</td>
<td>+1.5</td>
<td>+3.7</td>
<td>-0.5</td>
</tr>
<tr>
<td>Total</td>
<td>+62.0</td>
<td>+15.2</td>
<td>+44.0</td>
<td>+2.5</td>
</tr>
</tbody>
</table>

Source: Derived from Labour Force Surveys.

(iii) Conclusion

The central objective of national policy is to achieve rapid growth in employment to meet the strong growth in the labour force. There is the potential for buoyant economic growth and employment growth for the rest of the decade. However, rural areas face particular difficulties with addressing the challenge of employment growth. First, agricultural employment will continue to decline. Second, there are difficulties with repeating in the 1990s the 1970s model of dispersed industrialisation. Third, most of the projected growth in employment will be in private services which, on the basis of past experience, will tend to be concentrated in urban areas. Clearly there are major challenges facing rural areas. The next chapter will outline the range of policies which exist to achieve rural development.
PART II

Policy Responses
CHAPTER 4

CURRENT RURAL DEVELOPMENT POLICY

The previous chapter discussed the process of structural change in the rural economy. This process is driven by economic forces, such as the interaction of consumption patterns and technological capacity. However, the ultimate impact of these forces on rural areas is mediated by government intervention. This chapter provides an overview of current policies (concerning mainstream agriculture, diversification of the farm business and non-agricultural employment). The principal structures promoting rural development are also outlined. The rural economy is, of course, also affected by general economic policies, such as taxation and incomes policies, but it is not proposed to examine such policies here.\(^3\)

Policies for the rural economy can be identified in terms of functions (e.g. farm diversification, tourism etc.) or in terms of the programme headings under which they are administered (e.g. LEADER). In order to provide an overview of the complex range of rural development policies, this chapter outlines the programmes and policies classified in the first of these ways. The final section of the chapter addresses the issue of provision of public services in rural areas. Chapter 5 provides a review of rural development initiatives, classified according to their programme titles.

\(^3\) The Council's position on major national policies is contained in *A Strategy for Competitiveness, Growth and Employment* (NESC, 1993).
### TABLE 4.1
Policies or Programmes Concerning Rural Development

<table>
<thead>
<tr>
<th>Economic and Social Function</th>
<th>Programme or Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(A) Mainstream Agriculture</strong></td>
<td></td>
</tr>
<tr>
<td>(i) Mainstream Agriculture</td>
<td>Common Agricultural Policy; Research, Training and Advisory services from Teagasc; Investment support under the National Development Plan</td>
</tr>
</tbody>
</table>

| **(B) Agricultural Diversification** |                       |
| (ii) Agricultural Diversification | Diversification sub-programme of the Operational Programme for Rural Development (1989-1993); LEADER |

| **(C) Non-Agricultural Employment** |                       |
| (iii) Tourism                      | Agri-tourism sub-programme of the Operational Programme for Rural Development: LEADER; Operational Programme for Tourism |
| (iv) Forestry                      | Operational Programme for Forestry |
| (v) Fisheries                      | Common Fisheries Policy |
| (vi) Rural Industrialisation       | IDA Rural Industrialisation Programme |
| (vii) Small Enterprises, Crafts and Services* | LEADER; County Enterprise Boards; Area-Based Partnerships; |

| **(D) Social Development** |                       |
| (viii) Social Development*     | Area-Based Partnerships; Global Grant for Local Development; Community Development Programme |

*Support for small enterprises was also provided under the Small and Community Enterprises sub-programme of the Operational Programme for Rural Development (1989-1993). The Global Grant for Local Development which was distributed during 1993 provided support for various local socio-economic development initiatives, including small enterprises.

**Note:** The Local Development Programme consists of two of the above sub-programmes, (County Enterprise Boards, Area-Based Partnerships) and an Urban Renewal sub-programme.

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1. **AGRICULTURAL POLICIES**

Matthews (1991) classifies government intervention in agriculture into three strategic responses to the problem of excess capacity: (i) price and markets policy; (ii) competitiveness policies; and (iii) rural development. He also emphasises that consumer and environmental concerns need to be integrated into the agricultural policy agenda to a far larger extent than at present.

**Price and Markets Policy** is implemented in the EU through the Common Agricultural Policy (CAP). A variety of internal and external pressures have led to reform of the CAP. An important feature of CAP reform has been some movement from price support to direct payments. A significant structural measure in CAP reform is the Early Retirement Scheme for Farmers. Following CAP reform and the Uruguay Round GATT agreement, the parameters of CAP have been established for several years. However, it is possible for government to modify the operation of CAP to achieve particular objectives. For example, it is government policy to make every effort to ensure that milk quotas do not leave the western region. The Minister for Agriculture, Food and Forestry is seeking at EU level to strengthen regulations to prevent milk production being moved from sensitive areas. EU funds have been used in the North and North West to purchase and distribute milk quotas to small producers there. The 1994 Grant in Aid for Teagasc includes a sum of £2m to provide a full advisory service to small producers (Government Statement, 28 April, 1994).

An alternative policy approach to the problem of excess capacity in agriculture is to seek to enhance **competitiveness** in order to maintain, or preferably enhance, market share. The Council has identified education, research and structural reform as the key elements that public policy should concentrate on in promoting competitiveness in agriculture (NEC, 1993).

In recent months the **National Development Plan (NDP)** and the **Programme for Competitiveness and Work (PCW)** have been published, both of which outline competitiveness policies for agriculture. The emphasis in the NDP is on investment. With regard to human resources and research, the Plan states that Teagasc will provide the support service necessary to achieve the objectives of the Plan. These commitments are reaffirmed in the **Programme for Competitiveness and Work**.

Concern with the **environment** was one of the factors which influenced the Commission’s thinking on the direction of CAP reform. The desire to preserve the natural environment and traditional landscapes was one of the reasons why the Commission did not favour complete movement to a market solution in agriculture (see Commission, 1991). The agreement on CAP
reform contains measures explicitly directed at achieving environmental objectives. These measures include a Rural Environment Protection Scheme (REPS), under which farmers are paid for carrying out a number of environmentally friendly farming practises, and Supplementary Measures under which additional payments are made to farmers who have designated National Heritage Areas/Areas of Scientific Interest on their lands, or who undertake organic farming or breed animals of local breeds in danger of extinction, etc. The investment measures referred to above also have a significant environmental dimension. Farmers also have to meet stocking density requirements to be eligible for this scheme.

2. AGRICULTURAL DIVERSIFICATION

The agriculture and food sector is of central importance to the challenge of developing the economy and, in this context, it is essential to pursue policies to maintain and enhance competitiveness. This sector offers the potential to develop the economy on the basis of indigenous resources and is an export sector with strong linkages to the domestic economy. However, there is no conceivable improvement in competitiveness that could achieve a sufficiently large increase in market share of Irish agriculture to solve the problem of excess capacity. This raises the need to explore possibilities of diversifying the farm business.

The pace of farm diversification has accelerated during recent years, with the introduction of the Operational Programme for Rural Development (OPRD) and the LEADER Programme. Both the OPRD and LEADER are examined in some detail in Chapter 5. The measures under the Operational Programme included incentives for animal production, horticulture, agri-tourism, forestry, provision of services and promotion. Only a small minority of the grants approved under LEADER are directly concerned with farming, the majority being for tourism-related projects.

The National Development Plan states that aid will continue to be available for a range of alternative farm enterprises, involving non-surplus products, including horticulture development and such livestock enterprises as sport horses, deer, goats, rabbits, greyhounds, etc. It also states that rural tourism, with emphasis on group activity and the provision and marketing of comprehensive local tourism packages, will be supported. The importance of human resources in rural development is recognised. "Teagasc, in conjunction with other state training agencies, Regional Technical Colleges and Universities, has a very important role to play in ensuring that an integrated rural development training programme is put in place" (NDP, p.57).

In the Programme for Competitiveness and Work, the Government expresses its commitment to intensify the support for rural development initiatives, including alternative farm enterprises and those involving primary agriculture-related projects, agri-tourism and local community-based initiatives. The PCW also states that a new, comprehensive, LEADER programme will be the centrepiece of the Government's rural development programme under the NDP.

The production of specialised food products, such as cheese and yogurt, has expanded in recent years, but no figures are available on the number, scale and geographical distribution of these enterprises. Teagasc, through its Rural Enterprise Service and Food Research Centres, is already providing support to a growing number of prospective food businesses.

Kelly et al (1992) surveyed the pattern of diversification in Co. Wicklow. A significant finding was that those who diversified were comparatively young, at an early stage in the family life-cycle and were relatively well educated. The findings suggest that: (i) farm diversification through farm centred activities is very much a minority pattern of adjustment for farm households - notwithstanding any level of under-reporting in the available data; and that, (ii) it will not be a realistic option for many older farmers whose incomes are limited.

3. TOURISM

"Agri-tourism" is the term used to describe the provision of tourist accommodation and amenities on farms. Recent developments in agri-tourism have been promoted under a sub-programme of the Operational Programme for Rural Development. This provided £5.3 million for the payment of grant-aid to farmers (or to groups comprised of farmers and other rural dwellers) towards the cost of setting up facilities to attract and accommodate tourists. Rural tourism is also supported under LEADER and was, indeed, the activity which attracted by far the most support from that programme. The Consultants draw a distinction between agri-tourism and rural tourism. Commins (1992) suggested a concept of "community-based rural tourism" to denote an approach by which local people in receiving areas co-operate: (i) to provide holiday-makers with a range of accommodation, and associated activities, amenities and services particular to their local area; and (ii) to market this rural tourism package for their area. Such an approach requires a community-based and participatory structure. Some local areas have already organised local tourism promotion on the above lines.
The present shape of Irish tourism policy is largely determined by the availability of Structural Funds. Total expenditure (public, EU and private) under the National Development Plan, 1994-1999 is estimated to be £583m over the six-year period. While such funds are undoubtedly welcome, the Consultants identify a tendency to deploy much of these funds on major infrastructural projects and to define tourism objectives around such investment. “This has deflected attention from the issue of how to develop a tourist industry that will maximise the benefits for rural and local communities. It has also meant that such alternative strategies have been denied adequate resources. Several major tourism projects which are financed out of Structural Funds are being contested at local level on environmental and on economic grounds” (Commins and Keane, this volume, Chapter 9).

The Consultants find that:

Tourism possibilities in rural areas, properly supported by suitable policies, have been to a great extent neglected. The capacity of tourism to contribute to the resolution of employment and income problems in rural areas depends on how a number of critical issues are resolved. These include the manner in which tourism is organised in an area, who gets to participate and the kind of structures that are put in place to actually develop and provide the tourism products (Commins and Keane, this volume, Chapter 9).

The Council supports these observations and its conclusions on rural development policy reflect them (see Chapter 5, Section 12 and Chapter 8).

4. FORESTRY

The principal measures for promoting forestry are set out in the National Development Plan. These are a New Planting Programme, of 30,000 hectares a year to the year 2000, promoted by afforestation grants and annual premia for 15-20 years and a Forestry Development Programme, consisting of back-up measures, harvesting, training, publicity, roads, research and development, and technical assistance. In addition, all income from forestry is tax exempt. These measures will be complemented by measures under the Industry Programme, targeted at the timber processing sector, for the development of the saw milling, board, pulp and furniture sectors to cater for the increase in forest output. The OPRD also contains other measures concerning forestry: development of planned recreational forestry, forest nurseries, and the provision of back-up farm forestry services.

As a result of improved incentives, total planting has increased from around 7,000 hectares in 1980, to around 23,000 hectares in 1993. The Consultants identify a marked regional differentiation in the pattern of applications for afforestation grants. In the West and North-West the applicants tended to be forestry companies, landholders other than farmers (such as retired persons) and part-time farmers. In the Leinster and Munster counties, applications come mainly from full-time farmers. Commercial farmers appear to show greater interest in planting trees than low income farmers on poor agricultural land. There are deep-seated socio-cultural barriers to forestry among smallholders, in the western region particularly. The fear of loss of social welfare benefits can undermine the effectiveness of incentives for forestry. The Council reiterates its view, expressed in A Strategy for Competitiveness, Growth and Employment, that there is a need to achieve a much higher level of consistency among the policy instruments which affect land use and that the over-riding priority should be the generation of additional employment. Research has shown a considerable difference in attitudes to forestry between the East and the West of the country (Kearney and O’Connor, 1993). In Wicklow, 87 per cent of respondents to a survey expressed themselves either ‘strongly in favour’ or ‘in favour’ of forestry, compared to 52 per cent of respondents in Mayo. Most of the respondents in Wicklow had a positive attitude to forestry because of its perceived significance in the local economy, with regard to employment. The difference in attitudes to forestry between these areas is attributed by Kearney and O’Connor to the lower density and early stage of development of forestry in the Western study area. These factors meant that the economic benefits of forestry were less evident to the local community in the Western area. Hannan and Commins (1993) found that insensitive actions by forestry companies can arouse considerable local antagonism. The Council emphasises the need for forestry to be sensitive to the concerns of local communities.

5. FISHERIES

The NDP states that resources will be allocated to the following aspects of fisheries development: fleet development, fleet renewal, aquaculture development, fish processing, capital renewal and development of infrastructure and facilities and a programme of marine research. The OPRD also provided support for development of existing fishery harbours and fishing port facilities. The Consultants believe that there is considerable scope for the expansion of aquaculture. Irish fisheries must operate within the constraints of the European Union’s Common Fisheries Policy (CFP). Ireland has not fared well under this policy. Ireland has 16 per cent of total EU waters within 200 national miles of its baseline, but it has less than 5 per
cent of the total catch in EU waters (Report of the CFP Review Group, 1991). The ability to change this situation is constrained by, among other things, the CFP. An effort was made to restore the balance in the last CFP review, but without much success.

6. INDUSTRIAL POLICY

In the past a policy of rural industrialisation, based on dispersal of inward investment, has made a significant contribution to the growth of non-agricultural employment in rural areas. However, by the mid-1980s, the contribution of national industrial policy to regional and rural development was greatly reduced, as considerations of national employment, the viability of industrial enterprises and the locational needs of some high-tech industries gained precedence over the spatial dispersion of job opportunities. In recent years, there has been a renewed emphasis on indigenous development with the establishment of a separate agency, Forbairt, given the specific brief of developing indigenous industry. While policy statements do not refer to specific targets in relation to rural employment, Forbairt will have a regional structure. The prosperity of rural areas will be significantly influenced by the success of Forbairt in fostering indigenous industrialisation in rural areas and in those urban centres upon which many rural areas will rely for employment opportunities. This means that the problem of rural development cannot be seen as separate from the main national development tasks, one of which is indigenous industrial development.

However, consideration of rural and local development does bring to light a dimension of industrial policy which has not received sufficient attention to date: ways in which industrial policy can assist the regeneration of Irish towns and cities which have suffered deindustrialisation and can foster the development of urban centres in those parts of the country which have a weak urban structure. The overlap between industrial policy and urban planning can only be considered in the context of a greater focus - in both research and policy - on national settlement patterns and problems of urban development. The Council sees the emergence of these issues as an important by-product of its current work on rural development.

7. SMALL ENTERPRISES

A variety of initiatives have recently been put in place to promote small enterprises. Specifically for rural areas, there was a Small and Community Enterprise (SCE) sub-programme in OPRD (1989 to 1993). This was initiated to fill gaps in the range of state assistance for small enterprises which came to light under the Pilot Programme for Integrated Rural Development. In Western designated areas, the SCE was administered centrally through the Western Development Fund and, in turn, through the County Development Teams (and by SFADCo in its operational area). In other areas, it was operated through County Development Officers. The experience of the SCE provided the model for the County Enterprise Boards. Given the establishment of the County Enterprise Boards, a new OPRD will not contain a small and community enterprise sub-programme, since CEBs operate in all counties and provide support for small enterprises in rural and urban areas.

In those rural areas which have LEADER groups, support is also available from this source for small enterprises, crafts and services. The PESP Partnerships also provide support for small enterprises in the designated areas in which they operate, as part of their activity in pursuing integrated socio-economic development. The PESP Partnerships are concentrated in urban areas, although the National Development Plan identifies three types of areas in which partnerships will operate in future: major urban centres, medium-sized towns and their hinterlands and marginalised rural areas. Another source of support for small enterprise was the Global Grant. (The PESP Partnerships and the Global Grant are examined in more detail in Chapter 5).

8. SOCIAL DEVELOPMENT

The major national initiative for pursuing integrated socio-economic development at local level is the system of area-based partnerships which operate in designated areas. The Global Grant provided support for PESP Partnerships and also provided funds to community-based groups outside the designated areas on the basis of ‘integrated socio-economic area action plans’. Social development is also provided through the Community Development Programme: in 1990 the Government provided a fund to support the establishment of a network of community development resource centres in areas of need throughout the country. A new scheme, Community Employment, which replaces the SES, CEDP and Teamwork, provides part-time work and the opportunity to develop skills for the unemployed.

9. SERVICES

There are surprisingly few studies of service provision in rural areas. Little is known about the cost efficiency and equity dimensions of providing rural services and even less about the changing regional pattern of service
provision. This section draws on limited sources of information to illustrate the main issues of concern.

(i) Private Consumer Services

The Consultants outline the relationship between the functional status of towns and their size (measured by population). The functional status of a town is defined as the number and variety of service functions in that town, relative to other towns. The functions involved are food-shops, supermarkets, clothing and footwear and other outlets. There is a very strong relationship between town size and functional status - with larger towns having a larger number and greater variety of service functions. However, as the Consultants show, this relationship has shifted over time with a loss of functional status to smaller towns (below 4,000 population). This loss of functional status reflects various economies of scale, which give larger towns a competitive advantage in the provision of services. The process is one of cumulative causation: as a smaller town loses some business, its economic base is weakened, which in turn diminishes its attraction as a centre. While this process of self reinforcing decline reflects greater mobility of rural residents, those who do not have sufficient mobility face particular difficulties in adapting to these changes in locational patterns.

This view of economic competition, within the structure of the settlement system and, in particular, the negative effects which it appears to have on the lower layers of the system, suggest that the economic preservation and development of rural towns and villages is not a matter of ‘doing up one place’, but instead requires a careful balancing of actual and potential inter-linked roles and functions (Hodge and Quadeer, 1987). The cluster of towns, villages and the intervening countryside must be treated as a single spatial unit, not as independent communities. At the same time, the uniqueness of each area must be given proper attention. These are the challenges for rural and local planning.

(ii) Public Services

The Tension between Citizenship Rights and Costs

Adequate access to a variety of public services is an important issue for communities living in rural areas. There are two conflicting pressures with regard to the provision of these services. On the one hand, there are high costs in providing public services to outlying areas, due to diseconomies of scale in serving areas of low population intensity. This pressure tends to grow over time. The rising cost of labour has a disproportionate effect on the cost of public services, which tend to be highly labour intensive. While this applies also to services in urban areas, depopulation of outlying areas drives up the unit cost of services in these areas. Reflecting these trends, the Agriculture and Food Policy Review Group (1990) points out that there is pressure for rationalisation of a range of state services. On the other hand, the principles of social justice and social citizenship require that some level of access to services should be available to all. Reductions of public services can weaken the economic base of an area and thus contribute to a cycle of cumulative decline, as in the case of private services.

Planning of public services has to take place within resource constraints. The dispersed level of population in some rural areas poses particular problems. O’Mahony (1985) has argued that there is an urgent need, at national level, for a recognition of the formidable handicaps faced by health boards in the provision of services to rural areas characterised by dispersed population, high out-migration rates, demographic imbalances and low employment levels. Policy makers need to provide the best possible access to public services with limited resources.

The expansion of public services in the 1970s had an important impact on rural society. The provision of improved and much expanded health and education services gave rural residents an unprecedented high level of access to these services (Cuddy, 1991). Rural regions have benefited much more from public-sector, than private sector, service employment. The public sector share of employment in rural regions is close to the national average, whereas it is considerably less in the case of private services (Brady, Shipman and Martin, 1987).

Flexibility and Innovation in Public Service Provision

The Council believes that there is a considerable scope for flexibility and innovation in the provision of public services. For example, in the case of post offices there may be benefits from seeking contracts with private companies such as mail-order companies, banks and building societies, rail and bus ticket outlets which can benefit from a counter service with the public. Another possibility would be to try to reduce unit costs of post offices by channelling as much as possible of ‘contact-with-the-citizen’ business of government bodies through post offices. This could include issue of vehicle licences, payment of local authority rents, social welfare payments and so on.
Other possibilities for flexibility and innovation exist in the case of transport, where there is a need for changes in the legal and organisational framework. The Consultants believe it is essential to have local co-ordination which can integrate a number of services - such as post-buses, school-buses, Health Board vehicles, taxis, voluntary community/service vehicles, private cars and the commercial transport sector. The Council recommends pilot schemes to develop new models for rural transport.

Likewise, the provision of social services does not necessarily have to be undertaken solely by mainstream public service bodies. The Council believes that partnership between government agencies and voluntary/community bodies in the delivery of some services offers the potential for a more effective and integrated approach (see Part III below).

The experience of the FORUM project in North West Connemara illustrates that integration at local level will frequently require co-ordination at central level. The FORUM project sought to improve local transport services. To do so it needed the simultaneous co-operation of several actors (government departments, Bus Eireann, Health Board, County Council), but it proved difficult to bring these to a consensus. The absence of an inter-departmental structure at the central level - which could respond to issues arising locally, but not amenable to local solution - has been a constraint on the project’s effectiveness.

Reorienting the Debate on Rural Public Services

Pressures of public finance and changing patterns of service provision have, in recent years, given rise to changes in public service provision in rural areas. In many cases, this has involved withdrawal of services on a highly dispersed basis. Indeed, disputes over withdrawal of services frequently dominate public debate on rural development policy. While such disputes are understandable, the Council believes that they are frequently unproductive and distract all sides from the real issues. The Council believes that debate on provision of public services in rural areas can be reorientated in a manner which is both more realistic and more productive.

Such a reorientation must begin by recognition of two features of the current situation. First, within each public service, policy makers and providers seek the best arrangement, given the goals of the service in question and the costs of provision. For example, the goals of health provision are specified in terms of quality of care, recovery rate, etc. and the goals of education are specified in terms of learning, qualifications, and the right to denominational choice, etc. In general, these public service goals have a limited spatial dimension, or the spatial component is under-articulated. This means that, faced with decisions which influence the cost and quality of service provision, policy-makers and service providers have limited grounds on which to evaluate an increased centralisation of service provision. Naturally, their criteria - concerning health, education, etc. - take precedence. The limited spatial component within the goals of each public service field, might not matter very much if there was a clear overall settlement policy. In that case, decisions about health, education or postal services which involve changes in rural provision, could be assisted by reference to overall settlement policy. For example, a re-organisation of schooling or health services which are warranted on purely educational or health criteria, might, on balance, be rejected on the grounds that the reorganisation ran counter to overall settlement policy. However, as noted elsewhere in this report, there is no clearly articulated settlement policy in Ireland. In this context, service providers and policy makers naturally make decisions with reference to service criteria which are not primarily spatial.

The second feature of the current situation is the tendency for each public service or department to act independently in deciding the pattern of service provision in rural areas. This ignores the inter-relationships between services, such as health and transport, for example. Such piecemeal reorganisation has a number of drawbacks. The full implications of decisions concerning rural service provision are not taken into account. In addition, the possibility of alternative mechanisms for the delivery of public services may be ignored. The Consultants argue that the sustainability of rural services and infrastructures could be better achieved by focusing services around a sub-county spatial framework, typically the hinterland of a country town. This would allow for the co-ordinated planning and provision of rural services and infrastructures at reasonable geographic scales.

The Council believes that a unified, location based approach to service provision should be actively explored. This could involve the establishment of ‘service centres’ in which a range of public facilities are located in a single complex. The practicality of such an approach could be examined on a pilot basis.

(iii) The Role of Technology

Technology has an important impact on the desirability of residing in rural areas (Conway, 1991). Transport and communications have now developed to the point where the style of living in the countryside is potentially little different from that in the city. Problems of congestion in urban areas can
also enhance the attractiveness of the countryside. However, the feasibility of earning a living in rural areas depends on the ease of access to modern occupations. New technology presents the possibility of reducing the effective remoteness of rural areas, by improving access to modern, growing economic activities. For example, services in the information sector could be provided from rural areas. However, the Consultants believe that there are grounds for caution concerning the contribution of information technology and telecommunications to rural development. O’Siochrú (1993) has highlighted the extravagant claims of the ‘telecommunications spokespeople’, in contrast to the obstacles faced by those directly involved in rural development. In a similar vein, NESC (1989) concluded that it is too simplistic to infer that radical technical, telecommunications and transport improvements, because they technically reduce the significance of distance, also reduce its overall economic significance. The effects of information technology are highly complex and depend on very specific features of each industry. It is important to realise that the tendency of modern technology to reduce the need for proximity between producers and users of services, can facilitate centralisation as well as decentralisation. It can facilitate the location of production in one location, to take advantage of economies of scale, but this single location need not be in an urban environment.

(iv) Conclusion

Rural communities are properly concerned about the changes taking place in the availability of various amenities, services and facilities. In order to reconcile efficiency and equity considerations, the Council recommends that active consideration be given to adoption of a unified, location-based, approach to service provision. This would involve ensuring reasonable access to services within a sub-county unit. The practicality of such an approach could be explored on a pilot basis. The lack of such commitment has limited the effectiveness of previous attempts to achieve local integration of service delivery. Pilot initiatives on service delivery should be undertaken by local partnerships, such as the PESP Partnerships or LEADER groups. Given the vertical organisation of public administration, integration at local level can only happen if there is commitment to such an approach at the highest level.

10. EXPENDITURE ON RURAL DEVELOPMENT AND AGRICULTURAL STRUCTURAL MEASURES UNDER THE COMMUNITY SUPPORT FRAMEWORK (CSF) 1989-93

Expenditure on various rural development measures under the 1987-93 CSF is shown in Table 4.2. It can be seen that expenditure under the new initiatives, such as LEADER and PESP Partnerships, is very modest in comparison to total expenditure on rural development and agricultural structures. These new initiatives can have a greater impact than their direct expenditure would suggest if they can enhance the effectiveness of other programmes. The initiatives are examined in detail in Chapter 5, after which the Council presents its recommendations on the main substantive issues in rural development policy.

**TABLE 4.2**

**Public Funding Commitments on Rural Development and Agricultural Structural Policies, Community Support Framework (CSF), 1989-93**

<table>
<thead>
<tr>
<th>POLICY</th>
<th>IR£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Programme for Rural Development¹</td>
<td>121</td>
</tr>
<tr>
<td>Programme for the Control of Farmyard Pollution</td>
<td>96</td>
</tr>
<tr>
<td>Forestry Operational Programme</td>
<td>94</td>
</tr>
<tr>
<td>Objective 5 (a) measures²</td>
<td>645</td>
</tr>
<tr>
<td>(Headage)</td>
<td>(415)</td>
</tr>
<tr>
<td>Western Package</td>
<td>65</td>
</tr>
<tr>
<td>LEADER</td>
<td>35</td>
</tr>
<tr>
<td>PESP Partnerships (all areas)</td>
<td>7</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,067</strong></td>
</tr>
</tbody>
</table>

¹ The sub-programmes within this programme are shown in Table 5.2
² Objective 5(a) measures are concerned with the improvement of agricultural structures, the payment of forest premia, and marketing and processing, but the biggest single element by far is headage payments.

CHAPTER 5

REVIEW OF RURAL DEVELOPMENT INITIATIVES

1. INTRODUCTION

The past few years have been characterised by remarkable growth in the structures for promoting local and rural development. This should now transform the nature of the debate on rural development policy. As noted above, that debate can no longer be dominated by calls for the reintroduction of a rural and regional dimension of economic and social policy. Study of this area can now proceed on the basis of conceptual clarification, comparative study and reflection on the practical experience of several pilot programmes. As noted at the start of Chapter 4, policy actions for rural development can be classified either functionally (e.g. farm diversification, rural tourism, human resources, etc.) or by programme (OPRD, LEADER, etc.). Chapter 4 provided a review of the principal initiatives which exist in each functional area. This chapter considers the principal initiatives and structures under their programme heads. The programmes considered are:

- Pilot Programme for Integrated Rural Development;
- Operational Programme for Rural Development;
- LEADER;
- Area-Based Partnerships;
- Global Grant for Local Development;
- County Enterprise Boards;
- Community Development Programme;
- FORUM;
- Rural Development from Below;
- Regional Authorities.

Where the information is available, key points which have emerged from existing evaluations are summarised.
Problems of Evaluation in Rural Development

Evaluation serves a number of roles. One important role is to help improve the quality of guidelines and measures in the various policy responses to the problem of diversifying the local economy. Unless there are good guidelines, policies, no matter how well integrated or co-ordinated, will be vague and wasteful. It is now recognised that evaluation of rural and local development policies raises difficult methodological issues. The interim report of a recent evaluation of the LEADER initiative in Ireland, by Kearney (1994), gives careful consideration to many of these issues. Kearney argues that three approaches to evaluation can be identified: assessment, management and learning. These three concepts of evaluation are summarised in Table 5.1. Assessment is the least complex type of evaluation and is relevant when the links in the chain of cause and effect are unproblematic. This is not sufficient for the evaluation of rural development initiatives. In the area of rural development, the links between cause and effect are problematic. Evaluation has to address questions about the management of a programme. It should seek to establish how a particular initiative is making (or can make) a unique contribution towards enhancing local economic performance. What kind of overall value-added in local development is generated through policy action?

A learning approach to evaluation is also relevant in this situation. The programmes characteristically demonstrate the potential effectiveness of different approaches, raise awareness and increase understanding of both problems and possible remedies. Hence, the learning notion of evaluation is particularly appropriate in the case of rural development, where understanding about cause and effect is limited and where there may even be a lack of good theories about how to achieve desired change.

Ideally evaluation should embrace all three concepts, so as to assess (a) the achievements of the initiative, (b) examine the methods of delivery and (c) learn about the nature of local economic development and the contexts in which it occurs (Stern, 1990). Many of the programmes for rural development are pilot programmes. As such, they are deliberately experimental and are intended to reveal the effectiveness of policy innovations. Consequently, evaluation should focus not only on the effectiveness of particular policy innovations, but also on the structures and procedures which facilitate, or inhibit, such innovation.

<table>
<thead>
<tr>
<th>Programme Complexity</th>
<th>Concept</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Least Complex</td>
<td>Assessment</td>
<td>Target Goals</td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td>Delivery Mechanism</td>
</tr>
<tr>
<td>Most Complex</td>
<td>Learning</td>
<td>Problems and Their Context</td>
</tr>
</tbody>
</table>

Source: Kearney (1994).

The premise behind the introduction of new local development initiatives is that they offer the potential to achieve economic or social development, which would not otherwise be achieved. In recent discussions of rural development policy, the term innovation has been used to describe this process of starting new economic activities or developing existing ones in a novel direction. Used in this context, the word innovation does not refer to scientific research and development or invention. This concept of innovation - identification of novel economic activities to be undertaken by individuals, enterprises or local groups - can, in fact, be seen as closely related to two more traditional concepts used in evaluation. Traditionally, evaluation of public policies sought to assess the amount of deadweight (the extent to which the activity stimulated by policy would have taken place anyway) and displacement (the extent to which economic activity supported by policy displaces existing business). Only policy measures which have small deadweight and displacement effects can be considered effective. Fears about deadweight and displacement are particularly relevant when the investments supported by policy are not derived from a well-formulated developmental strategy. In this situation, policy will tend to support whatever applications for financial support turn up; almost by definition, these will tend to be projects which would have taken place anyway (deadweight), or are similar to existing projects or enterprises (displacement). In contrast, projects derived from a well-formulated developmental strategy are less likely to have these drawbacks. Such a strategy would identify ways in which public interventions facilitate economic activity by filling gaps in markets and creating public goods. In this context, it is the innovative or value adding element of the public policy intervention which assures minimum deadweight and displacement. Consequently, the Council believes that an emphasis on innovation in rural development policy - meaning innovative or novel projects rather than...
scientific invention -is an important contribution to both the substance of policy and to its evaluation.

2. THE PILOT AREA PROGRAMME FOR INTEGRATED RURAL DEVELOPMENT 1988-90

The first effort to give expression to the concept of Integrated Rural Development (IRD) in recent times was the pilot programme administered by the Department of Agriculture and Food in the period 1988 to 1990. It operated in twelve sub-county areas. A rural development co-ordinator was appointed by the Department to each area, with the task of organising a ‘core group’ of local leaders. This core group would decide on local development priorities and help to ensure their implementation. Apart from a small amount of money for technical assistance, no new funding was provided for the programme.

The experience of the pilot programme has been evaluated by O’Malley (1992). This evaluation found that after the two year pilot period, the projects undertaken had generated significant employment and incomes.

While it would be too much to claim, certainly after just two years experience, that the approach of the pilot IRD programme could substantially transform rural areas, it does look likely that it could make a distinctly useful contribution to economic and social development (O’Malley, 1992, p.8).

The relatively small expenditure on the programme mobilised considerable voluntary effort; consequently, O’Malley considered that the programme probably gave good value for money.

A noteworthy feature of the programme is that it illustrated how a development programme can promote development in ways other than providing direct financial assistance. The programme did facilitate people in drawing on financial assistance from mainstream sources. The programme also provided stimulation and support of enterprise, what the Consultants refer to as animation. But the most significant finding from the evaluation is that:

It became evident from many of the projects which emerged that, quite apart from the quality or spirit of enterprise of individuals, there are certain types of project activity which can be initiated and developed more effectively through the process of co-ordinating and linking-up of people. This made it possible for some things to be done which would have been unlikely or much slower to happen simply by relying on enterprising individuals in isolation (O’Malley, 1992, p.9).

The tourism sector provides evidence of the benefits of this type of integration or co-ordination.

Thus, rather than leaving it to individual enterprise to develop tourist attractions, to open new accommodation or to engage in tourism marketing, the motivation for people to engage in each of such activities can be enhanced by the knowledge that others are taking steps to develop complimentary activities. For example, it makes more sense for someone to invest in developing a particular tourist attraction if they are confident that others will be developing complimentary attractions in the same area while others are to market the area and others are enrolling in training courses with the view to opening new tourist accommodation (O’Malley, 1992, p.43).

An example of this is the Inishowen Tourism Co-Operative, which set out to devise an overall development and marketing strategy, and to engage in promotional activity. This move was accompanied by a range of tourism projects - such as promotion of golfing, angling, festival of the sea, boat trips and other leisure facilities. This illustrates the association between integration of diverse measures and the adoption of a strategic approach to development.

The benefits of co-operation were also evident in the aquaculture or mariculture sector. In a number of instances, farmers and fishermen were assisted by the establishment of small co-operatives. Some of these projects were among the quickest of all to generate additional incomes for significant numbers of people. There are also a number of group projects in the agricultural sector, including the establishment of organisations for the production and marketing of lamb, seed potatoes and vegetables. The programme also succeeded in stimulating activities in the areas of social and cultural development and community development. Many of these projects also have the potential to generate spin-off benefits of an economic nature, particularly by attracting visitors to social or cultural events, or by making the area concerned generally more attractive to tourists.

It emerged from the evaluation that what the IRD programme could do best was to stimulate new thinking and initiatives, promote the exchange of ideas, and co-ordinate and harness the available resources and efforts of numbers
of people. It was these features of the programme which enabled things to be done which would have been unlikely to happen otherwise. The Council considers that this is a significant lesson on the general role of local development initiatives.

3. OPERATIONAL PROGRAMME FOR RURAL DEVELOPMENT

(i) Overview of the Programme

The Operational Programme for Rural Development (OPRD) was one of the programmes under the Community Support Framework (CSF) over the period 1989 to 1993. The principal objectives of the OPRD were to:

(a) Maintain and strengthen the rural community;

(b) Improve the quality of life and foster a sense of community identity among people living in rural areas.

While reference to ‘a sense of community identity’ might suggest a wide-ranging socio-economic approach to development, in fact the OPRD consisted of a number of specific measures to promote economic development. The problems were identified as: (i) an ageing and declining rural population; (ii) an over-dependence on agriculture as a source of employment and income; (iii) a shortage of alternative off-farm employment opportunities. The approach adopted by the OPRD was to diversify the rural economy, to improve rural infrastructures, to promote local enterprises and provide the necessary back-up services in terms of human resources, to enable the measures undertaken to be effective. The aim was to provide greater employment opportunities and improved incomes in rural areas.

The OPRD consisted of five separate sub-programmes:

(i) Diversification: This was encouraged in six areas: animal production; horticulture; agri-tourism; forestry; services in rural areas (co-operative activities such as machinery pooling); and promotion of diversification of the rural economy.

(ii) Small and Community Enterprise (SCE): This sub-programme aimed to stimulate small rural enterprises and facilitate local community efforts in rural areas. The emphasis was on a ‘bottom-up’ approach, with funds and assistance administered at a county level, with a view to complementing those already available from existing agencies. The measures supported: (i) individual group or community projects in rural areas, providing products or services which have the capacity to achieve commercial viability and (ii) the preparation of feasibility studies and business plans, aimed at assessing the viability of projects.

(iii) Rural Infrastructure: This sub-programme consisted of two measures: support for fishery harbours and rural roads. In respect of the latter, the aim was to undertake improvements to roads that are important to rural development.

(iv) Research and Development/Marketing: This sub-programme was concerned with the food processing industry. The aim was to strengthen R&D support for food processing by expanding the services provided by Teagasc and to provide marketing assistance and support to small and medium-sized meat farms.

(v) Human Resources: This sub-programme provided support for training in agriculture (both mainstream and measures to promote diversification), forestry and fisheries.

The total public cost of the programme over the period 1989-93 is currently estimated at around £120 million. 60 per cent of the funding came from EC sources, with 40 per cent from the Irish exchequer. The structure of OPRD is summarised in Table 5.2 below. This table lists the five sub-programmes and the various activities within each, it identifies the main government department and statutory agency responsible for these activities, and shows the allocation of resources across various sub-programmes.
### TABLE 5.2

<table>
<thead>
<tr>
<th>SUB-PROGRAMME 1: DIVERSIFICATION</th>
<th>Government Department</th>
<th>Agency</th>
<th>Cost IREm</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Animal Production</td>
<td>Dept. Agriculture, Food and Forestry (Live-stock Breeding Division)</td>
<td>FDS Inspectors</td>
<td>8.90</td>
</tr>
<tr>
<td>(b) Horticulture</td>
<td>Dept. Agriculture, Food and Forestry (Horticulture Division)</td>
<td>Regional Agricultural Inspectors</td>
<td>4.90</td>
</tr>
<tr>
<td>(b) Donegal Potatoes Scheme</td>
<td></td>
<td></td>
<td>1.66</td>
</tr>
<tr>
<td>(c) Agri-tourism</td>
<td>Dept. Agriculture, Food and Forestry (Land Policy/FDS Division)</td>
<td>Bord Fáilte/RTOs, SFADCo</td>
<td>6.00</td>
</tr>
<tr>
<td>(d) Forestry</td>
<td>Dept. Agriculture, Food and Forestry (Forest Service)</td>
<td>Coillte Teoiranta</td>
<td>5.16</td>
</tr>
<tr>
<td>(e) Services</td>
<td>Dept. Agriculture, Food and Forestry</td>
<td>National Co-Operative Farm Relief Services Ltd.</td>
<td>1.30</td>
</tr>
<tr>
<td>(f) Promotion</td>
<td>Dept. Agriculture, Food and Forestry</td>
<td>Teagasc</td>
<td>2.60</td>
</tr>
</tbody>
</table>

**SUB-PROGRAMME 2:**

| Small and Community Enterprise   | Dept. Agriculture, Food and Forestry | County Development Teams/Officers, SFADCo | 5.02 |

**SUB-PROGRAMME 3:**

| Rural Infrastructures            | Dept. Marine                  | B.I.M. | 16.20 |
| (b) Roads                        | Dept. Environment             |        | 9.14 |

**SUB-PROGRAMME 4:**

| R&D/Marketing                    | Dept. Agriculture, Food and Forestry | Teagasc, CBF | 4.90 |

**SUB-PROGRAMME 5:**

| Human Resources                  | Dept. Agriculture, Food and Forestry | Teagasc | 55.18 |
| Total                            |                                       |        | 120.90 |

Source: Department of Agriculture, Food and Forestry.

(ii) Impact of the OPRD

In general, recipients of OPRD grant assistance under the diversification sub-programme had a relatively good demographic profile. The vast majority were relatively young, married with children, and have above average educational attainments compared to other farmers. The average farm size was very large and there were high levels of contact with development agencies. The greatest all round beneficial impact stemming from this sub-programme has come from investment in mushrooms. Investment in agri-tourism also yielded a significant impact. However, in general, the extra employment and income generated from investment in OPRD assisted enterprises appears to be low, although it may be too early to expect such returns to be realised. The local feedback concerning the measures which were designed to promote the development of services to farmers on a co-operative basis is very positive: this indirect approach to job creation and consolidation is felt to be very effective. The impact of promotion of diversification measures was also found to have been effective.

The human resources sub-programme was regarded by both beneficiaries and management as being very positive. In particular, the short courses for adult farmers were effectively tailored and directed to address the local needs and support the diversification efforts. The beneficiaries of the training courses viewed the training as being very appropriate and useful to them. The move towards modules which deal with non-traditional agricultural activities was regarded as positive.

(iii) Overall Effectiveness

An initial assessment of OPRD suggests the following:

(i) The highly disparate nature of the OPRD makes the drawing of any overall conclusions with regard to its efficiency and effectiveness very difficult. The diverse administrative structure of the programme is shown in the table above. It is clear that the programme consists of discreet sub-programmes: these have operated independently of each other.

(ii) Drawing overall conclusions is also made difficult by the absence of quantified overall or intermediate objectives. The objectives of the OPRD were specified as being to maintain and strengthen the rural economy, improve the quality of life and foster a sense of community identity among people living in rural areas. However, there were no quantifiable targets set in relation to these objectives.
There were specific targets set in relation to measures such as deer farming.

(iii) Within these limitations, most sub-programmes and measures have gone some way in meeting their specific objectives and targets, while some have exceeded the targets. Alternative farm and rural activities have been promoted and taken up to an extent that would not otherwise have been the case.

(iv) It is difficult at this stage to draw clear conclusions with regard to cost effectiveness. However, with the exceptions of agri-tourism and Small and Community Enterprise (SCE), the direct employment impact appears to be very modest. The SCE has provided support to small, local, enterprises of a variety not eligible for mainstream industrial development assistance. Figures are available on grant approvals from the operation of this programme in the Western counties. The number of jobs associated with grant approvals would imply a cost per job of £3,600, which is low in comparison to mainstream programmes. However, this figure does not take account of potential deadweight or displacement. Many of these jobs would be in the non-traded sector, so potential displacement may be of concern and the figures are not directly comparable to the costs of grant-aiding industrial employment. The experience of the SCE has provided much of the inspiration for the new County Enterprise Boards (CEBs). Hence, it can be said that the type of activity funded has become part of the mainstream job creation effort.

(v) The programme has clearly acted as an important pilot programme, putting broadly defined rural development fully on the Irish policy agenda.

The Council shares this broadly positive view of the Operational Programme for Rural Development. The OPRD provides practical experience of the effectiveness of various instruments and incentives in encouraging diversification, small and community enterprises, research and development and the uptake and use of training. Some of the activities undertaken within the OPRD by government departments and state agencies could, in future, be conducted by these bodies in partnership with local and rural development bodies, such as those which have developed within the LEADER Programme and the PESP Partnerships (see below).
4. LEADER

LEADER is an EU initiative designed to “find innovative solutions which will serve as a model for all rural areas and ensure maximum integration between sectoral measures”. It provides for over 200 local projects in the EU to encourage and assist rural communities to develop their own areas in accordance with their priorities. In Ireland, monies from the Structural Funds have been made available to 16 rural development groups in areas of up to 100,000 persons, for the years 1991 to mid-1994. The 16 groups were selected on the basis of business plans submitted to the Commission via the Department of Agriculture, Food and Forestry. The new LEADER programme will operate nationally.

The LEADER I areas cover 61 per cent of the land area of Ireland and include almost 30 per cent of the total population; population density varies from 10 to 40 persons per square km, with an average of 25. The LEADER areas are predominantly rural, the vast majority have suffered population decline, there is a high dependence on agriculture and most display the characteristic features of disadvantage. The LEADER areas are shown in the map below.

Generally, the composition of LEADER groups includes representatives of the farming organisations, co-operatives, local authorities, state bodies and community groups. However, about one-quarter are not strongly community based. The private sector appears to be under-represented on the boards of many LEADER groups. The principal omissions from the LEADER boards are representatives of the unemployed, other socially disadvantaged groups, the trade unions and environmental interests. In nine of the fifteen groups, the group or a constituent of it was already in place as an agent of development in the area, while in the balance, the group was formed specifically to participate in LEADER. The boards of the LEADER companies vary in terms of size, composition and organisational structure reflecting to some extent the needs and priorities of each area.

(i) Description of Activities

The focus of LEADER groups is on economic development. The fact that 50 per cent self-funding is required in order to be eligible for financial assistance from LEADER clearly orients the programme towards economic development. Some LEADER groups have been able to assist promoters in raising the matching finance, for example from credit unions. The economic

4 This section draws on an evaluation prepared for the Department of Agriculture, Food and Forestry by Brendan Kearney, Gerry Boyle and Jim Walsh (Kearney et al., 1994).

focus of the programme does not preclude community involvement or community projects. For example, there have been community projects involved with improving the local environment. However, the rationale for these projects was to enhance the attractiveness of the area for tourists so they are, in that sense, economic. Where projects have been undertaken by community groups, in many cases they have used the voluntary labour contributions of members of the community to contribute the matching fund requirement.

The distribution of LEADER expenditure by measure is shown in Table 5.3 below. The expenditure on technical support and vocational training has been relatively low. This reflects the difficulty which groups experience in achieving the 50 per cent matching funding with this type of expenditure. The matching expenditure requirement was reduced to 25 per cent during the course of the programme. It is clear that the major area of expenditure has been rural tourism, followed by small enterprise and natural resources.

<table>
<thead>
<tr>
<th>Distribution of Potential LEADER Expenditure by Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Support</td>
</tr>
<tr>
<td>Vocational Training</td>
</tr>
<tr>
<td>Rural Tourism</td>
</tr>
<tr>
<td>Small Enterprise</td>
</tr>
<tr>
<td>Natural Resources</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

The dominant type of Rural Tourism measure for the average group is accommodation (B&Bs and self-catering account for about 35 per cent of the total). Other types of activity funded under rural tourism include golf/pitch and putt, fishing, water sports, heritage, equestrian, cultural, open farms, access trails and amenity improvement.

The activity funded under Small Enterprise is difficult to classify, but includes enterprises in areas such as engineering, metalwork, textiles/clothing, leather/footwear, timber/furniture, paper products, crafts, glassware and computer products. Agricultural production is prominent in virtually all groups under the Natural Resource measure. Other projects
under this measure include horticultural production, food processing, fisheries and forestry.

The balance of projects between community groups and the private sector varied considerably between areas. On average, 23 per cent of projects were organised by community groups and a further 15 per cent were organised by a promoter group (e.g., co-operatives). If one looks at funding, the support for community groups was somewhat lower at 17 per cent, while 16 per cent of expenditure was allocated to promoter groups. The remaining expenditure was allocated to new and existing private sector activity and farm diversification.

It is of interest to examine the profile of the promoters, in order to see what type of people have benefited from LEADER expenditure. In the agricultural sector, the recipients of LEADER funding had average farm size which was typically much higher than the average farm size in the group's area. In the small enterprise sector, average sales for those groups, for which data are available, were around £180,000. These indicators suggest that the beneficiaries of LEADER have not been the most disadvantaged sectors in rural society, but the design of the first LEADER programme was not such that it specifically targeted the disadvantaged. However, a substantial proportion of those who gained employment under LEADER projects were previously unemployed.

(ii) Quantifiable Economic Impact

The economic impact of LEADER can be quantified in terms of rates of return or employment. Sufficient information was not available to calculate rates of return, but information has been collected by Kearney, Boyle and Walsh (1994) on the employment impact. The employment impact was measured by self-reporting (by groups). Claimed actual employment (full-time equivalents) attributable to LEADER is 1,445. This estimate is subject to a number of caveats. First, the short history of the initiatives implies that the estimates cannot provide an impression of the 'ultimate' outcome. Second, the data appear to suffer from some internal inconsistencies. For example, there are instances where groups reported actual employment creation as the total numbers employed in the existing activity and not the incremental employment which could be attributable to LEADER.

Apart from these data problems, which for the most part could be addressed by better data collection methods, there may be problems of deadweight (the extent to which the project would have happened anyway) and displacement (the extent to which the new project displaces existing economic activity). One indication of deadweight is that 40 per cent of surveyed recipients acknowledged that the project would have gone ahead without LEADER assistance. This is consistent with the finding that 90 per cent of those surveyed identified the grant element as being the most important assistance provided by LEADER. No estimates are available on likely displacement. LEADER groups do show an awareness of the issue of displacement within their own areas, but seem less concerned about the possibility of displacement of activity outside their area. Small enterprise appears to be more cost effective in delivering jobs relative to the rural tourism measure. However, problems of deadweight and displacement could be more prevalent in this sector. A most encouraging feature of the claimed employment data is that a significant number of groups claim that close to 50 per cent of the persons employed full-time were previously unemployed. A significant number of groups also report a relatively large proportion of those employed being previously unemployed.

(iii) Value Added from LEADER

LEADER is an alternative model of development to the mainstream programmes and policies of government and statutory agencies. Therefore, a key issue in evaluation is to try and establish to what extent has LEADER, in reality, been different. Given that grants are also available through the agencies, Kearney et al consider that it is important to try to identify what LEADER has contributed, apart from grants.

Community involvement has been a distinctive feature of LEADER. Community representation on LEADER boards has generated a sense of local ownership in the project, which has facilitated a huge voluntary contribution by the community in the interests of local development. This voluntary contribution is something which could not be achieved by the mainstream development model. In addition, there has been enormous voluntary commitment by board members, particularly in the area of animation (see below).

The LEADER programmes has led to the establishment of local partnerships between community interests, the private sector and statutory agencies in the relevant areas for the first time. The ability of the LEADER groups to involve the agencies in local partnerships has been a major achievement. In many areas, the partnership model has facilitated a learning process with each of the main interests acquiring a better understanding of the role of the other partners and developing new ways of working more effectively together.
There has been a number of examples of joint ventures that have been initiated between local communities and public agencies. For example, one group has organised a food fair in conjunction with the County Enterprise Board, a tourism training programme with the assistance of CERT, and a seminar on horse breeding with help from Teagasc. What is important about these initiatives is that, in most cases, it was LEADER which provided the catalyst, ensuring that the events actually happened.

While partnership has been a very valuable part of LEADER, Kearney et al (1994) note that there have been problems. The experience of the LEADER groups with developing a partnership process as distinct from partnership structures has been weak. There are some exceptions. In one case the principle of equal voting power, regardless of the level of financial contribution, was very important. One of the fundamental weaknesses from the outset, is that the individuals who were participating in the partnership boards were not given any training on local development and especially on the partnership process. In this respect, LEADER differed from recent Irish government sponsored initiatives on local development. The experience of the groups was mixed. Much seemed to depend on the attitudes and capabilities of the individuals representing different agencies or organisations on the boards. In a number of cases, the inflexibility of agency representatives was a cause of deep frustration for other partners. Problems in dealing with state agencies were also experienced by PESP Partnerships (see Section 5 below). For effective participation in a partnership process, the statutory bodies must be willing to accept the possibility of their operation being influenced and changed by others, especially those to whom services are targeted.

One example of the tensions which arose between LEADER groups and statutory agencies is provided by the tourism sector. The agencies are only willing to grant aid tourism if the enterprise will be viable as a stand alone business. By contrast, some LEADER groups were keen to support people becoming involved in tourism in a situation where the tourism operation would contribute to the overall viability of the household by creating crucial additional income.

The activities of animation and capacity building have the potential to mark LEADER out as a unique development initiative. These issues are related to the provision for vocational training measures in the terms of reference of LEADER. This budget was severely under-spent by most groups, for the simple reason that the self-funding requirement of 50 per cent (which existed until recently), was almost impossible to realise for this type of scheme and, especially when the funding requirements for competing training programmes is less restrictive.

Most of the capacity building by individual groups has been through training courses. Examples include training in community development, leadership training, women in rural development, business planning and bee-keeping. Another type of capacity building which was pioneered by one group is entrepreneurship development. Central to this initiative is the provision of a one-stop-shop through which people can overcome the difficulties preventing them from getting into business. This initiative included the assembly of a team of people with expertise in marketing, finance and technical information; conducting of training in host companies, so that practical experience can be gained on running a business, and the establishment of industry support panels to cater for different sectors.

Only a handful of groups would appear to employ trained field workers on a whole or part-time basis. For this reason, much of the animation activity was undertaken by board members and managers. It is possible to identify two types of animation activity: group oriented and individual. The principal type of group oriented animation activity was through the organising of public meetings. The effectiveness of this type of animation is difficult to assess. The work of organising and participating in public meetings can place a very high demand on the time of board members. Board members have made a huge voluntary commitment to this type of activity.

The second type of animation work is more personalised, involving intensive contacts between project promoters and LEADER staff or board members over a lengthy period. The nature of these contacts distinguishes LEADER from other approaches. Many project promoters have praised the “open door”, “informal” and “refreshing” approach of the staff of LEADER. The most common form of animation of this type is in providing assistance in the preparation of a business plan.

Another distinctive element of the LEADER programme is the multi-sectoral approach. However, the evaluation by Kearney et al suggest that it may be more appropriate to apply the multi-sectoral criterion to the overall strategy for all of the groups, rather than to the strategies for each area. Given the diversity between areas - in terms of natural resource endowments, enterprise tradition and potential for tourism - it may be more appropriate to encourage each area to concentrate on the sector that maximises its comparative advantage. Indeed, some groups prepared strategic development plans for tourist development in their areas. The Council welcomes such examples of strategic sectoral approaches (see Chapter 7 below).
Several examples have been noted above as to how LEADER differs from the mainstream agencies. It is also important to consider the similarities. The key similarity between LEADER and other development agencies is that both are involved in providing grants to assist investment. There is ambiguity among project promoters as to how fundamentally different LEADER is from other agencies. The recent evaluation shows that most agree that LEADER is more than a grant giving agency. On the other hand, 90 per cent believe that the most significant support they received from LEADER was a grant. Therefore, while there are distinctive features about LEADER, such as local participation and partnership, in some respects LEADER is similar to the traditional agencies.

The concepts of innovation and integration are of importance in considering the distinctive contribution of LEADER. As noted at the outset of this Section, groups which can be innovative and implement integrated strategies are more likely to avoid the problems of deadweight and displacement. Despite the centrality of innovation and integration in the official communication of LEADER, the recent evaluation suggests that it did not feature as a prominent concern among many groups. Groups found it a very difficult concept to operationalise. Part of this difficulty may be that groups were inclined to think of ‘innovation’ in its more common usage - as referring to technical invention and product development. As indicated at the start of Section 5, in the context of rural development innovation refers to the identification of novel economic and social projects which would not be promoted by mainstream policies or unassisted market forces. In terms of method, there have been a number of innovative features to the implementation of LEADER in Ireland. The structures that have been established in many of the areas, along with the animation function, represent a new approach in rural development.

The emphasis on ‘integration’ was also a matter which groups found difficult to operationalise. These would be projects which involve a high degree of community organisation and input from LEADER management to initiate. Without some organisational input such projects would not emerge. Community organisation is required to encourage co-operation among individual operators in order to achieve a common objective. Our discussion on the Pilot Programme for Integrated Rural Development (Section 2 above) provides a number of examples of this principle. For example, it makes more sense for someone to invest in developing a particular tourist attraction if they are confident that others will be engaging in complementary activities. Where groups had adopted a strategic planning approach, they appeared more comfortable with the concept of integration and how it could be implemented.

(iv) Recommendations

Based on the evaluation carried out by Kearney et al and its own investigations, the Council makes the following recommendations concerning a new LEADER programme. The LEADER programme is an alternative development model. If programmes such as LEADER are to be worthwhile, they must make some distinctive contribution to development. In order to minimise the problems of deadweight and displacement, there should be a greater emphasis on innovation and integration - where innovation refers to the identification and initiation of economic activities which are not occurring already, and integration refers to the co-ordination of all policies, agencies, individuals, groups and enterprises that are relevant to a given activity. The Council welcomes the emphasis on innovation in the guidelines for LEADER II and attaches great importance to this being carried through in the implementation of the programme. Community or group projects are also more likely to represent additional value-added, so there should be a greater emphasis on these. The links between people, groups and enterprises, created by LEADER and other partnerships, can assist the identification and execution of economic activities which individuals, group or enterprise, acting on their own, could not see (see Section 2 on the Pilot Programme for Integrated Rural Development). LEADER groups should fully exploit this potential.

More resources should be allocated to capacity building and animation in a new LEADER programme. The importance of capacity building and animation depend on the stage of development of the area. The Council supports the idea that LEADER II will take account of differences in the stage of development of different areas, such that some areas will focus on pre-development work. Finally, groups should be given the flexibility to provide loans rather than grants for commercial projects. The actual administration of loans could be undertaken by an organisation which already has appropriate systems in place, such as a credit union. As will be seen in the final section of this chapter, these recommendations on LEADER, are an important component of the Council’s overall proposals on the substantive issues in rural development policy.

5. PESP PARTNERSHIPS

(i) Origin and Background

In A Strategy for the Nineties, the Council recommended that the potential role of area-based strategies in social policy should be actively explored. It was pointed out that social policies and services operate on a ‘functional’ or
In October 1992, Area Development Management (ADM) was set up with the agreement of the government and the European Commission to act as the "intermediary" in the disposal of the Global Grant (see Section 6 below). In addition to the granting of funds and the associated financial monitoring, ADM also provides support and technical assistance to PESP Partnerships. The National Co-Ordinating Team was made available to ADM to support it in the administration of the area-based partnerships.

The Future of the PESP Partnerships in the Context of Rural Development Policy

The National Development Plan, 1994-1999 (NDP) contains a Local Development Programme. Area-based partnerships are one element of this programme, the other elements comprising County Enterprise Boards (CEBs), and Urban and Village Renewal. The NDP announced that the experience gained under the pilot PESP Partnerships, as well as the experience gained from other initiatives (LEADER, INTERREG, HORIZON, NOW and EUROFORM), would be drawn upon in the new programme. The government has announced that 33 areas have been designated for the purposes of the area-based sub-programme. An Inter-Departmental Policy Committee on Local Development has been established. This Committee will agree guidelines for the operation of the partnership companies and will analyse the implications of the experience of the participating areas. The Committee will make recommendations to the government on specific changes in existing policy and on new policy issues.

Three categories of area will be included in this programme: major urban centres; medium-sized towns and their hinterlands; and marginalised rural areas. In rural areas which have been designated for the area-based programme, LEADER applicant groups who demonstrate the capacity to develop an integrated approach to local economic and social development may also, by agreement, be considered to participate in the Local Development Programme (ADM, July 1994).

The objectives of the partnerships sub-programme (of the Local Development Programme in the NDP) are to use a range of integrated actions in the designated areas to improve the chances of the long-term unemployed finding employment or setting up their own businesses, to assist those at risk of early school leaving and under-achievement, to enhance the capacity of local organisations or communities in designated urban and rural areas, to enhance community life and counter social exclusion, and to achieve substantial improvements in the physical environment of the areas concerned.

A National Co-ordinating Team was appointed by the Central Review Committee to implement the initiative and particularly to facilitate the establishment of the companies and the preparation of the area action plans.
(ii) Description and Evaluation of PESP Partnerships

An ongoing evaluation of the Partnerships was undertaken under the auspices of the Combat Poverty Agency (Craig and McKeown, 1994). Two aspects of the evaluation posed particular problems. The first is that major difficulties were encountered in collecting baseline statistics for each of the areas. These difficulties arose because the catchment areas of the Partnership companies did not correspond with any of the areas used for collecting statistics by the CSO or any other agency. Since the initiative began, however, the ESRI and GAMMA (Geographical and Multi-Media Applications Limited), on behalf of the Combat Poverty Agency, have produced information which uses objective criteria to identify areas, using a combination of variables from the Census of Population. The short duration of the initiatives, to date, also implies that the full effects of the PESP Partnership cannot yet be determined.

Progress Achieved by PESP Partnerships

The evaluation found that a considerable level of innovative project work has taken place during the pilot phase of the initiative. Its findings show that: “although in its early stages, the initiative has shown a considerable degree of progress in relation to the achievement of objectives” (Craig and McKeown, 1994, p.81).

The significant aspects of the initiative were that it raised awareness of the needs of people who are long-term unemployed and the difficulties experienced by them in their search for work. Also, the initiative brought the three main sectors together to focus on specific areas of high unemployment to address problems in a multi-dimensional way which includes enterprise, job creation, education, training and local community development as its main areas of work (p.124).

One of the most significant features of the initiative is that it provides a link between the experience of the Partnerships at local level and central policy making. “The existence of a formal link between the local development bodies, the partnerships and central policy-making through the National Co-ordinating Team (NCT) is vital to the success of the initiative. The evaluation shows that the NCT was successful in organising and implementing the initiative” (p.123). Difficulties were, however, experienced in the local-central relationships (see below).

The PESP Partnership companies engaged in a range of activities. Each Partnership designed and developed an initial contact programme with unemployed people living in the area. Some 11,000 persons in 1992, and 15,000 in 1993, were in contact with Partnerships. Partnerships also made contact with employers in their area and 1,588 persons were placed in full-time jobs and a further 193 in part-time jobs. Placement refers to unemployed persons living in the areas who obtained work as a direct result of the Partnership. This includes those placed in existing vacancies and newly created jobs.

For the most part, the Partnerships are not executive agencies, so that many of their activities, and especially the measures in education and training, were undertaken by the appropriate agencies. A number of innovative projects have been undertaken, e.g. a net increase in places on training from 2,245 in 1991, to 9,262 in 1993, and a growth of VTOS places from 200 to 1,073, and a doubling of Youthreach places in the same period. The Partnerships’ role lay in the identification and assessment of needs, in suggesting how courses might be tailored to meet these needs and in helping in the recruitment for such courses. The experience of the Partnerships on education and training measures has been examined by Craig and McKeown (1994). “The partnership structure has helped to bring together the main delivery agencies, firstly, to improve their knowledge of each other and, secondly, to improve perceptions in the community of what they do and why they do it. For the community, the partnership is the first opportunity to meet the delivery agencies on an equal footing (p.63)”. This illustrates how Partnerships are not an alternative to mainstream provision of services, but offer the potential to enhance the effectiveness of mainstream measures. However, Craig and McKeown point out that power structures at local level have not changed and statutory agencies still maintain control over resources. Some of the implications of these findings are developed later in this Council Report. In Part III, on institutional and organisational issues, it is argued that one of the requirements for effective partnership is development of the capacity of central government and national agencies to participate.

The Community Employment Development Programme (CEDP) is a good example of how local partnerships can contribute to the development of programmes. The proposal to introduce such a programme was agreed by a meeting of chairpersons and managers of PESP Partnerships, based on models which had been suggested by FÁS and tried in a small number of locations. The CEDP was a pilot replacement for the Social Employment Scheme (SES), but differed from the SES in three fundamental respects. First, projects were typically of 10-15 or more workers, creating a work environment different from a typical one or two person SES project. Second, this was further emphasised by the involvement workers had with the project
supervisor, whose specific job is to maximise the development opportunities the workers receive while on the project. Finally, workers were able to retain a range of ‘secondary benefits’ associated with their previous unemployment status. The CEDP, SES and Teamwork have now been subsumed into a new national programme, Community Employment. Community Employment incorporates the positive features of the CEDP, most notably the retention of secondary benefits. This illustrates how the experience gained from Partnerships’ interaction with their client groups can make a significant contribution to national policy.

Another initiative which was pioneered in PESP Partnership areas was the Area Allowance (Enterprise) (AA(E)) measure. Under this measure, long-term unemployed people can establish their own business while maintaining social welfare benefits for one year. By December 1993, there were 740 people availing of this measure. This has played a useful role in helping unemployed people establish their own business, although Craig and McKeown did find that a number of difficulties were experienced in getting it established. The experience of the AA(E) has been developed in national policy through the Back to Work Allowance Scheme, which enables unemployed people to set up businesses while maintaining 75 per cent of their social welfare entitlements for the first year, and 50 per cent for the second year.

An interesting aspect of the Partnerships is the variation in activities between areas. For example, the rural partnerships have had a particular focus on tourism. In the action plan of one rural partnership, tourism was identified as an area of enormous potential. In order to develop tourism within this area, this Partnership commissioned extensive research on the historical and cultural resources of the area and how these could be used in the growing market for interpretation. In addition, this Partnership sought to involve long-term unemployed and other disadvantaged people in the development of these assets and to design training programmes which would, ultimately, give them employment opportunities in the tourist industry. In this case, as in many others, the Partnership undertook only a small proportion of the expenditure and other activity necessary. Instead, its role is to co-ordinate other agencies and provide the information and mobilisation on which their programmes can be tailor-made to meet local needs more effectively.

The innovations achieved by the Partnerships, when combined with the ability of partnerships to use local knowledge and mobilisation to enhance the targeting and effectiveness of mainstream programmes, constitute a considerable achievement and, most significantly, indicate the potential of an area-based partnership approach.

Problems and Limitations

However, the recent evaluation also identifies a number of problems and limitations in PESP Partnership initiatives. In the view of Craig and McKeown, the most important of these arises from the fact that the PESP Partnerships operate within a national context of centralised and compartmentalised decision-making:

This represents a major structural barrier to the success of local development initiatives generally since they are limited in their capacity to tackle national-level institutional arrangements unless there is substantial political will at central level to facilitate this. Notwithstanding this, the partnerships have succeeded in starting a process of change. It is in these terms that the impact of the initiative can be seen. Individuals from the three sectors represented have begun to work together at local level in a new and constructive way. The general finding of the evaluation suggests that this mode of working should be continued but that further testing of its value - after a longer period of time - be carried out (Craig and McKeown, 1994, p.124).

These institutional and structural problems are reflected in the fact that a substantial amount of Partnerships’ time was spent on negotiation and consultation with the main delivery agencies about their role in the partnership process. The experience highlights the difficulties involved in achieving the key requirement for effective rural development policy - co-ordination and integration of the work of agencies and service providers. Craig and McKeown identify a number of organisational factors which, in their view, have contributed to these difficulties:

- The defensiveness of the main delivery agencies in relation to demands for change in service provision;
- The centralised nature of most of the delivery agencies does not lend itself easily to the process of partnership.

As mentioned above, some LEADER groups appear to have experienced similar problems in their relationships with state agencies. The experience of the agencies in terms of responsiveness to the Partnerships has not been uniform. The agencies which have been most involved are the VEC, FAS and Department of Social Welfare. Agencies such as the IDA (now Forbairt) and Bord Fáilte “have failed to deliver on any aspect of the initiative” (Craig and McKeown, 1994, p.99). While in no way disputing the accuracy of this report of the experience of the Partnerships, the Council believes that issues
of centralisation and compartmentalisation need to be considered separately. This approach is outlined in Part III of the Council’s Report, where organisational and institutional issues are discussed.

While the National Co-ordinating Team (NCT) played a significant role in advancing issues, like the Community Employment Development Programme and the Area Allowance (Enterprise) initiative, it is not the case that the NCT has an equally significant effect on all the agencies and programmes which influence the prospects of the long-term unemployed. In their recent evaluation, Craig and McKeown argue that the National Co-ordinating Team were unable to “sufficent pressure on agencies to release resources for use with the long-term unemployed at local level” (p.100). They recommend that the role of the NCT should be strengthened and that the Inter-Departmental Committee on Local Development should extend its responsibilities to include issues raised by partnerships in relation to policy. They also identify a need for more training to enable partners to participate effectively in the partnership process and a need for training of managers to manage partnerships (p.118). These issues raise important questions about the organisation, procedures and resources of partnerships - at local, central and agency levels - which must be addressed if this approach is to reach its full potential in addressing problems of long-term unemployment and disadvantage. These issues are discussed in later sections of this chapter and in Part III of the Council’s Report.

Another limitation concerns the difficulty of specifically addressing the problem of long-term unemployment. There has been a tendency among the Partnership companies to widen their target group beyond the long-term unemployed. In part, this is due to lack of success with this group, who tend to be harder to place in education or training and are also more difficult to place with employers. The experience of the Partnership companies with the Initial Contact Programme has shown the value of an individual person-to-person approach with the long-term unemployed. This, however, requires intensive staffing to deal with the numbers involved. Craig and McKeown also report that partnerships had limited success in changing the attitudes of employers to employment of people who are long-term unemployed. In those partnership areas where the personal commitment of individual employers has existed, this has been a significant element. “The experience of the initiative shows that the inclusion of the employers sector in the process is vital in ensuring that the issue of unemployment is linked with policies concerning employment and economic development” (Craig and McKeown, 1994, p.115).

Partnership companies are registered as limited companies under the 1991 Companies Act. This legal structure has raised issues about the role of the state agency representatives, since their first responsibility is to their own parent organisation. Craig and McKeown suggest that consideration be given to providing a legislative basis for the existence of partnerships.

The evaluation undertaken by Craig and McKeown related to the initiative as a whole, rather than detailed evaluation of individual Partnerships. Some of the partnerships have engaged in considerable evaluation of their own work and their research. This can be an important source of innovation, not only within the local areas but also in terms of national policy. It is noteworthy that two of the Partnership companies carried out research on the SES - the two main evaluations of this scheme which have been published - and these have been valuable in shaping its successor, the CEDP (Duggan, 1993; Ronayne and Devereux, 1993).

(iii) Is the Area-Based Approach to Disadvantage Valid?
Questions have been raised about the validity of the area-based approach to long-term unemployment and disadvantage, initiated under the Programme for Economic and Social Progress. Evidence that long-term unemployment and poverty are not concentrated in particular geographic areas has been used to suggest that an area-based approach will touch only a small proportion of those experiencing such disadvantage and that this invalidates the approach. In the Council’s view, discussion of this question could easily become confused. To think clearly about the issue, it is necessary to distinguish four separate things. The first is to establish the degree to which long-term unemployment and poverty are geographically concentrated or dispersed. The second is to distinguish clearly between the idea of an area-based approach and the idea of a selective approach (one which focuses resources on some selected geographic areas or social groups). Third, freed of its purely incidental link to selectivity, it is necessary to consider the merits of an area-based approach to long-term unemployment and disadvantage. Fourth, the existing area-based programmes must be kept in perspective, as but one part of public policy which influences the welfare of those in long-term unemployment or poverty. The Council believes that when these four issues are clearly distinguished and objectively evaluated, a strong case exists for the continuation, indeed extension, of area-based partnerships.

The Geographical Pattern of Disadvantage
Consider first the geographical pattern of long-term unemployment and poverty. The Combat Poverty Agency commissioned the Economic and
Social Research Institute to undertake a study on this question (Williams, 1993). The methodology developed in this study was used by another research consultancy, GAMMA, to map areas (contiguous district electoral divisions) which scored high on poverty indicators. The appendix below summarises the list of areas in Dublin, other urban areas and rural areas, derived from this research; the areas are listed according to their score and the two key indicators of disadvantage, namely, socio-economic characteristics (F1), and labour market characteristics (F2).

These data do, indeed, show that the degree of concentration of poverty and unemployment is limited. The areas listed in this table contain 43.6 per cent of the population, but only 55.7 per cent of the unemployed. In Dublin, the concentration is greater with the listed areas containing 49.1 per cent of the population but 66.9 per cent of the unemployed. The pattern of long-term unemployment may be more concentrated. There is some evidence of concentration of urban poverty and unemployment in local authority housing estates. In rural areas, however, there is almost no concentration of unemployment; the proportion of the population of Ireland living in rural areas listed in this table (17.7 per cent) is quite similar to the proportion of the unemployed (19.3 per cent) who live in these areas.

The Merits of an Area-Based Approach
Freed from the link to selectivity, it is possible to consider the merits of an area-based approach to long-term unemployment and poverty. All the evidence suggests that an area-based approach, if based on partnership, can make a significant impact on long-term unemployment and poverty. As noted numerous times in this report, this contribution frequently consists of more effective design and delivery of programmes undertaken by national agencies. If area-based policies can make an effective contribution to policy, and if all areas contain substantial numbers of unemployed or people in poverty, then a case can be made for the nationwide adoption of an area-based approach. The Consultants recommend the adoption of an area-based approach on a national basis, organised at a sub-county level.

Keeping the PESP Partnership in Perspective
Finally, perhaps the most important requirement in considering the area-based approach is to keep it in perspective. The limited geographical concentration of long-term unemployment and poverty would warrant a criticism of the area-based approach if it was to become the only policy programme addressing these problems. In fact, expenditure under the area-based approach is a small fraction of the total expenditure and public policies - in social welfare, health, education, taxation and training - which influence the welfare of those in long-term unemployment or poverty. Average core expenditure per Partnership company in 1993 was £480,000, which is very modest in comparison to expenditure on mainstream policies and programmes. The Council remains of the view that the development of an area-based approach can make a valuable contribution.

(iv) Lessons from the Experience of PESP Partnerships
From the existing evaluations, and its own enquiries, the Council identifies the following lessons from the experience of the PESP Partnerships. First, there is a definite need, in both urban and rural areas, for an area-based approach which focuses on long-term unemployment, disadvantage and groups at risk. Second, the PESP Partnerships have demonstrated the value of an agency or organisation which is concerned less with the dispersal of large amounts of money, than with improving the targeting and effectiveness of programmes and policies undertaken by existing agencies and departments. Third, this experience has shown that partnership with local, voluntary and community groups is necessary if such an improved policy design and implementation can be achieved. Fourth, despite the tensions reported in some evaluations, the PESP Partnerships demonstrate the value
COUNTY ENTERPRISE BOARDS

The intention to form County Enterprise Boards (CEBs) was announced in the Programme for Government (1993-1997). The key tasks of these boards are development of a comprehensive strategic plan, development of a multi-agency group to assist in the allocation of resources for small enterprise projects, and influencing the allocation of resources for small enterprise projects, and influencing the allocation of resources for small enterprise projects.

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6. GLOBAL GRANT FOR LOCAL DEVELOPMENT

The Global Grant was established by the European Commission in 1992 to support the development of indigenous potential at local level in Ireland. It was administered by the Area Development Management (ADM), which is an intermediary company designated by the government in agreement with the European Commission for this purpose. The board of ADM comprises a representative of the Central Review Committee, representatives of the social partners, and a wide range of community and voluntary groups.

The Global Grant provided funding to partnerships who also received funding from community bodies on the basis of integrated action plans drawn up in consultation with local groups and bodies, public agencies and local representatives of the social partners. Priority was given to groups located outside of PESP Partnership areas. Funding was not provided to groups within four of the PESP Partnership areas.

In a review of the operation of ADM in 1990, Routon draws attention to the different agendas of ADM and LEADER. The AMB, defined as local Agenda 21, and LEADER, with a more specific focus on economic development, have a more specific focus on economic development, with a strong social community focus.

In his review, Routon also suggests that the different demands of local Agenda 21 and LEADER, and the need for flexibility and responsiveness, have led to the creation of a new economic development area.

The experience of this section demonstrates that LEADER is not a silver bullet for economic development, but it is a useful tool for improving the delivery of rural development policies.

In this section, we have discussed the role of the LEADER programme in rural development. As we have seen, the LEADER programme has been successful in addressing the needs of rural areas in Ireland, and in particular the needs of the disadvantaged.

We have also discussed the role of the LEADER programme in promoting the development of local enterprise. The LEADER programme has been successful in promoting the development of local enterprise, and in particular the development of new businesses in rural areas.

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planning. It is also proposed to establish a County Strategy Group, bringing together key participants from various county organisations, together with the County Manager.

(i) Rationale for County Enterprise Boards

The stated objective of government in establishing the County Enterprise Boards is “to fill a gap which has been identified in current support services for local enterprise initiatives” (National Development Plan, p.70). Two possible gaps in support can be identified. First, until recently there has been an absence of a local structure for providing support to enterprise. To date, with the exception of the former IDA Small Industry Grant Committee (which operated at regional level), decisions on state assistance were taken nationally. Second, most micro-enterprises (less than 10 employees) have not been eligible for support from the main agencies. State support has been concentrated on the traded sector (internationally traded manufacturing and services). Most micro enterprises are in the non-traded services sector. Within manufacturing, micro-enterprises have attracted levels of state support below their share in employment, but above their share in output. By contrast, non-traded businesses will be eligible for support from CEBs.

The tasks given to the County Enterprise Boards, and their structure, raise some important questions about their ability to contribute to rural and local development. While it is too early to give definite answers to these questions, it is important that they are stated at this time. First, there is evidently some difference between the two chief tasks (and rationales) of the County Enterprise Boards: (i) developing enterprise action plans covering all sectors and developing an enterprise culture; and (ii) providing grant support to businesses of a defined type (investment costs less than £100,000, less than 10 employees). In the Council’s view, there is a tension between these two tasks (see below). Furthermore, the difficulties CEBs will face in performing the first of them (development planning), may push them to focus predominantly on the second (grant giving). The implications of these possibilities is explored below.

The need for an agency to analyse and promote local economic development is not, on the face of it, the same as a need to fill a gap in the current grant giving spectrum. If these are somewhat different roles, it will be important to examine which of them the CEBs find it easier to perform. Though only time will tell, it must be doubted whether the CEBs have the structure, resources and capability to formulate and execute enterprise development strategies for local prosperity. It will be important to observe the extent to which CEBs devote attention to the key strategic activities set out in their terms of reference: developing an enterprise action plan based on a comprehensive appraisal of the local economy and creating local enterprise awareness.

If their grant giving role was to dominate the activities of CEBs, then traditional concerns about deadweight and displacement would become relevant. Some emphasise that concern about deadweight (the extent to which the activity would take place anyway) and displacement (the extent to which grant-aided businesses displaced existing enterprises) arise because CEBs will provide support for non-traded activities. While this may be valid, these fears are particularly relevant when the investments are not derived from a well formulated developmental strategy. Such a strategy would identify ways in which public interventions facilitate economic activity by filling gaps in markets and creating public goods. In this context, it is the innovative or value-adding element of the intervention, rather than the traded or non-traded nature of business activity, which avoids deadweight and displacement.

(ii) Business Services and Support

While the County Enterprise Boards’ focus on local economic strategy and processing grant applications should be monitored in the coming years, evaluation should also consider another role: support services for local enterprise initiatives. There is clear evidence of a need for provision of such services at local level. A recent study carried out on behalf of the Task Force on Small Business identified a number of features of small (below 50 employees) companies’ attitudes towards state industrial systems, which are of direct relevance to the County Enterprise Boards. These are as follows:

(i) alongside financial assistance, companies indicate a desire for more information and advisory services over and above those currently available. This accords with most international thinking which is that effective enterprise support programmes require a combination of suitable entrepreneurs, adequate finances and effective advisory and consultancy supports;

(ii) regarding sectoral eligibility, a majority of firms (both manufacturing and services) feel that eligibility for state assistance should be expanded to include either some or all other sectors;

(iii) firms have a clear desire for duplication of agencies to be reduced, with a preference for either a single individual “one-stop-shop” or
single contact person rather than the multiplicity of separate agencies;

(iv) bearing very directly on the CEBs, there is a preference that services should be delivered at a regional or county level. This is preferred to either a single national level or on a local community/parish level. Interestingly, this latter finding is broadly consistent among both micro and other small firms (see Table 5.4).

TABLE 5.4

Preferred Geographical Level of Delivery of State Services
(Percentage in Favour)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Man/TTS</th>
<th>Other Services</th>
<th>Firm Size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10-50</td>
</tr>
<tr>
<td>Single National Level</td>
<td>17</td>
<td>29</td>
<td>5</td>
<td>24</td>
</tr>
<tr>
<td>Main Regional Centres</td>
<td>39</td>
<td>35</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Individual County Level</td>
<td>34</td>
<td>26</td>
<td>42</td>
<td>26</td>
</tr>
<tr>
<td>Local Community/Parish Level</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
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</tr>
</tbody>
</table>

* Manufacturing/Internationally Traded Services


This evidence suggests a potential role for the provision of business services at county level. The Council would certainly welcome the development of CEBs into 'one stop shops' for information and advice regarding the assistance available from the state sector as a whole, with their offices acting as county level agents for the main agencies. However, once again, it remains to be seen whether the structures and resources of the CEBs are suited to the effective performance of this role.

(iii) Physical Planning in Local Economic Development

Experience in the coming years will indicate the extent to which an agency embedded in the current local authority structure can be effective in local economic development. Regardless of the answer to that question, there is one aspect of local authority activity which must be linked to local economic development, and the CEBs may well provide the structure for this linkage.

Real property, land and buildings, is an absolutely central resource in both rural and local economic development. Given their role in physical planning and provision of services, local authorities have the ability to assist development, shape its course or, indeed, obstruct it. Since all the agencies and programmes pursuing rural development, discussed above, engage with local authorities on a regular basis, some procedures (and possibly structures) must be found to make this interaction productive. A good example of such a productive relationship can be found in the case of one LEADER group. Having enhanced the amenity of their area by the development of tourist trails, this group needed to erect signposts to make these trails usable. By agreement with the County Council they were able to submit a single planning application for all the signs, creating a considerable saving in administration and planning fees and, indeed, they entered into a contractual relation with the County Council for provision of the signs. It is possible that County Enterprise Boards could assist this co-ordination between the work of rural and local development groups and agencies, on the one hand, and local authorities, on the other. In proposing increased co-ordination between economic development and physical planning, the Council is not suggesting any dilution of planning standards. As illustrated by many of the cases discussed by the Consultants and others, and as emphasised throughout this Council Report, it is increased co-ordination and negotiation which characterises successful rural and local development.

(iv) County Enterprise Boards as a Pilot Initiative in Local Development

Though CEBs cannot strictly speaking be seen as a pilot initiative, because their coverage is nationwide, the Council believes that they should, like most other recent initiatives in rural development, be seen as pilot, in the sense of experimental. Experience in the coming years will indicate the extent to which a structure embedded in the local authority system can meet the fundamental goals of rural development - effectiveness, accountability and subsidiarity (see Part III below). As in the case of the PESP Partnerships and LEADER, the potential of this structure can be evaluated after several years of experimental operation. The issue of a local government approach to rural development is discussed in greater detail in Part III of this Council Report, where the Council identifies principles which should guide the evolution of institutions for this purpose.
8. COMMUNITY DEVELOPMENT PROGRAMME

The Government in 1990 provided a fund to support the establishment of a network of community development resource centres in areas of need throughout the country, both urban and rural. In 1994, there were 47 projects funded under the programme receiving on average £50,000 per annum. The activities of the centres fall under four broad headings: Practical Assistance - provision of advice and assistance to individuals; Development - stimulating the work of local groups; Policy - providing inputs to policy formulation; Partnership - although not specifically based on partnerships, projects can act as a mechanism for closer liaison between statutory agencies, non-statutory groups, employers and trade unions (Frazer, 1992).

9. FORUM

FORUM is the name of the North and West Connemara Rural Project Ltd. It is one of the 27 model action projects in the third EC Poverty Programme to foster economic and social integration of the least privileged groups. The project ran from March 1990 to June 1994. It was funded by the Commission of the European Communities, through the Directorate General for Employment and Industrial Relations and Social Affairs, and by the Irish government, through the Combat Poverty Agency. The annual budget was approximately £378,000, 45 per cent of which was provided by the national exchequer.

In designing and executing its Third Poverty Programme, the European Commission analysed experience of funding local action groups in two previous anti-poverty programmes, in order to lay down specific requirements for the Third Programme. These include:

- Conceptualisation of poverty as exclusion;
- Movement from poverty amelioration to prevention via local development and modification of national policies;
- Partnership of statutory agencies, local communities and a local community based development company;
- Integration and co-ordination of several policy approaches;
- Participation by local people;
- Networks between the model action project in different countries;
- Systematic monitoring and self-evaluation;
- Operation on a sufficient scale to employ a manager and a small team of project workers;
- Technical support via a research and development unit.

The Consultants consider that in its design the FORUM project represents "the most advanced attempt to date to incorporate the main concepts of integrated rural development" (Commins and Keane, Chapter 11). In addition, they note that the funding available to FORUM has been comparatively generous by the standards of support available to other local projects. They consider that the project can claim a measure of success in responding to the problems of North-West Connemara. Progress has been achieved in improving services to the elderly, improvements in remedial education, in public transport, together with new initiatives in developing shell-fish farming and in local tourism.

However, the Consultants note that in attempting to put such an innovatory organisation model into effect, FORUM faced numerous challenges of an organisational kind. The Council is in agreement with the Consultants that these challenges highlight some of the organisational issues which now arise for Irish rural development policy. They note that a new coalition had to be forged among nine local communities independently of how these communities would eventually work with statutory agencies. This implied a sophisticated structure requiring skillful steering and, in the Consultants' view, rural communities have little tradition of the kind of partnership attempted. In addition, "even in the statutory system, planning is not a common feature of public administration at local level as agencies tend to receive their mandates from higher level, centralised authorities". The experience of FORUM brings to light some of the difficulties and requirements of successful partnerships. Community-public authority partnerships tend to be unevenly balanced in terms of power and resources, and the Consultants argue that non-statutory partners have to be resourced to participate on equal terms. They also note that partnership is as much a process as a structure:

A mere agreement among a number of interested parties to collaborate in a joint venture will not constitute a genuine and effective partnership; those involved must have the knowledge, skills and attitudes to make it successful. The personal commitment of individual agency representatives is, of course, essential but genuine partnership also requires the commitment of those at the highest levels in the administrative hierarchies of the partner organisations. Otherwise partnerships become collections of personalities, rather than institutionalised commitments to which agencies per se have definite obligations (Chapter 11).
The Council attaches great significance to these observations and takes account of them in its extended discussion of institutional issues in Part III of this Council Report.

The experience of FORUM in North and West Connemara underlines not only the need for co-ordination across policy areas and agencies, but the need for this at central as well as local level. A drawback of the FORUM project as with other projects in the EC poverty programme, was the absence of an inter-departmental structure at the central level to respond to issues requiring attention locally but not amenable to solution at the local level. The Consultants cite attempts to improve local public transport services as a case in point. This required the simultaneous co-operation of government departments, Bus Éireann, the Health Boards, and the County Council, but it proved difficult to bring these to a consensus: “each is constrained by its own narrow jurisdiction and there is no policy framework for rural public transport that would facilitate the solution to the deficits in North-West Connemara” (Commmins and Keane, Chapter 11).

The Council considers that the FORUM project in North and West Connemara has made a valuable contribution not only to the solution of the specific problems in that area, but also to understanding of the substantive issues and organisational requirements for effective rural development partnerships. The principles for institutional development, outlined in Part III of these Council Comments, draw on that experience.

10. RURAL DEVELOPMENT FROM BELOW

While most of the programmes and structures discussed above constitute state led forms of area-based rural development, comment should also be made on attempts at ‘development from below’. This approach to development has been attempted by community councils, community co-operatives and community enterprise. Drawing on the work of Varley (1991), the Consultants provide an evaluation of these structures. Representative community councils were once promoted strongly by Muinintí na Tíre as an appropriate unit of local organisation. However, with substantial cuts in its state grant, Muinintí na Tíre has been unable to service and represent its affiliated councils and, collectively, these no longer constitute a vibrant force in rural development. Community co-operatives have arisen mainly in Gaeltacht and western areas. Like community councils they have been concerned with providing local services, such as piped water schemes and agricultural contracting. The Consultants note that because of the adverse economic circumstances of the areas in which they were set up, community co-operatives have, in general, remained weak as economic entities, with a slender equity base, under capitalisation, heavy reliance on bank borrowing and on state financial assistance. Community enterprise groups increased rapidly in number during the 1980s, reflecting the hope that communities - through co-operatives, development associations or limited companies - could contribute to job creation. While there have been some successful ventures and spin-off effects, such as the stimulation of private enterprise, the Consultants consider that, overall, community enterprises have had limited success. They are associated with low value added goods and services, and unattractive employment conditions. The Consultants note that apart from the normal demands of measuring up to commercial competition, successful community enterprise seems to require a protracted period of ‘community capacity building’.

The Council considers that these experiences of attempted development from below confirm the importance, not only of resources from outside the local area, but also strong vertical links from local groups to central government and national agencies. This requirement is emphasised and discussed at greater length in the Council’s consideration of institutional issues in Part III of this report.

11. REGIONAL AUTHORITIES

The goals of rural development policy can only be met in the context of regional development and national settlement patterns. Consequently, rural development requires a regional planning framework which can set out key long-term objectives and strategies, and achieve co-ordination of certain policies at regional level.

Eight Regional Authorities have recently been established by the Minister for the Environment. These authorities, whose membership contains elected members of the constituent local authorities, have been given the statutory role of providing regionally based co-ordination between public authorities, together with responsibility for monitoring and advising on the implementation of programmes funded through EU Structural Funds. Each region is required to prepare a regional plan, having regard to the needs and development requirements of the region, taking account of the development plans of the relevant local authorities and covering the issue of co-ordination of the provision of public services in the region.

The Council considers that the function of the promotion of co-ordination of public services in each region is important. The significance of co-ordination is that it helps a variety of public bodies to better achieve their underlying objectives (such as employment, income, desirable demographic structure and delivery of social services). The Regional Authorities do not possess direct instruments to implement their plans. Following the development of a plan for their regions, the Authorities will then have to try to influence the
actions of the executive agencies in their region towards the achievement of the regional plan. If the Regional Authorities are to be effective statutory bodies there is an urgent need for their activity to be supported by a national planning framework which would set out key long-term objectives and an appropriate strategy (Walsh, 1994).

In addition, following the recommendation of the Report on the Government Task Force, on 'A Crusade for Survival', the Government has decided to establish a Western Development Partnership Board within the National Development Plan. This partnership Board covers the counties of Galway, Mayo, Roscommon, Sligo, Leitrim and Donegal. These counties are covered by two of the Regional Authorities mentioned above. The report considered that the specific needs of these counties required a specific focus. The Partnership Board will prepare an action plan which will focus on the goal of population stability.

12. CONCLUSIONS

From its review of a range of rural development initiatives, the Council draws the following substantive lessons and recommendations.

(i) An Area-Based Approach to Rural Development

The Council strongly supports a territorial, or area-based, approach to rural and local development policy. The key requirements for rural development are an accurate audit of local needs, a strategic plan for development, co-ordination of various policy instruments and mobilisation of local interests. The experience of recent rural development initiatives (such as LEADER, PESP Partnerships and FORUM) shows that area-based programmes can promote rural development in ways which are not available to mainstream agencies. This added value arises because:

- Local involvement generates voluntary commitment;
- Partnerships of local groups, statutory agencies and private interests increases the co-ordination, and hence effectiveness, of policy;
- Information and consultation improve the design of national policy;
- Co-ordination of individuals, enterprises and groups encourages identification of new opportunities for economic activity.

Recent experiments with area-based initiatives have demonstrated the value of an agency or organisation which is concerned less with the dispersal of large amounts of money, than with improving the targeting and effectiveness of programmes and policies undertaken by existing agencies and departments. Experience has shown that partnership of state, statutory, voluntary, local and community groups is an important way in which such an improved policy design and implementation can be achieved. The partnership element of this recommendation is discussed in much greater detail in Part III of the Council’s Report, where institutional and organisational issues are considered.

Local Research and Strategy

The experience outlined above confirms the advantages of careful research and formulation of local strategy. Though immediate results might be achieved by acting before thinking, sustainable and genuine results require the opposite.

Long-Term Commitment

The development of effective partnerships at local level, and of the appropriate administrative procedures at central level, inevitably takes considerable time. A policy commitment to rural and local development must be a long-term one.

(ii) The Focus and Instruments of Rural Development Policy

Rural and local development has three main elements:

- Pre-development (the animation of local groups and the generation of a capacity to work purposefully in collective action);
- Reduction of social exclusion;
- Enterprise development.

The Council believes that rural development policy must address all three elements. Any rationalisation or unification of existing structures and schemes active within each local area must ensure that each of these three elements continues to be addressed.

Pre-Development

A distinction can be made between development (ultimately oriented to self-sustaining commercial activity) and pre-development (the animation of local groups and the generation of a capacity to work purposefully in collective action). A failure to make this distinction can lead to unwarranted criticism of rural development policy, since critics see what is essentially pre-development work, mistake it for developmental work, and dismiss it
because it is not generating wealth or meeting material needs. In fact, there is a strong case that policy should support both development and pre-development. In considering the appropriate balance between development and pre-development, policy needs to take account of differences between areas.

**Rural Social Exclusion**

There is a definite need, in both rural and urban areas, for an area-based approach which focuses on long-term unemployment, disadvantage and groups at risk. Questions have been raised about the validity of the area-based approach to long-term unemployment and disadvantage, initiated under the Programme for Economic and Social Progress. The Council believes that in order to avoid confusion on this issue, it is necessary to distinguish four separate things. The first is to establish the degree to which long-term unemployment and poverty are geographically concentrated or dispersed. The second is to distinguish clearly between the idea of an area-based approach and the idea of a selective approach (one which focuses resources on some selective geographic areas or social groups). Third, freed from its purely incidental link to selectivity, it is necessary to consider the merits of an area-based approach to long-term unemployment and disadvantage. Fourth, the existing area-based programmes must be kept in perspective, as but one part of public policy which influences the welfare of those in long-term unemployment or poverty. The Council believes that when these four issues are clearly distinguished and objectively evaluated, a strong case exists for the continuation, indeed extension, of area-based partnerships.

**Enterprise Development**

It is vital that area-based programmes concentrate on achieving outcomes which would not otherwise be achieved by the mainstream agencies. This implies greater emphasis on: (i) innovative projects and methods; (ii) adoption of a strategic planning approach; (iii) capacity building and animation; and (iv) community and group projects. There are certain types of projects which are more likely to develop or will develop more quickly, when individuals, enterprise and groups are linked and co-ordinated in a local organisation or initiative. Area-based programmes should fully exploit this potential.

The Council is concerned about the exclusive reliance on grants in the various schemes. For commercial projects there should be greater use of loans or other forms of repayable finance. The Council is not in a position to identify specific investment priorities to be undertaken by local partnerships; the Council sees this as the role of the partnerships. The capacity of partnerships should be enhanced by education and training programmes, designed specifically for members and staff. Finally, the secondment of executives from the public and private sector to work for limited periods with local initiatives should be promoted.

(iii) **Property and Physical Planning in Rural Development**

Property and the use of property are key factors in almost all kinds of development, and this implies that Local Authorities, which shape the use of property, have the ability to assist or frustrate rural and local development.

There are doubts whether the County Enterprise Boards (CEBs) have the structure, resources and capability to formulate and execute enterprise development strategies for local prosperity. It will be important to observe the extent to which CEBs devote attention to key strategic activities.

(iv) **Organisational Issues Arising from these Substantive Conclusions**

These conclusions on the substantive issues arising in rural development, raise numerous issues about organisations and institutions pursuing rural development. It is of interest that PESP Partnerships tend to extend their work beyond the long-term unemployed and some LEADER groups found themselves wishing to address problems of social disadvantage. This raises the question of whether the three main strands of rural development policy-pre-development, rural exclusion and enterprise development - are best undertaken by separate partnerships or by a unified structure. The principles which might guide thinking about this difficult question are outlined in some detail in Part III of these Council Comments.
### Appendix to Chapter 5

#### List of Most Disadvantaged Areas in Dublin, 1986

<table>
<thead>
<tr>
<th>Area</th>
<th>Population N</th>
<th>% of Total Labour Force in Area N</th>
<th>% of Total Unemployed Unemployed in Area N</th>
<th>% of Total Labour Force in Ireland</th>
<th>% of Total Unemployed in Ireland</th>
<th>F1 *</th>
<th>F2 *</th>
<th>F1-F2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dublin</strong></td>
<td>33,946</td>
<td>1.0</td>
<td>3.7</td>
<td>32.5</td>
<td>19.0</td>
<td>8.8</td>
<td>9.9</td>
<td>18.7</td>
</tr>
<tr>
<td>Ballyfermot</td>
<td>18,589</td>
<td>0.5</td>
<td>2.5</td>
<td>25.6</td>
<td>8.4</td>
<td>9.9</td>
<td>20.7</td>
<td>18.0</td>
</tr>
<tr>
<td>Ballymun</td>
<td>9,003</td>
<td>0.8</td>
<td>2.1</td>
<td>33.3</td>
<td>15.5</td>
<td>8.7</td>
<td>9.3</td>
<td>17.0</td>
</tr>
<tr>
<td>Coolock/Dundalk</td>
<td>9,003</td>
<td>0.8</td>
<td>2.1</td>
<td>33.3</td>
<td>15.5</td>
<td>8.7</td>
<td>9.3</td>
<td>17.0</td>
</tr>
<tr>
<td>Cabra</td>
<td>19,332</td>
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<td>4.8</td>
<td>24.3</td>
<td>9.9</td>
<td>7.7</td>
<td>9.3</td>
<td>17.0</td>
</tr>
<tr>
<td>Clontarf/Kimmage/Walkinstown</td>
<td>46,109</td>
<td>1.3</td>
<td>4.8</td>
<td>24.3</td>
<td>9.9</td>
<td>7.7</td>
<td>9.3</td>
<td>17.0</td>
</tr>
<tr>
<td>Inner City- North</td>
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<td>4.8</td>
<td>24.3</td>
<td>9.9</td>
<td>7.7</td>
<td>9.3</td>
<td>17.0</td>
</tr>
<tr>
<td>Fringlas</td>
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<td>3.3</td>
<td>18.5</td>
<td>7.6</td>
<td>8.7</td>
<td>9.4</td>
<td>16.4</td>
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<td>Inchicore</td>
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<td>7.7</td>
<td>9.3</td>
<td>17.0</td>
</tr>
<tr>
<td>Clontarf/South</td>
<td>44,110</td>
<td>1.3</td>
<td>4.8</td>
<td>24.3</td>
<td>9.9</td>
<td>7.7</td>
<td>9.3</td>
<td>17.0</td>
</tr>
<tr>
<td>Don Laois</td>
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<td>6.3</td>
<td>32.5</td>
<td>14.6</td>
<td>6.7</td>
<td>7.1</td>
<td>13.7</td>
</tr>
<tr>
<td>Tallaght</td>
<td>30,323</td>
<td>0.9</td>
<td>3.3</td>
<td>16.8</td>
<td>7.6</td>
<td>8.7</td>
<td>9.4</td>
<td>16.3</td>
</tr>
<tr>
<td>Kilbarrack</td>
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<td>3.3</td>
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<td>7.6</td>
<td>8.7</td>
<td>9.4</td>
<td>16.3</td>
</tr>
<tr>
<td>Blanchardstown</td>
<td>25,929</td>
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<td>15.3</td>
<td>6.2</td>
<td>7.6</td>
<td>9.4</td>
<td>16.3</td>
</tr>
<tr>
<td>Donaghmore</td>
<td>18,352</td>
<td>0.4</td>
<td>1.6</td>
<td>8.0</td>
<td>3.2</td>
<td>9.9</td>
<td>19.1</td>
<td>10.2</td>
</tr>
<tr>
<td>Churchtown</td>
<td>64,505</td>
<td>26.0</td>
<td>22.1</td>
<td>33.0</td>
<td>49.1</td>
<td>49.1</td>
<td>49.1</td>
<td>49.1</td>
</tr>
<tr>
<td><strong>All Dublin</strong></td>
<td>1,021,449</td>
<td>28.8</td>
<td>22.1</td>
<td>33.0</td>
<td>49.1</td>
<td>49.1</td>
<td>49.1</td>
<td>49.1</td>
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*F1 = Socio-economic characteristics.
F2 = Labour market characteristics.
<table>
<thead>
<tr>
<th>Area</th>
<th>Other Urban</th>
<th>% of Total Population Unemployed as % of Labour Force in Area</th>
<th>% of Total Population Unemployed as % of Labour Force in Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Drogheda</td>
<td>1910</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>2. Wexford</td>
<td>10336</td>
<td>0.3</td>
<td>0.3</td>
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<tr>
<td>3. Cork, North</td>
<td>59134</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>4. Dundalk</td>
<td>26669</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>5. Limerick</td>
<td>26657</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>6. Waterford City</td>
<td>21352</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>7. Kilkenny</td>
<td>13856</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>8. Carlow</td>
<td>17434</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>9. Cork, South</td>
<td>27171</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>10. Galway</td>
<td>47104</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>11. Sligo</td>
<td>27171</td>
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<td>0.8</td>
</tr>
<tr>
<td>12. Other Urban Total Ireland (ex Dublin)</td>
<td>251994</td>
<td>11.8</td>
<td>11.8</td>
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<tr>
<td></td>
<td>2137</td>
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<td>21.3</td>
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</table>

<table>
<thead>
<tr>
<th>Area</th>
<th>Other Urban</th>
<th>% of Total Population Unemployed as % of Labour Force in Area</th>
<th>% of Total Population Unemployed as % of Labour Force in Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. Donegal, Inishowen</td>
<td>25800</td>
<td>0.7</td>
<td>0.7</td>
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<td>14. Donegal, North West</td>
<td>34995</td>
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<td>1.4</td>
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<tr>
<td>15. Donegal, Letterkenny</td>
<td>32932</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>16. Kerry, North</td>
<td>31771</td>
<td>1.4</td>
<td>1.4</td>
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<tr>
<td>17. Wexford, Rural</td>
<td>16303</td>
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<td>0.5</td>
</tr>
<tr>
<td>18. Limerick, West</td>
<td>24966</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>19. Offaly, North</td>
<td>21210</td>
<td>0.6</td>
<td>0.6</td>
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<tr>
<td>20. Mayo, South West</td>
<td>26687</td>
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<td>0.8</td>
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<td>21. Longford</td>
<td>41085</td>
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<td>1.2</td>
</tr>
<tr>
<td>22. Kerry, South West</td>
<td>22665</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>23. Airport</td>
<td>53965</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>24. Waterford, West</td>
<td>37247</td>
<td>1.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>
### PART III

**Institutional Issues**

<table>
<thead>
<tr>
<th>Area</th>
<th>% of Total Population in Ireland</th>
<th>% of Total Unemployed in Area N</th>
<th>% of Total Unemployed as % of Labour Force in Area N</th>
<th>Unemployed as % of Labour Force in Area N</th>
<th>% of Labour Force in Area N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dublin</td>
<td>24.9</td>
<td>43.6</td>
<td>41.1</td>
<td>108,739</td>
<td>100.0</td>
</tr>
<tr>
<td>All Areas</td>
<td>1,543,511</td>
<td>100.0</td>
<td>100.0</td>
<td>195,390</td>
<td>100.0</td>
</tr>
<tr>
<td>Ireland (ex Dublin)</td>
<td>76.3</td>
<td>43.6</td>
<td>43.6</td>
<td>108,739</td>
<td>100.0</td>
</tr>
<tr>
<td>Rural Total</td>
<td>1,839,743</td>
<td>100.0</td>
<td>100.0</td>
<td>195,390</td>
<td>100.0</td>
</tr>
<tr>
<td>Mayo North West</td>
<td>21.2</td>
<td>43.6</td>
<td>43.6</td>
<td>108,739</td>
<td>100.0</td>
</tr>
<tr>
<td>Mayo North East</td>
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<td>43.6</td>
<td>108,739</td>
<td>100.0</td>
</tr>
<tr>
<td>Mayo Central</td>
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<td>43.6</td>
<td>43.6</td>
<td>108,739</td>
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</tr>
<tr>
<td>Leitrim</td>
<td>21.2</td>
<td>43.6</td>
<td>43.6</td>
<td>108,739</td>
<td>100.0</td>
</tr>
<tr>
<td>Dublin</td>
<td>24.9</td>
<td>43.6</td>
<td>43.6</td>
<td>108,739</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Notes:**
- FI = Socio-economic characteristics
- F2 = Labour market characteristics
- The shaded rows correspond approximately to the twelve PES areas
- Dublin Inner City North and Dublin Inner City South are one Partnership, Mayo North West and
  Mayo North East are also one Partnership
- Data derived from: Drennan et al. (1993) and Geographical and Multi-Media Applications Limited (GAMMA), based on 1986 Census of Population

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**Source:**
- Derived from Williams (1993) and Geographical and Multi-Media Applications Limited (GAMMA), based on 1986 Census of Population.
CHAPTER 6

A FRAMEWORK FOR ANALYSIS OF INSTITUTIONAL ISSUES

1. INTRODUCTION

Within a comparatively short time - 6 years or so - there has emerged in Ireland an ad hoc ensemble of initiatives, funds and organisations pursuing rural development. As a result, Irish rural development policy now confronts a series of organisational and institutional questions. Is there overlap between the organisations and programmes in place for rural development? What are the strengths and weaknesses of the organisations and structures which have emerged in recent years? How much autonomy should local organisations and structures have? Does rural development policy need to be formulated and implemented by territorial, area-based, organisations? If so, what spatial units are appropriate, county, sub-county or local? Can local organisations be as effective as government departments and state agencies? Is it appropriate to have local and voluntary, self-interested groups at the heart of policy making and implementation? In what sense are such groups accountable? Should a decentralised approach to rural development now be moved inside the formal local authority structure? Does rural development require a selective or nationwide structure? The answers to these general questions will have specific implications for the way in which all the existing bodies with public functions - LEADER groups, PESP Partnerships, FORUM, the Department of Agriculture and Food, ADM, Teagasc, Coillte, Bord Fáilte, BIM, the County Enterprise Boards, the local authorities and the regional authorities - are combined, or recombined, in future rural development policy.

The work of the Consultants and of other researchers on rural, local and regional development provide commentaries on many of these organisational and institutional issues.

For a variety of reasons, the Council finds many existing discussions of these organisational and institutional issues unsatisfactory. First, these issues tend to be understood and analysed in somewhat different ways within the disciplines of regional, local and rural development and among those active in each of these areas. What is required is an approach which is equally applicable in each of these disciplines, and which will allow dialogue between them. Second, the development of organisations and institutions
pursuing local development is undoubtedly linked to the question of local government. Consequently, perspectives on organisational and institutional issues found in the rural, local and regional development fields, need to be combined with perspectives which emerge in work on public policy, administration and politics. The design of desirable organisations and structures for the pursuit of rural development cannot ignore the administrative, political and social context within which such structures will have to operate. Third, many discussions of institutional issues are conducted in ways which preclude many of the most important questions. This is particularly noticeable in discussion of decentralisation, effectiveness, accountability, localness and community. For these three reasons, the Council believes that it is necessary to carefully identify the best terms in which issues of overlap, organisation, institutions and overall coherence should be discussed.

In this chapter, the Council proposes a framework for the discussion of the organisational, institutional and procedural issues which are now arising in the area of rural and local economic development. This framework has several elements. The first is an identification of two dimensions of organisational structures: composition and procedures, and spatial scale or unit. The second element is identification of three types of relationships: vertical, horizontal and public-private. Next the Council identifies three criteria for evaluating the merits of various institutional and organisational approaches: effectiveness, accountability and subsidiarity. Finally, the Council believes that it is useful to distinguish between three kinds of arguments which appear in the Consultants’ Report and, more generally, in debates on rural and local development. This chapter explains each of these elements of the framework which the Council proposes for future discussion of organisational, institutional and procedural issues.

2. TWO DIMENSIONS OF ORGANISATIONAL STRUCTURES

The proliferation of institutions and initiatives pursuing rural and local development has, in recent years, prompted many observations and proposals for change. Many of these are raised and discussed in the Consultants’ Report. In considering these organisational observations, the Council finds it useful to identify two dimensions of structures and institutions. Any given structure or institution can be defined along the dimensions of, first, composition and procedures and second, spatial scale or unit. Figure 6.1 describes these two dimensions and identifies some of the possible spatial units and possible compositions/procedures. The spatial unit covered by any organisation or policy initiative can vary from the European Union to the local. Organisations pursuing rural development can contain representatives from any of the bodies listed across the top of Figure 6.1.

### FIGURE 6.1

**Two Dimensions of Organisational Structures**

<table>
<thead>
<tr>
<th>Spatial Unit</th>
<th>Composition and Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU Commission</td>
<td>State</td>
</tr>
<tr>
<td>European Union</td>
<td></td>
</tr>
<tr>
<td>National</td>
<td></td>
</tr>
<tr>
<td>Regional</td>
<td></td>
</tr>
<tr>
<td>County</td>
<td></td>
</tr>
<tr>
<td>Sub-County</td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td></td>
</tr>
</tbody>
</table>

3. THREE TYPES OF RELATIONSHIP

Within these two dimensions it is possible to identify three types of relationships:

- vertical relationships (between central, regional and local tiers of organisations);
- horizontal relationships (between agencies and organisations within a region);
- community-public authority relationships;

Here, the word community is used to refer to all non-state organisations, associations and interest groups, and not just local community groups. This framework can not, of course, adequately describe the possible vertical, horizontal and community-public authority relationships. It does, however, assist clear thinking about organisational, procedural and substantive issues in local economic development.

4. THREE CRITERIA FOR ASSESSING INSTITUTIONAL AND ORGANISATIONAL STRUCTURES

One task of the Council Comments is to identify the principles which should guide thinking about the evolution of institutional and organisational structures. If such principles can be identified, they should reflect the following goals:
5. ARGUMENTS FOR TERRITORIAL, DECENTRALISED AND LOCAL GOVERNMENT APPROACHES

The final element of the framework proposed by the Council is the need to distinguish between a variety of arguments, concerning organisations and institutions, which appear in the Consultants’ Report and, more generally, in debates on rural and local development. While arguments on these three issues are frequently conflated, the Council sees them as essentially separate, and they are, as far as possible, treated separately by the Council:

- Arguments concerning territorial versus sectoral/functional policy;
- Arguments for a decentralised approach to development policy;
- Arguments concerning the role of local government in rural development.

Arguments under each of these headings are considered in detail in Chapter 7.

6. NEED FOR STUDY OF INSTITUTIONS AND INSTITUTION-BUILDING

The Council believes that this analytical approach provides a framework for discussion of institutional and organisational issues in rural and local development. For example, it shows that the case for a territorial approach tends to conflate arguments concerning composition and procedures (e.g. co-ordination of different policy instruments) with arguments concerning spatial scale (see below). It also makes clear that arguments concerning local government constitute, to a large extent, a subset of the wider set of issues outlined in Figure 6.1 (this is not to deny that the issue of local government introduces other issues, such as representation, democracy and accountability). These generic definitions may be more useful than the contrast between territorial and functional policy and organisations.

The tendency to create new structures (noted by the Consultants) may be evidence of a general national tendency to devote more effort to the creation of structures and organisations than to their design and development. It seems likely that benefit could be derived from more careful study of institutions and institution building. The variety of institutional structures, in the area of rural development alone, is quite striking, as is the emergence of new relationships between very local bodies and the highest level of the national government. This rate of institutional formation, and introduction of radically new vertical relationships, is virtually unthinkable in any other Western European state. In most, a fairly settled structure of administrative, representative and political authority. from central through regional to local
government, would define the structure within which new initiatives for local economic development would occur, and would certainly exclude the developments seen in Ireland.\footnote{This is not to imply that these structures do not periodically change in other countries, nor that the evolution of policy to address urgent problems does not, occasionally, draw local (or national) bodies to trespass on one another's authority (Schmitz and Musyck, 1993).} It is important to appreciate, that these observations do not necessarily constitute a criticism of recent developments in Ireland. On the face of it, some of the most productive and innovative recent developments in both rural and urban development in Ireland have been initiated from the highest level of central government (and, of course, the European Union), and have involved relationships between these levels and local bodies and voluntary associations. Indeed, one interesting feature of recent developments in Ireland that would certainly be found in other Western European states, is a wide range of relationships between state organisations and voluntary/private/non-statutory associations. This complex relationship between state and non-state organisations is common in the governance of most European countries.

CHAPTER 7

ARGUMENTS FOR TERRITORIAL, DECENTRALISED AND LOCAL GOVERNMENT APPROACHES

It was pointed out in the introductory chapter, and in Chapter 6, that the Council sees a need to distinguish between a variety of arguments concerning organisations and institutions which appear in the Consultants' Report and, more generally, in debates on rural and local development.

- Arguments concerning territorial versus sectoral/functional policy;
- Arguments for a decentralised approach to development policy;
- Arguments concerning the role of local government in rural development.

While arguments on these three issues are frequently conflated,\footnote{For example, it has been argued in a recent overview of Irish rural development policy that "an ironic feature of community development is its frequent operation alongside very centralised systems of government and the fact that it frequently depends on government for survival" (Shortall, 1994, p.247). Rather than automatically link community or local development with decentralisation of government, the Council considers that, for conceptual clarity, it is best to consider these issues separately.} the Council sees them as essentially separate, and believes they require separate consideration. This Chapter identifies and evaluates the arguments under each of these three headings.

I. ARGUMENTS CONCERNING TERRITORIAL VERSUS SECTORAL/FUNCTIONAL POLICY

One of the central arguments in the Consultants' Report is that Irish rural development policy be conducted in a territorial or area-based structure. In their view, rural development policy in any given area should be undertaken by an organisation with responsibility for all rural development in that area. While the Council believes that rural development policy should be undertaken by territorial organisations, it is concerned that the Consultants may draw too sharp a distinction between functional and territorial approaches to policy. Their advocacy of territorial rather than sectoral/functional policy requires some clarification. In particular, the argument for a territorial approach may be misunderstood in such a way as to close off possibly valuable policy approaches. This is particularly so,
where the arguments developed by the Consultants concerning rural development are applied to issues of local economic development generally. Below we outline what we see as the relevant arguments for and against a territorial approach.

(i) Co-ordination Across Policy Areas

A strong argument for a territorial, as opposed to a sectoral/functional approach, outlined by the Consultants, concerns co-ordination. With a purely sectoral approach, pursued by separate sectoral agencies, it is possible that different aspects of public policy could pull in opposite directions. Traditionally, programmes are undertaken by vertical structures which link action on the ground to various departments of central government, but which have relatively few horizontal links between different sub-programmes. In this situation, it is possible that the overall effects of policy could be less than the sum of its parts. In cases like this, the Consultants’ preference for a territorial as opposed to a purely sectoral approach is strongly vindicated. Here, a somewhat over-used term, integrated rural development policy, has a definite meaning and the Consultants’ arguments are similar to those outlined in the OECD report New Trends in Rural Policy Making (1988).

However, it must be asked whether location of policy in a territorially defined agency would necessarily achieve co-ordination of different policy instruments. Examples can be cited of territorially defined agencies, including national and local governments, which do not achieve co-ordination between different arms of policy or different departments. The Council sees a conceptual distinction between achieving co-ordination of different policy approaches and the territorial ambit of the agency or executive conducting policy.

(ii) Differences between Localities

The Consultants’ argument for a territorial, as opposed to a sectoral approach, is valuable because it brings to light a key characteristic of regional economic development: the role of difference between localities in providing competitive advantage. This is most important in a country where there is a strong tendency to argue for similarity in resources, infrastructures and policy interventions. In outlining the widespread international shift from a traditional, sectoral, approach to an integrated territorial approach, the OECD say “efforts have been made to redefine rural areas as essentially economic areas which must be split into economically homogeneous zones where the inter-dependence of problems and assets can be more easily taken into account in the process of formulating development strategies” (OECD. 1988, p.26). This poses the task of identifying economically homogeneous zones in rural Ireland. The Consultants argue that such zones should be sought at the sub-county level. The Council agrees that some aspects of rural development can best be organised at that level.

(iii) Representation and Animation

A third argument which may be made in favour of a territorial, as opposed to a sectoral/functional, approach to policy, concerns the representation of interests and the harnessing of energies. As was noted in Chapter 5, one of the most significant reasons for the successes of both LEADER and the PESP Partnerships has been the flood of voluntary effort which has been prompted and co-ordinated. Again, the specifically territorial nature of this proposal should not be exaggerated. Sectoral or other functional organisations can also represent interests and engage energies. They can, of course, do this within territorial structures.

(iv) Irish Policy not Exclusively Sectoral

Some limitations of the Consultants’ arguments for a territorial or area-based approach should be noted. The Consultants several times argue that in the late-1970s and 1980s, Irish policy became predominantly sectoral rather than spatial. While the Council accepts the Consultants’ account of the evolution of Irish policy (in Chapter 7 of their report) it does not necessarily follow, as the Consultants suggest, that Irish policy responds only to sectoral and functional interests (such as the ‘social partners’). While the explicit regional or geographic element to policy certainly declined, the clientelist nature of Irish politics means that many public resources are, in fact, allocated in response to geographic interests.

(v) Sectoral Specialisation as the Basis of Local Advantage

A stronger reservation about the Consultants’ advocacy of a specifically territorial approach, and about their strong distinction between a territorial and sectoral/functional approach, arises when the nature of local economic policy in many countries is considered. A striking feature of the re-emergence of local economic policy, as reported in the growing literature on the subject, is the emphasis on sectors or industries. This is true not only of the outstandingly successful industrial districts (Pyke, Becattini and Sengenberger, 1990; Schmitz and Mysick, 1993), but also of local economic policy of other types (Geddes and Benington, 1992). Indeed, it can be argued
that sectoral specialisation, and sectoral economic policy, are often the essence of local, regional and rural development, since it is the sectoral specialisation which creates, and relies on, the personal contacts and institutional relationships which underlie regional comparative advantage. In other words, a territorial policy for rural or regional development, in the sense of a policy undertaken by a territorial agency and focused on a specific territory, may in its substance be industrial or sectoral. Indeed, this is a point which is also made in the recent evaluation of LEADER by Kearney et al (Kearney et al, 1994). Drawing a very strong distinction between territorial and sectoral/functional policy approaches may unwittingly exclude this possibility from consideration. This point is particularly relevant because the Consultants emphasise that the prosperity of Irish rural regions is partly dependent on the dynamism of urban centres, and a sectoral approach is particularly marked in urban policy in many countries.

(vi) Some Rural Areas Must Diversify

While it seems important that a sectoral approach should not be excluded by any prior commitment to a territorial approach, the Council recognises that in the specific circumstances in which some Irish rural areas find themselves, strongly sectoral policy approaches may not be possible. These areas were previously reliant on a single sector, agriculture and, indeed, within agriculture, on one or two product lines. Consequently, in the face of the limits on agricultural development, these rural areas definitely require diversification out of agriculture. In this sense, and in the sense outlined in point (i) above, Irish rural areas require a multi-sectoral, territorial, approach. A further argument could be made that most Irish rural areas do not have an industrial or service sector with sufficient density upon which to build a strategy of sectoral specialisation. Consequently, while rural areas will hopefully benefit from the dynamism of urban centres, which might indeed involve sectoral specialisation, these rural areas themselves must rely on a mixture of tourism, agriculture and industry.

For these reasons, the Council endorses the idea that rural development policy should be undertaken by territorial organisations. However, the Council rejects an excessively strong distinction between territorial policy, on the one hand, and sectoral/functional policy, on the other.²

² An important question which Irish policy makers and researchers need to explore is whether there is a minimal density and critical duration of local small industry upon which a viable industrial district or cluster can be built.

2. ARGUMENTS FOR A DECENTRALISED APPROACH TO DEVELOPMENT POLICY

(i) Criteria for Choosing the Degree of Decentralisation

Because of the lack of active rural and local development policy in recent decades, much of the advocacy of rural development came to take the form of criticism of a top-down approach and argument for greater decentralisation. The framework for analysis of institutional issues, outlined in Chapter 6 above, shows that the issue of centralisation versus decentralisation is but one of the dimensions which must be considered in building a system for rural and local development. Arguments for decentralisation per se, taking the advantages of localness as obvious and absolute, frequently lack coherence. As such, they can actually set back the case for decentralisation, because they ignore a number of limitations of decentralisation which need to be taken seriously. Recent initiatives in rural development policy have introduced an element of decentralisation. In this context, arguments about the general merits of centralisation or decentralisation are of limited relevance. The discussion should now be based on the experience of the local and central organisations pursuing rural development, applying the criteria of effectiveness, accountability and subsidiarity. Indeed, drawing on that experience, one element of the Consultants’ argument for an area-based integrated approach to rural development is a case for more systematic decentralisation.

One of the lessons of experience, reported by the Consultants and confirmed by the Council’s own investigation, is the limits of an exclusively bottom-up approach. Consequently, it has been argued above that rural and local development must be pursued by a balance of top-down and bottom-up approaches. Development initiatives need to confront economic, technological, social and political forces and tendencies which have considerable weight. Except in a very limited sphere, it is unrealistic to envisage a bottom-up approach, pursued by spontaneous community groups, harnessing these forces for local prosperity. However, there is a danger that this realistic assessment of the limits of a bottom-up approach, will be used to defend central control of rural development programmes. To avoid this, it is important not to lose sight of the advantages of decentralisation.

² In a recent analysis of Irish rural development, this distinction was taken so far as to suggest that “sectoral channels and territorially based programmes of development represent different philosophies of social organisation. The co-existence of both causes confusion and undermines the latter since it does not have the weight of history of the former” (Shortall, 1994, p.252). By contrast, the Council is not inclined to see either the sectoral or territorial as an essential, or defining, characteristic of any economic activity or group. Most elements of economic and social life have both a territorial and a sectoral dimension and it is hard to conceive of these collapsing into a purely territorial form of representation or ‘philosophy of social organisation’.
(ii) Advantages of a Decentralised Approach

**Effectiveness**

Focusing specifically on social goals, reducing unemployment and marginalisation, Frazer identifies ten advantages of a local, or decentralised, approach to development. These include greater ability to achieve a multi-dimensional approach, more participation, better administration and delivery and more information (Frazer, 1994). Many of those working in rural development identify other advantages of a decentralised approach. Among these are an ability to take account of local differences, the availability of adequate information on problems and possible solutions, and the ability of those planning and executing rural development policy to mobilise local individuals and communities. Most of these advantages lie in the superior effectiveness of a decentralised approach.

**Accountability**

Considering the criteria of accountability, there are also strong arguments for a decentralised approach. Indeed, this is true of both dimensions of accountability outlined in Section 6 (iv) above: propriety in the use of public funds; and representativeness/ responsiveness to views and interests. A decentralised approach can provide the detailed local knowledge necessary to ensure that applications for the use of public funds are genuine investments and that allocation of public funds is based on genuine developmental criteria. However, these benefits of decentralisation will only materialise if the body conducting policy at a local level contains representation of a variety of interests (see below).

(iii) Keeping Decentralisation in Perspective

The Council is fully persuaded of the arguments for decentralisation summarised above. However, taking account of the analytical framework outlined in Chapter 6, it is reluctant to attribute all of these benefits to decentralisation per se, or to see a decentralised approach as sufficient to guarantee effectiveness. The evidence of recent experience suggests that decentralisation is but one of the characteristics of effective rural development policy. The evidence assembled by the Consultants, and reported by others involved, suggests, first, that vertical relationships between decentralised organisations and central agencies (or government) are also an important ingredient and, second, that the composition and procedures of local bodies play an important role. Similar findings emerge from international studies on rural and local development. On the one hand, these show why a decentralised approach is particularly relevant in current economic circumstances and in the pursuit of rural and local development. On the other hand, they clearly identify a number of qualifications to the case for decentralisation or, more precisely, additional requirements if decentralisation is to be effective.

**New Problems which Require a Decentralised Approach**

In many countries there has been an increase in economic governance at sub-national level. While this development may have some political origins, it has also been explained in economic terms. It can be argued that changes in the real economy have given rise to a set of problems of regulation whose solution requires the conduct of a range of policies at a sub-national level. Though numerous, these problems can be categorised as external diseconomies and external economies (Trigilia, 1991). External economies refer to the rising costs imposed on a given area by the economic activity of firms or agricultural enterprises. For example, those arising from over-crowding, traffic, environmental pollution, energy supply etc. Such costs are partially the responsibility of these enterprises, but it is not possible or economical for them to contribute individually to the solution of such problems. External economies refer to economic activities on which the welfare of a given area depends, but which is not profitable for individual enterprises located within it to produce. Technological innovation and its diffusion, marketing, training and labour mobility are all examples of this type. Consequently, we can see this as a problem of the supply of collective goods, goods which could influence the collective welfare of a group or an area, but which require public intervention because, from a utilitarian standpoint, it is not profitable for the individual actors concerned to contribute to their production. It has been argued in recent years that changes in underlying economic circumstances have thrown up a range of new problems (arising from external economies and diseconomies) which can only be dealt with effectively at regional or local level.

**A Qualification: Local and Collaborative**

An important qualification arises because the collective goods in question have two particular characteristics which suggest the way in which they might be undertaken, "the first - as we have seen - is that they appear to need regional structures of government adequate in terms of resources and boundaries" (Trigilia, 1991). The second characteristic concerns the way in which such collective goods are produced, especially those which have to do with external economies:

It is possible, in fact, to argue that a more adequate supply of such goods depends on the collaborative capacity of public structures and
the organisation of interest representation. Technological innovation, training and labour mobility, for example, are supplied with difficulties through bureaucratic structures which lack the consent, information and collaboration of the interested parties. Only authoritative representative organisations, at a level wider than the local, could ‘internalise’ the benefits derived from efficient regional intervention and would therefore have a greater incentive to contribute to the realisation of such interventions (Triglia, 1991, pp.314-5).

Thus it is argued that a range of supply-side policies require not only to be decentralised, but also conducted by a partnership of public and private groups. The need for differentiation between areas and sensitivity to context requires decentralisation; the information and the collaboration of the different interests involved requires partnership. This argument clearly refers to both dimensions of organisational structures outlined in Figure 6.1 (composition/procedures and spatial unit) and links these two.

**Argument for Decentralisation Contingent on Developmental Coalitions**

Both Irish and international experience suggest that the advantages of decentralisation are dependent on the orientation and capabilities of the sub-national agencies and organisations which conduct policy. An analysis of successful industrial districts in various European countries emphasises the importance of policies which encourage the provision of credit, training, and real services (such as language translation, market information, testing, technical transfer). It has been noted that “in principle, these could be provided by central institutions, but they tend to be less transparent to the local user and more remote from local needs” (Schmitz and Musyck, 1993). This makes clear that the argument for a decentralised approach to development is based not on some necessary or logical superiority of local provision, but rather on a repeated observation that regional regeneration, in current circumstances, is in fact frequently initiated from the local level. This contingency of the argument for a decentralised approach to development brings to light other necessary conditions. In successful industrial districts:

one can trace the emergence of local developmental coalitions consisting of local government agencies, industry associations/chambers and sometimes unions. It seems that in the cases studied here, such coalitions - while not free from internal conflict - play a positive role. But one cannot discount the possibility that in other circumstances they could block rather than enhance innovation (Schmitz and Musyck, 1993).

This makes clear that, at least when considering effectiveness, there is no argument for localness per se; the advantages of decentralisation are dependent on the emergence of a ‘local development coalition’.

Likewise, in their study of Irish rural development, the Consultants emphasise that the superior effectiveness of a decentralised approach depends on the ability of the ‘local development coalition’ to devise and implement coherent strategies:

**LEADER groups** can act simply as another conduit for funds in response to applications from local project promoters. Or groups can combine this function with a more proactive role in development, animating local groups, building up their capacity to function effectively as local development structures, stimulating enterprise and project ideas, building up shared learning networks among local beneficiaries, and providing the kind of training and motivation to stimulate further development ... it seems that groups vary on this ‘reactive - proactive’ dimension as well as on the extent to which their development plans are multi-dimensional or restrictive in scope (Chapter 11).

It seems vital that local strategies are about development, rather than coherent approaches to rent seeking or drawing the largest possible amount of given resources to their particular region. The ability of a given agency, however structured, to achieve these things is a function of the underlying social, political, and economic circumstances. Needless to say, the same contingency applies to central government: in some circumstances it can formulate strategic approaches which enhance development, while in others it can pursue short-term goals which block it.

Given the importance of the distinction, outlined above, between competition for given resources, on the one hand, and development, on the other, it seems important to explore how various groups, with identical organisational characteristics within the LEADER programme, might differ so radically on this fundamental dimension. The Consultants would seem to trace it to differences in general levels of economic development in an area, particularly the climate of enterprise, and on what they describe as “the general developmental milieu in an area (business confidence, access to technical assistance, support of networks of entrepreneurs, etc.)”. The Council’s own view is that the level of prior mobilisation is more important than the level of economic development. Likewise, the conclusions of the evaluation of the 1988-90 Pilot Area Programme for Integrated Development noted that “areas with strong existing community activity and a good community spirit
seemed able to produce significant tangible results more quickly than others but this was not an essential requirement for making worthwhile progress” (O’Malley, 1992, p.80). One possible policy implication of this, which the Consultants would seem to endorse, is that different rates of financial support may be appropriate for commercial development, on the one hand, and animation and training activities, on the other. Indeed, they argue that attention must be given to a basic process of development, “a ‘pre-development’ phase involving the animation of local groups and the generation of a capacity to work purposefully in collective action” (Chapter 11).

Less Ideology and More Accountability

Reviews of the experience of regional regeneration in Europe suggest that regional and local institutions offer two other advantages over central institutions: less ideology and more accountability (Schmitz and Musyck, 1993). The break with ideology is particularly notable in the German and Italian cases. This particular argument for the superiority of local institutions would seem to have limited applicability to Ireland. But this way of looking at things does prompt us to ask: what institutional structures (central/local, private/public, official/voluntary) are most conducive to strategic policy making and implementation, and which are most prone to destructive competition for given resources. One of the tasks of devising a strategic approach to local economic development is to build institutions where there are strengths, rather than where there are weaknesses.

In the case of accountability, it is not easy to provide strong evidence, but some suggest that “it seems plausible to suggest that in regional and local institutions there is more likely to be a sense of accountability and reciprocity benefiting the regional and local economy than in centralised institutions” (ibid). While this is a credible generalisation, it must also be seen as contingent on the social, political and economic structures in particular regions, and on the value systems which these contain. Indeed, evidence suggests that the accountability and reciprocity of an institution is only partly dependent on the spatial scale, or territorial coverage, of the institution. It depends also on whether the institution is part of a system of economic and social governance which allows effective policy formation and policy implementation of a sort which harnesses private interests and behaviour to public policy objectives and interests. The institutional arrangements which maximise the likelihood of achieving this are considered below.

(iv) Centralisation and Decentralisation in Irish Rural Development Initiatives

This review of arguments for a decentralised approach to rural development has established two things: first, the undoubted advantages of decentralisation are dependent on the emergence of a local development coalition and, second, an element of decentralisation already exists in many of the rural development initiatives which have developed in Ireland in recent years. In this context, arguments about the general merits of centralisation or decentralisation are of limited relevance. What are most relevant are the vertical, horizontal and community-public authority relationships within LEADER groups, PESP Partnerships and other organisations working for rural development. The degree and level of decentralisation should be chosen in such a way as to create the most effective set of relationships and procedures.

3. RURAL DEVELOPMENT AND LOCAL GOVERNMENT

(i) Introduction

The Consultants note that “sub-national development incorporating functions and agencies roles at different hierarchical levels is inextricably linked to the question of the arrangements for local government” (Commens and Keane, this volume). They note that they cannot address this issue in their paper. Given the Council’s desire to locate its current work on rural development in the wider context of local economic development and national economic and social policy, it views this question as important. As is argued at the outset of these comments, the approach to rural development adopted in the short-run should be consistent with a general and long-run approach to national and local economic and social management. One aspect of this, is to clarify the best, ultimate, relationship between the agencies and bodies involved in a rural and local development and formal local government. Given that the Consultants provided no detailed discussion of this issue, the Council wishes to identify the principles which should guide thinking on this question. It does not feel that such principles are currently known, or widely agreed and, therefore, it does not see the problem as one of mere implementation.

(ii) An Analytical Principle: The New Institutionalism

In approaching this question, thinking can usefully be guided by important advances in understanding of the role of institutions in economic, social and political life. In recent years, there has been increased recognition that
markets are embedded in a network of social, economic and political institutions and norms. Studies of modern politics point out that the universalist principles of democracy need an anchoring in the political culture of each country. Principles laid down in the constitution or law can neither take shape in social practices nor become the driving force for economic and social governance, until they are situated in the context of the history of a nation of citizens in such a way as to be connected with their motives and convictions (Habermas, 1991). This approach insists that institutions shape politics, institutions are shaped by history, and the practical performance of institutions is shaped by the social context within which they operate.

Though presented in general terms here, these ideas are of the utmost importance in thinking about the relationship between rural and local economic development and local government. An assessment of the ability of any given structure to simultaneously meet the goals of effectiveness, accountability and subsidiarity, must make reference not only to the formal and logical features of that structure, but also to the actual practices, traditions, and norms within which that structure must function. There can be no abstract design of a local government structure, derived from pure constitutional principle. This is true of both dimensions of any given organisational structure outlined earlier: composition/procedures and spatial scale. As noted above, a review of rural and regional development shows many cases where the performance of structures - central, local, or private - was critically dependent on the traditions, capabilities and norms of those involved. Whatever structures are proposed for rural and local economic governance must ‘run with the grain’ of economic, political and social life in Ireland. Structures which do not do this, may either remain as an empty shell or, worse still, provide an outlet for rent-seeking and short-term behaviour.

The problem, of course, is to adequately identify ‘the grain’ with which any proposed structures must run. Important aspects of the underlying economic, political and social situation - which must be taken into account - include the history and current position of local administration and politics in Irish life. A second aspect of the situation is the re-emergence of numerous, energetic, local organisations and associations, again documented by the Consultants. A third aspect of the underlying situation is the, recently enhanced, interest of central government and the European Commission in rural and local development. This contrasts sharply with the virtual disappearance of a regional focus (in national policy) in the late 1970s, documented in Chapter 7 of the Consultants’ Report.

(iii) Existing Proposals for a Local Government Role in Rural Development

In considering the relationship between rural development and local government, an assessment must be made of an existing proposal advanced in the recent report on the Structural Funds commissioned by the Department of Finance, The Community Support Framework: Evaluation and Recommendations (Fitzgerald and Keegan, 1993). While the main focus of that report was an evaluation of the 1989-1993 Community Support Framework, the report also contains significant, and possibly influential, discussion of decision making procedures and institutions. The authors argue that ‘to ensure that the allocations are dispersed effectively at a local level it is important that a suitable mechanism is put in place. This would involve four major criteria’. The four criteria proposed by Fitzgerald and Keegan and quoted below represent one perspective on the institutional requirements for rural and local development and, indeed, for economic governance in general:

- **Avoidance of Corruption.** There is a serious danger that the introduction of new untried structures involving ad hoc community groups could give rise to problems in this area. We would recommend that the existing local authority structure should be used. It has the advantage that it is subject ultimately to democratic control. As at the national level, the local legislators (the councillors) would set the local criteria for disbursement along the lines of the existing development plan process. The management (as with the IDA at the national level) would be responsible for disbursing the funds as they are currently responsible for implementing the development plan. While no model can prevent all corruption, the current model of local government was specifically designed in this way to eliminate the problems which had grown up in the 1930s.

The new County Enterprise Boards could be made responsible for drafting the plan for disbursing the funds, just as the local authority management currently prepares the draft development plan for each county. The Boards would co-ordinate the proposals from community groups incorporating them into a local plan. The councillors would have the power to amend the draft plan as they saw fit.

- **Appropriate Rate of Return.** All schemes which have been approved locally must demonstrate that they are likely to meet the benchmark rate of return.
• **Avoidance of Deadweight.** All schemes which have been approved locally must show that they involve minimal deadweight - the scheme proposed would not be undertaken without the funding from the CSF.

• **No Displacement.** All schemes approved locally must show that they involve a minimal risk of displacement - they will not result in another enterprise being put out of business elsewhere in the country.

To ensure that the last three criteria are met the proposals, as approved, should be submitted for ratification by some other suitable central co-ordinating body. This would mirror the role of the Planning Appeals Board. Without some such co-ordination mechanism there would be a very serious danger that the approach to development taken in different regions or communities could involve a wasteful allocation of resources (Fitzgerald and Keegan, 1993).

The central co-ordinating body proposed by Fitzgerald, Keegan *et al* is a new evaluation unit in the Department of Finance. These principles and the proposal based on them, which put emphasis on the avoidance of corruption, accord primacy to public officials (in particular, central government officials) in the conduct of rural development policy and to market mechanisms in the allocation of resources.

The Council does not believe that this is an adequate proposal for designing the relationship between rural development and local government. First, the existing structures, procedures and role of Irish local government are such that its involvement is unlikely to enhance current initiatives for rural and local development. Second, even reformed local government structures are unlikely, in combination with central government, to constitute an adequate institutional arrangement for the design and conduct of rural and local development policy. These two propositions, to which the Council attaches great significance, are explained below.\(^{10}\)

(iv) **Weaknesses of Existing Local Government**

The existing system of Irish local government contains a number of weaknesses which, in the view of the Council, make it an unsuitable structure to conduct the many rural development initiatives described in Chapters 4 and 5. Many of these weaknesses were identified by the Advisory Expert Committee on Local Government Reform (*Barrington Report*, 1990). Our concern here is solely with those features of current local government which would debar it from being the main institutional structure to formulate and implement rural development policy.

The Barrington Report identified the following problems with the current administrative and political system at sub-national level:

• There is a lack of integration of services at the sub-national level, particularly in the area of personal and social services, but in many other areas as well. The problems and needs as experienced by individuals are not easily separable into the distinct responsibilities of each government department. It is argued that a more integrated system is needed to deal with the problems that arise in a given area. The issue of territorial versus functional approaches is dealt with above in some detail.

• Irish local authorities have a narrow range of functions compared to their counterparts in other countries. Ireland has few local authorities and comparatively few councillors in comparison to other countries. This limits the scope for public involvement.

• Local authorities have severely restricted local discretion and finances.

• Lack of autonomy can result in a combination of frustration at local level and passive dependence on the centre.

• Meaningful links have not developed to any great extent between community groups and the local government system. This has implications for the development of local partnership.

• The limited role of elected members has led to apathy and disillusionment on the part of many councillors.

The unsuitability of existing local government for conduct of rural development policy is underlined when these structural weaknesses are taken in combination with prevailing attitudes. There is little evidence of public interest or involvement with local government. The loss of local autonomy in the area of local taxation, caused by the abolition of domestic rates in 1978, does not prompt public opposition, and nor does frequent postponement or local government elections. There is little popular demand for increased, formal, elected local government powers (Coyle, 1993). In addition, as emphasised by the Consultants, those actively involved in recent rural development initiatives are evidently cautious about any increased local

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\(^{10}\) To these general propositions a third, more specific, one can be added. There is in fact little evidence that the new structures involving 'ad hoc community groups' create a 'serious danger' of corruption. Both LEADER groups and PESP Partnerships are heavily monitored and audited. The one instance in which concern arose about the use of public funds confirms, rather than undermines, the value of local partnership.
government role. This anxiety applies not only to local administrations - which, it is believed, might bureaucratis developmental initiatives - but also to elected local representatives - whom, it is feared, might politicise developmental work. This aspect of the situation is described as follows:

It would appear that linking AID strategies to local government structures could offer a means of bringing much of local bottom-up development 'in from the fringes' to be better placed within mainstream programmes. However, given the realities of Irish political culture, there is also the risk that AID could become unduly politicised. Party political rivalries - even intra-party contention - added to the inevitable competition among sectional interests could threaten the working consensus needed within area-based partnerships (Commins and Keane, Chapter 13).

It is surely significant that Consultants with vast experience studying institutional structures for rural development, feel it necessary to circumvent the process and structures of local government. Given the weaknesses of current local government, the Council believes that these fears may be well grounded. The dominance of local managers which, as noted by Fitzgerald, Keegan et al (1993), assists propriety, is not sufficient to achieve other goals, such as effectiveness and representativeness. Consequently, the Council does not accept that it would be appropriate to subsume existing rural development initiatives within the existing local government system.

(v) Even Reformed Local Government Inadequate for Development

However, the limitations of local government in rural development arise not only because of the particular, and widely acknowledged, weaknesses of existing Irish local government. The second element of the Council's view is the argument that even a reformed system of local government would, on its own (or in combination with central government), be an inappropriate institutional framework for the formulation and conduct of rural development policy. This is so because of more general limitations which the Council sees in the proposal made in the recent report on the Structural Funds, quoted above. The underlying view in that report is one which focuses on representative democracy and argues that resources should be managed by officials who are, in turn, under the control of elected representatives. The particular variant of this general perspective which Fitzgerald and Keegan propose, is one which gives primacy to central government officials. The primacy of officials over 'ad hoc community groups' is seen as avoiding corruption; their being 'subject ultimately to democratic control' is believed to ensure accountability and representativeness; while the primacy of a central evaluation unit is seen as a way of avoiding distortion of the market allocation of resources. Each of these three ideas is based on assumptions which are questionable. While it is clearly most important to avoid corruption in rural development initiatives, this can be achieved by a variety of means (see below). It is doubtful that even a reformed system of local government, would be sufficient to achieve effectiveness and representativeness in rural development. While the role of central government and national agencies in rural development is critical (see Sections 4 and 5 above) that role is not accurately described as ensuring 'appropriate rate of return', 'avoidance of deadweight' and 'no displacement'. Overall, reliance on local and central government as the chief structure through which rural development policy would be pursued confronts, first, some general limitations of representative democracy and, second, some particular limitations of the state as the main organ through which to pursue rural and local development.

General Limits on Effectiveness and Accountability

It is widely recognised that there is considerable difficulty in making modern government accountable by the means developed in the nineteenth century, that is, supervision by a representative legislature and the election of the higher executive office holders. For a variety of reasons, the effectiveness and accountability of this form of government, on its own, are now questioned. It is argued that in many countries the old party political system is unsuited to address new economic and social problems and poorly represents the diversity of interests. Likewise, it can be argued that bureaucratic administrative structures are unlikely to cope well with the diverse and amorphous problems which have emerged in recent years. In addition, whereas liberal representative democracy pre-supposed limited governments, existing legislatures and elected government seem over-burdened by the sheer size of government and the multiplicity of the functions of social provision and regulation undertaken by modern states:

Such a democracy tends to degenerate into plebiscitarian legitimation of administration. Majority decisions are infrequent whereas administration is continuous, and majorities are often artificial, the 'majority' is a coalition of dispersed interests ... [E]mphasising democracy as majority decision is hardly likely to answer problems of government accountability (Hirst, 1994, p.35).

Furthermore, although the argument under consideration puts emphasis on the singular accountability of the state - because its officers are 'subject
ultimately to democratic control - the sheer plurality of interests in modern society, and the complexity of modern government, inevitably implies a plurality of power itself. While this is clearly desirable, there remain dangers "inherent in the combination of pluralistic political competition and highly centralised states" (Hirst, 1994, p.29). Among these is the danger that self-interested groups will lobby the state to secure advantages for themselves which do not serve the wider needs of development. All systems of policy making and execution are subject to external influences. The relevant question is which system is subject to the influence of interest groups whose co-operation is central to the success of rural development, and which is subject to pluralist competition over fragmented demands and failure to make strategic decisions on genuine issues of development. To decide this question, it is necessary to go beyond formal definitions of representation and textbook models of project evaluation and administration.

These problems of effectiveness and accountability reflect a more general limitation of the argument under consideration. That argument is based, explicitly or implicitly, on a sharp distinction between the state and non-state organisations. But no state, and particularly no Western European states, actually function in this way. This is so for three reasons: the state is much more deeply and widely involved in economic and social life than this model allows; markets do not function separately from institutions (including state institutions) in the way that this outlook assumes; and, most importantly, governance is frequently undertaken jointly by state, voluntary and private organisations.

Limited Effectiveness and Accountability in Rural Development

To these general limitations of central and local government as the key structure through which to manage rural development, are added some which are more specific to the pursuit of this particular policy goal. First, as noted above, the shift to new forms of supply side intervention looks likely to require detailed information, co-ordination and the active involvement of organised interests, in ways which central and local government, on their own, can not provide. Indeed, in arguing that rural and local development policy should be located within a local government structure designed in the 1930s, Fitzgerald and Keegan, quoted above, ignore the fact that the 1990s is not the 1930s; the dominant role proposed for central and local government takes little account of the extent of involvement in rural and local development of what are described, unsatisfactorily, as 'ad hoc community groups'.

Overall, the proposal to place local government at the centre of rural and local development policy, being of a formal nature, ignores the influence of institutions, outlined above. In particular, the ability of local government to simultaneously meet the goals of effectiveness and accountability is contingent on the actual political, economic and social traditions and practices in any given area. While such a structure seems likely (though, by no means, certain), to meet the requirement of propriety, through auditing procedures, many, including the Consultants, doubt that it would be effective in achieving economic development, equity, or responsiveness to needs and views. Unfortunately, it does not seem that these arguments or structures, on their own, provide a ready-made solution to the problem of relating rural and local development and local government. Consequently, the Council does not believe that local government, even if freed of many of its current weaknesses is, on its own or in a combination with central government, the appropriate institutional arrangement for the formulation and conduct of rural and local economic development. Only in partnership with voluntary, private and community groups can local and central government meet the needs of rural and local development (see below).

4. CONCLUSIONS

An important part of the Council’s approach to institutional issues is to distinguish between arguments for territorial, decentralised and local government approaches to rural development. This chapter has considered the arguments under each of these headings.

(i) A Territorial Approach Based on Partnership

The Council strongly supports the Consultants’ argument that a territorial approach should be adopted in rural development policy, that is, policy should be undertaken by an organisation which has responsibility for development in a defined geographic area. This approach can offer several significant advantages. Perhaps the most important is the possibility of achieving close co-ordination between different policy approaches and agencies. Another advantage is the ability to take serious account of differences between localities in designing and implementing policy. A territorial approach may also be more effective in encouraging and harnessing local energies in both commercial and voluntary work. However, the Council has identified two qualifications to these arguments. The undoubted advantages of a territorial approach do not occur automatically once an area-based structure is established. The advantages arise from an area-based structure in combination with other organisational and procedural
characteristics. Second, the emphasis on a territorial or area-based approach should not be allowed to exclude consideration of a sectoral policy.

(ii) Requirements for Effective Decentralisation

Recent initiatives in rural development policy have introduced a significant element of decentralisation. In this context, the Council believes that arguments about the general merits of centralisation or decentralisation are of limited relevance. Discussion can now be based on the experience of local and central organisations pursuing rural development, applying the criteria of effectiveness, accountability and subsidiarity. On these criteria, there are strong arguments for a decentralised approach to rural and local development. However, the Council has identified a number of qualifications to the case for decentralisation, or, more precisely, additional requirements if decentralisation is to be effective. These can be identified by focusing, not on structures, but on the vertical, horizontal and public-private relationships. The first requirement is that decentralised organisations require strong vertical relationships with central agencies and government. Second, the advantages of decentralisation are contingent on the emergence of a 'local development coalition'. This may require a particular composition and set of procedures within a decentralised organisation and a deliberate policy focus on 'pre-development'. The composition and procedures most likely to create an effective local development coalition are those associated with partnership.

(iii) Even Reformed Local Government Inadequate for Development

Given that the Consultants provided no detailed discussion of the relationship between rural development and local government, the Council wishes to identify the principles which should guide thinking on this question. The Council’s approach is to focus on economic, administrative and political reality, rather than abstract administrative or democratic principles. Proposals in this area must “run with the grain” of economic, political and social life in Ireland, by taking account of the history and current position of local administration and politics. In considering the relationship between rural development and local government, the Council has considered the proposal advanced in the recent report on the Structural Funds, commissioned by the Department of Finance, *The Community Support Framework: Evaluation and Recommendations* (Fitzgerald and Keegan, 1993). That proposal put emphasis on the avoidance of corruption and accords primacy to public officials (in particular, central government officials) in the conduct of rural development policy. The Council does not believe that this is an adequate proposal for designing the relationship between rural development and local government. First, the existing structures, procedures and role of Irish local government are such that its involvement is unlikely to enhance current initiatives for rural and local development. Second, even reformed local government structures are unlikely, in combination with central government, to constitute an adequate institutional arrangement for the design and conduct of rural and local development policy. Effective and accountable rural and local development policy requires a partnership of state, statutory, voluntary, private and community groups.

The evaluation of these arguments for territorial, decentralised and local government approaches to rural development provides the basis of principles which should guide the development of institutions and organisations for rural development. These are outlined in Chapter 8.
CHAPTER 8

PRINCIPLES FOR INSTITUTIONAL DEVELOPMENT

In Chapter 6 the Council has set out a framework for analysis of institutional issues and in Chapter 7 we have used this to assess arguments for territorial, decentralised and local government approaches to rural development. In this Chapter, that material is used to identify principles which should guide the development of structures and institutions for rural and local development. As will be seen in Section 2, the central organisational and procedural proposal is that rural development should be formulated and executed by partnerships of local groups, private interests, government and statutory agencies. In Section 3, the international emergence of partnerships for rural development is documented. Some of the issues which have arisen in other countries concerning partnership are identified. The chapter begins with a recap and summary of the core arguments which have emerged from the study of recent Irish rural development initiatives, in Chapters 4 and 5, and the discussion of institutional issues, in Chapters 6 and 7.

1. CORE ARGUMENTS

(i) Focus on Vertical, Horizontal and Public-Private Relationships

Consideration of organisational structures for rural development needs to focus not only on the appropriate spatial unit, but also on the composition of organisations and the procedures which govern activity. Indeed, design of institutional structures should begin with consideration not of structures, but of relationships. In Chapter 6 we identified three types of relationships: vertical, horizontal and public-private. Structures should be designed in a way which encourages these relationships to work well, rather than by reference to administrative logic alone. By working well we mean, first, effectiveness in achieving economic development and equity, second, accountability and, third, subsidiarity. In general, there will be tensions between effectiveness, accountability and subsidiarity. This provides a second reason why the design of structures for rural development cannot be based on some formal model of administration or definition of democracy. The tensions between effectiveness, accountability and subsidiarity imply
that structures must be built around a pragmatic and realistic view of groups and interests active in rural development.

(ii) Partnership as a Supplement to Community, Market and State

What procedures and relationships are effective in rural development, and what structures do these imply? The key requirements for rural development are an accurate audit of local needs, a strategic plan for development, co-ordination of various policy instruments and mobilisation of local interests. These information, co-ordination, and consultation requirements imply the need for a local development coalition of community groups, private interests, state agencies and government. The central organisational and procedural way to meet these requirements is through partnerships. The meaning of this model can be seen when it is contrasted with other forms of organisation from which it differs, and to which it is a key supplement. Many functions can be adequately undertaken by spontaneous community or voluntary groups. Other activities and functions are well organised by the market. Still other functions and goods are effectively provided by means of hierarchical administrative control. In contrast, rural and local development cannot be effectively achieved by reliance on any one of these organising principles; nor will it occur spontaneously in the interaction and conflicts between them. At its best, partnership provides a procedural and institutional framework for turning the interaction of community, market and state in a constructive direction. Ultimately, the purpose of partnerships in rural and local development is to make self-interested collective action contribute to the achievement of public policy objectives (Streeck and Schmitter, 1985).

(iii) Local Development Coalition and Vertical Relationships

Just as the focus of this argument is not on structures, but on procedures and relationships, so a local partnership structure, though necessary, is not sufficient for effective rural or local development. A review of recent Irish experience, and the discussion of institutional issues in Chapters 6 and 7 above, reveals some additional requirements. A territorial, or area-based, approach has a number of functions, including information gathering, co-ordination at a local level, and formulation of a strategy which takes account of the difference between localities. But an area-based structure should also achieve sectoral co-ordination, and this will often require vertical relationships with national agencies and central government. Our discussion of arguments for a decentralised structure confirmed the limits of an exclusively bottom-up approach. There is strong evidence from recent Irish experience that vertical relationships between decentralised organisations and national agencies (or government) are also an important ingredient of effective local development. In addition, that discussion showed that the effectiveness of a decentralised approach depends on the local partnership taking a proactive role in development, animating local groups, building up their capacity to function effectively as local development structures, stimulating enterprise and project ideas, building up shared learning networks among local beneficiaries, and providing the kind of training and motivation to stimulate further development’ (Commens and Keane, 1994, this volume). Finally, our consideration of rural development and local government demonstrated that election of representatives to local bodies (of whatever sort) does not, of itself, guarantee effectiveness in rural and local development. Indeed, it is possible to define democracy, not in terms of the rule of majority parties, but in terms of the quality of decision-making that results from the interaction between the governing agency and the agencies organising the activity being governed’ (Hirst, 1994).

While the core argument is that partnerships provide the best chance of effectiveness and accountability, these considerations suggest additional requirements for partnerships to achieve these goals. These additional requirements can be summarised as follows. The core purpose of partnership is to achieve both horizontal co-ordination (between programmes and agencies operating within a given area) and vertical co-ordination (of local, regional, national and EU levels of governance) and this is possible where partnership is understood not only as a structure but also as a process of communication and negotiation.

2. PRINCIPLES

In the Council’s view, the development of structures and institutions for rural and local development should be guided by the following principles:

(i) Area-based partnerships of state, statutory, voluntary, local and community groups;

(ii) Strong vertical links from local partnerships to national agencies and a central body with an overall responsibility for local development;

(iii) Development of the capacity of local groups to participate effectively in partnerships for development;
(iv) Development of the capacity of the centre and national agencies to participate effectively;

(v) Over time, a rationalisation of the overlapping structures and schemes active within each local area. However, care must be taken that a more unified structure would continue to address the different elements of local development; pre-development, social exclusion and enterprise development;

(vi) An increased role for local authorities in rural and local development should only occur within the context of (a) proven performance of County Enterprise Boards in the formulation and execution of strategic enterprise development plans (b) partnerships of statutory, voluntary and local bodies and (c) reform of local government.

Each of these principles is briefly explained below. The Council strongly believes that changes to existing organisations, or establishment of new ones, should be in accordance with these principles.

(i) Area-Based Partnerships

The Council believes that rural and local development policy will best meet the goals of effectiveness, accountability and subsidiarity, when undertaken by a partnership of official, public sector organisations and non-state bodies or associations working in area-based organisations. In the Council’s view, the core principle of partnership can be defended on the basis of:

- recent Irish experience in rural and local development;
- recent Irish experience with central government;
- the history and performance of local government in Ireland;
- the general economic governance of many European Union states;
- the international experience in rural and regional development;
- an understanding of the requirements of effective and democratic governance of modern societies.

Partnerships of state, statutory and voluntary associations are particularly relevant to supply-side initiatives at the local level. Traditional forms of bureaucratic organisation and administration are inappropriate for the pursuit of rural and local development goals that require a close collaboration with interested parties. This collaboration provides the information necessary for correct implementation of these interventions and can deliver the consensus and co-operation necessary for their success.

What Size of Area?

The second element of this principle is that partnerships should have responsibility for promoting rural development in a defined geographic area. The case for area-based or territorial organisations has been outlined above, emphasising the advantages it provides in co-ordination, information and animation. The question then arises: Over what spatial area should these partnerships have responsibility? The Consultants note that there is a distinct trend away from the small scale ‘community’ or locality as the unit of territorial action, with a corresponding emphasis on larger spatial areas, such as in the LEADER Programme, the 1988/1990 Pilot Programme and the Anti-Poverty Programme. In their view, “when smaller communities are brought together on this basis in new territorial coalitions, and are given the resources to animate and mobilise local initiative, innovation and enterprise, there are stronger prospects for success. Extreme parochialism can be as disfunctional for rural development as entrenched centralism” (Commins and Keane, 1994, this volume). They argue that a significant proportion of rural development policy is best undertaken within sub-county areas with populations of between 15,000 and 25,000. This view would seem to be strongly supported by those with experience in LEADER groups, PESP Partnerships and Anti-Poverty Programmes. Indeed, in some LEADER areas covering whole counties, a local decision was made to divide the county into four sub-areas. The administrative implications of a nationwide sub-county network requires some consideration - since it would involve a considerable increase in the number of partnerships, compared to those in LEADER I or in the PESP Partnership initiative. Since there is no correct ‘spatial unit’, which can be derived from some over-riding principle, the Council believes that experience, both local and central, is the best guide as to where it is appropriate to establish sub-county partnerships. It emphasises that the effectiveness of partnerships at this level is entirely dependent on adherence to the other principles outlined below. Furthermore, it would be unwise to rigidly enforce a sub-county structure in situations where, for whatever reason, partnerships at county or other levels already exist.

Inter-Dependence of Rural and Urban Areas

While the Council’s evaluation of sub-county spatial units is based largely on organisational and logistical considerations, as reported from experience, the Consultants provide an additional argument. Their analysis of population trends indicates that population stability seems to be a characteristic of bands of territory in the perimeter of urban areas. This leads them to question the
capacity of more outlying rural districts to maintain population and resources (such as schools, employment, transport, social services, etc.) without being systematically linked to urban centres. Hence they argue that, in the Irish context, some measure of strength in the face of economic change can be achieved if development actions are focused around sub-county districts, which would typically involve a county town and its hinterland. While the Council recognises the inter-dependence of urban and rural areas, which is a major theme of the Consultants' Report, it believes that further research on Ireland's settlement patterns and urban system is necessary. In some parts of the country, for example, New Ross within the Southwest Wexford PESP Partnership area, economic and population decline in towns exceeds that in the surrounding rural areas. This does not, of course, remove the inter-dependence of urban and rural areas, since the lack of urban employment opportunities exacerbates problems in surrounding rural areas.

It does, however, suggest that rural development policy cannot everywhere be based on an assumption of urban growth. Furthermore, it highlights the fact that significant further research on urban growth and decline, and policy measures which influence it, is necessary.

(ii) Strong Vertical Links

A second principle which should guide the evolution of structures and institutions for rural and local development is support for strong vertical links from local partnerships to national agencies and a central body with an overall responsibility for local development. Those involved in LEADER groups, PESP Partnerships and other bodies pursuing rural and local development attach great significance to two kinds of vertical relationship: the participation in partnerships of relatively senior staff from national agencies; and close contact with senior staff in central government departments. The value of these links can be understood as a reflection of the over-riding need for co-ordination. Co-ordination is required not only at local level, but also across departments and between functional agencies at national level. The effectiveness of vertical links also reflects the limits of an exclusively bottom-up approach to development. Though local, voluntary and community groups have a key role in identifying needs and strengths, and in implementation of many developmental measures, their effectiveness depends on their ability to tap into the powerful financial and organisational resources of national and EU agencies. Indeed, the Consultants note that despite a rhetoric venerating local communities as prime movers, "the basic parameters of development aid programmes - specifications about their content, areas to be included, the respective roles of partners, timetables and expenditure of funds - are all decided externally. To be realistic, however, this is the way things must be in large measure. To present the strategies for rural development in terms of clear cut options between 'top-down' and 'bottom-up' is to set up a false dichotomy" (Commins and Keane, 1994, this volume).

The participation of national agencies and government departments in partnerships inevitably raises the possibility of imbalances of power within a local partnership. Representatives of community and voluntary groups have reported difficulty matching the technical expertise of agency representatives. The Council recognises the importance of this issue (see below). However, it does not see the possibility of imbalances in power as a reason to reject, or lose faith in, the partnership approach. Imbalances in power are not a result of partnership, but reflect the economic, political and social context within which partnerships operate. Second, it would indeed be unfortunate if imbalances in power within partnerships were uniform and constant. This does not seem to be the case. While well resourced government departments, public agencies and interest groups may tend to dominate partnerships, in some instances voluntary and community groups are more influential. This can also have its drawbacks. Third, one of the possible functions of strong vertical links to government departments and national agencies is to redress imbalances in the influence of various groups at local level. In order to level the playing field in this way, central government (or a central co-ordinating body) must itself have particular attributes and attitudes (see below).

(iii) Developing the Capacity of Local Groups

The objective need for the conduct of significant elements of rural and local development policy at local level does not, of itself, imply a capability to undertake this. Indeed, the need for supply-side policies at a local level cannot be judged by the strength of local demand for policy autonomy. The absence of such a demand may, itself, be a reflection of a long period of limited sub-national policy capacity. Yet the organisation and representation of interests at sub-national level - such as the local, county or regional - seems critical to the effectiveness of rural and local development. In discussing this, attention has traditionally been placed on the legal and institutional constraints set by central governments. However, it has recently been argued that this under-estimates the relevance of local involvement and capacity. In
particular, the representation of interests - especially those most functionally important in the regulation of the economy - which share important parts of governance at the national level, are not equivalently organised at the regional level. Indeed, the absence of the organisation of interest groups and voluntary associations at regional level, can be cited as one of the reasons why sub-national government tends to serve purely local and individual interests (Trigilia, 1991, p.315).

In this context, the Council believes that public policy should seek to encourage the capacity of local groups and interests to participate effectively in partnerships for development. To a considerable extent, recent developments in both European Union and Irish rural development policy have had this effect. Their adoption of a partnership model for rural development has conferred significant additional authority and legitimacy on voluntary and community groups. The establishment of LEADER groups, PESP Partnerships and FORUM has provided financial and organisational resources. In addition, the Co-operatives and programmes such as the ESB’s Community Enterprise Award have assisted, by lending managerial resources to local groups. Yet formal evaluations of recent rural development initiatives, and informal discussion with those involved, makes clear that the capacity of local voluntary groups is by no means adequate for effective partnership. The Consultants attach great significance to this:

If community-based development is expected to address difficult issues of economic and social development then attention must be given to the more basic process of development, viz., a ‘pre-development’ phase involving the animation of local groups

and a generation of a capacity to work purposefully in collective action (Commins and Keane Chapter 11).

The Council also attaches great significance to this distinction between development (ultimately oriented to self-sustaining commercial activity) and pre-development (the animation of local groups and the generation of a capacity to work in partnerships). Consequently, the Council considers that there is an ongoing need for a deliberate policy focus on developing the capacity of local groups and interests to participate effectively in partnerships for development.

The Consultants, and others, have noted the extent to which organisational developments in Ireland in recent years were prompted by the reform and increase of the EU Structural Funds. This is sometimes seen as a reason to be sceptical of the potential of these organisations and structures to achieve development. The Council does not share this view. The particular conditions which gave rise to the formation of these structures and organisations, are not what will determine their success or failure in enhancing development.

In discussions of measures to increase interest group formation and effectiveness, three approaches can be identified: supportive measures by central government; building associations from below; and starting from the efforts of regional and local governments to promote programmes of economic revitalisation (Hirst, 1994). The first two of these have been significant in Ireland in recent years, and the Council believes that policy should continue to play this role. In current circumstances, there may be less potential for the third method (see below).

(iv) Developing the Capacity of Central Government and National Agencies

While the partnership approach involves active local involvement, it would be a mistake to think that this implies weak central government. In fact, the effectiveness of the partnership approach depends critically on the strength and relative autonomy of government. The approach to rural development emerging in Ireland in recent years involves two significant changes in policy making and administration: less centralisation and new public-private partnerships. Both of these would seem to require new working methods and roles for government.

12 One recent academic overview of Irish rural development policy would seem to question the validity of government policy along these lines. Shortall suggests that the new arrangements cannot genuinely be described as partnerships since, in the case of LEADER, “the whole development programme is a political construct, and while local areas have some room to develop a particular type of response within the framework of the development blueprint, this response must be within the confines of the blueprint” (Shortall, 1994, p.254). This seems to rest on the idea that some ‘true’ community or partnership could exist, which fully represented local views, without any imbalance of power, and which would be capable of undertaking development independent of any wider political context. Recent work on democracy and on the role of voluntary associations in democratic governance, suggest otherwise. Hirst (1990) argues there can be no real representation. All systems of representation have specific problems and construct the ‘represented’ in particular ways. Cohen and Rogers (1992) argue that associations representing social interests are ‘artificial’, that is, ‘there is no natural structure of group representation that directly reflects the underlying conditions of social life’. Consequently, the state can take deliberate measures to increase interest group formation and effectiveness, encouraging ‘those qualities of groups that contribute to democratic governance’ (1992, p.37). The aim of this intervention can be to increase not only the effectiveness, but also the inclusiveness, of group representation and to reduce the obstacles to weaker groups influencing public policy.

13 See Craig and McKeown, 1994; Shortall, 1994.
Conduct of significant elements of rural development policy by LEADER groups, PESP Partnerships and the FORUM Partnership has administrative implications. As pointed out in a recent review of decentralisation:

When decentralisation initiatives are planned and executed, too often all eyes are on the internal workings of the new neighbourhood or area offices. It is, however, necessary for policy makers to pay attention to the role of the ‘centre’ in a decentralised organisation and to the systems that will link neighbourhoods with each other and with the centre (Lowndes, 1992).

Indeed, there is evidence that the relevant section of the Department of Agriculture and Food was not adequately resourced to handle the flow of business arising from LEADER boards.

The partnership approach may also require the establishment of new organisational structures. For a variety of reasons, the co-ordination of the PESP Partnership was moved from the Department of the Taoiseach to a new company, Area Development Management (ADM). LEADER groups attach great value to the Irish Leader Network, which facilitates communication between LEADER areas and dialogue between the LEADER boards, government and the European Commission.

Third, the increased involvement of non-statutory, voluntary, local associations and interest groups in the formulation and execution of policy requires strong rather than weak government. Local autonomy has to be balanced against the need for strategic, national, policy making. The variety in local approaches has to be balanced against the need to maintain standards of quality and principles of equity. The devolution of policy functions to interest groups “has to be accompanied by a simultaneous acquisition by the State of a capacity to design, monitor, and keep in check the new self-regulating systems” (Streeck and Schmitter, 1985, p.130). As the Consultants say:

There is a distinction between the functions of steering, regulating and co-ordination at higher or central levels, and activities of a more proactive, locally serving and developmental kind at ground level. There is a task of central steering of functional or sectoral policies and a complementary task of ensuring that functional administrators are responsive to the manner in which problems require resolution in order to ensure progress in territorial based projects where their multi-dimensional aspects are more salient (Commins and Keane, this volume).

The Council believes that attention should be paid to further administrative and technological changes which would enhance the capacity of central government and national agencies to participate effectively in partnerships for rural and local development.

(v) Rationalisation of Overlapping Structures and Policies

The organisational structures which have emerged in recent years in the area of rural and local development, though unduly, are not fundamentally at variance with the patterns of economic and social governance common in continental European democracies or, indeed, in Ireland. However, the structures and organisations evolving in Ireland, do seem to differ from those elsewhere in two respects:

(a) in the multiplicity of, possibly overlapping, organisations and programmes; and

(b) in the extent to which they are in partnership with central, rather than local, government and with national, rather than regional, statutory agencies.

Indeed, the Consultants argue that “it would seem desirable to replace a pattern of ad hoc, short-term and insecure funding from different sources with a more settled policy and some rationalisation of programmes and structures” (Commins and Keane, this volume). The final two principles advocated by the Council address these two issues.

There is clear evidence that the multiplicity of initiatives and schemes for rural and local development can create confusion. Those contemplating commercial enterprises, self employment, or escape from long-term unemployment can face an array of schemes and agencies. Some rural areas contain both a LEADER group and a PESP Partnership. While each of these has a somewhat different focus, LEADER groups cannot avoid concern with rural disadvantage and PESP Partnerships in rural areas find themselves drawn into work on rural tourism and other enterprises. Even where both programmes are not operative, potential clients can experience confusion, given the various programmes conducted by government departments, such as Agriculture and Food and Social Welfare, and agencies such as Teagasc, Coillte, Combat Poverty, Forbairt and the County Enterprise Boards. Consequently, the Council supports rationalisation of the overlapping structures and schemes active within each local area.
However, the Council wishes to make a number of observations about rationalisation which should serve to put it in perspective. First, the principle of rationalisation or unification should be seen as secondary to the other principles outlined above. In particular, it must be seen as secondary to the principle of partnership. In this sense, rationalisation is only warranted where it improves horizontal, vertical and public-private relationships. The essential purpose of local structures is to achieve co-ordination and responsiveness to local conditions. Unification of rural development initiatives in a single institutional structure is only necessary where it would significantly enhance co-ordination and responsiveness. The principle of rationalisation or unification is also secondary to the three substantive elements of rural development policy: pre-development, rural exclusion and enterprise development. The rationalisation of different programmes for rural development into a single structure should only occur if these three elements can be maintained. The relevance of rationalisation, and the pattern of desirable rationalisation, may vary from one rural area to another. The proportion of viable, marginal and non-viable farms varies from one area to another, as does the prevalence of the disadvantage and social marginalisation. Likewise, there are differences in the degree to which rural development can rely on farm diversification and other activities in rural areas, on the one hand, or must base improved rural prosperity on development in local towns. Consequently, the substantive problems which development policy must address differ from one rural area to another. In addition, the nature and capacity of local organisation varies considerably, reflecting different historical experiences and social circumstances. These considerations suggest that it may not be wise to impose a uniform pattern of rationalisation on all areas of the country. This is not to suggest that central government or national policy can be indifferent about the structures which conduct development policy in any given rural area.

(vi) Conditions for an Increased Local Authority Role in Rural and Local Development

The final principle which should govern the development of structures and institutions for rural and local development concerns the role of local government. The principle sets out three conditions in which it would be desirable to assign an increased role in rural and local development policy to local government. The first of these is a proven performance by the County Enterprise Boards in the formulation and execution of strategic enterprise development plan. The discussion of the CEBs (in Chapter 5) and of local government in rural development (in Chapter 7) raised questions about whether the County Enterprise Boards have the structure, resources and capability to formulate and execute strategic programmes for local economic development. In this context, it will be important to observe the extent to which CEBs devote attention to the key strategic activities set out in their terms of reference. Though the CEBs cannot, strictly speaking, be seen as a pilot initiative, because their coverage is nationwide, the Council believes that they should, like most recent initiatives in rural development, be seen as pilot, in the sense of experimental.

The final principle for institutional development also states that an increased role for local authorities in rural and local development should occur in the context of partnerships of statutory, voluntary and local bodies, and reform of local government. These requirements emerge from the analysis of recent rural development initiatives (Chapter 5), the framework for analysis set out in Chapter 6 and the evaluation of arguments concerning the role of local government (Chapter 7). The experiences documented in Chapter 5 (and in greater detail by the Consultants) confirm the effectiveness and accountability of local, community and voluntary groups working in partnership with government and state agencies to promote rural development. The Consultants detailed exploration of recent developments, and the Council’s own investigation, highlight the anxiety that an increased local authority role could damage the innovative or collaborative nature of many recent initiatives, or both. In Chapter 7, the Council has given detailed consideration to the proposal, that, in order to ensure propriety, rural development initiatives should now be brought under the aegis of local authorities and central government. The Council does not believe that this is an adequate proposal for designing the relationship between rural development and local government. First, the existing structures, procedures and role of Irish local government are such that its involvement is unlikely to enhance current initiatives for rural and local development. Second, even reformed local government structures are unlikely, in combination with central government, to constitute an adequate institutional arrangement for the design and conduct of rural and local development policy. In the Council’s view, the criteria for judging institutional structures are effectiveness, accountability and subsidiarity. The evidence assembled in Chapter 5, and the arguments developed in Chapters 6 and 7, show that while the conduct of rural and local development policy by local authorities may ensure propriety, it is unlikely to meet the criteria of effectiveness or accountability. Effective and accountable rural and local development policy requires a partnership of state, statutory, voluntary, private and community groups. Only in the context of such a partnership can local authorities enhance recent rural and local development initiatives and structures.
5. INTERNATIONAL EMERGENCE OF PARTNERSHIPS FOR RURAL DEVELOPMENT

It has been argued above that a review of the structures and institutions of rural development policy in Ireland should focus on two dimensions of organisational structures (spatial unit and composition) and three sets of relationships (horizontal, vertical, public-private). Using this approach, it has been argued above that public-private partnerships offer the best means for both the formulation and implementation of rural development policy. This general approach to the institutional and organisational issues in rural development, is consistent with international trends. A striking feature of rural development policy in OECD countries in recent years, is the emergence of various forms of partnership.

(i) Common Tendencies in OECD Countries

Such is the prevalence and significance of this trend towards partnership, that the OECD has undertaken a specific study of the phenomenon. In *Partnerships for Rural Development* (1990), the OECD documents the emergence of partnerships in many countries and analyses the phenomena. That analysis includes an identification of the reasons for the emergence of partnerships, an identification of the reason why they are effective and an identification of a number of essential political, managerial and administrative pre-requisites. The emergence of partnership approaches is traced to a range of social and economic changes in rural areas and the way in which these have altered perceptions of rural problems and of appropriate strategies to deal with these problems:

Most OECD member countries are now viewing rural problems from a more integrated, comprehensive perspective than in the past. Economic development, for example, is generally no longer viewed primarily as solely a question of agricultural development. It is increasingly recognised that other factors, such as investment and industrial strategies, employment policies, education, health and social services, housing and transportation facilities, are interdependent, and affect each other as well as agriculture in the development of rural economies and communities. This integrated, comprehensive view of rural problems has, in turn, affected perceptions of appropriate policy and programme strategies. Most member countries recognise that rural development policy and programme strategies must be grounded in a global - not a piecemeal, problem-by-problem - perspective on rural areas and issues. Effective policy and programme strategies must be comprehensive and address issues in an integrated fashion (OECD, 1990, p.12).

The OECD study shows that many countries are now addressing the institutional challenges posed by rural change and the need for an integrated approach to rural policy making. The study shows that, despite differences in governmental traditions and political cultures, certain common tendencies appear to be emerging in OECD member countries. These include:

- An increase in the array of interests being encouraged to participate and actually participating in the process of formulating rural policies and programmes at all levels of government;
- Changes in the distribution of policy formulation responsibilities among government ministries and departments, that reflect recognition of the importance of an integrated global approach to rural policy making;
- Recognition that decentralisation of government authority and responsibility alone is not sufficient to rectify institutional rigidities hindering the formulation of integrated, global rural policies; and
- Growing co-operation between public and private sector decision makers in defining and seeking solutions to rural development problems.

Furthermore, these common institutional and procedural tendencies, are occurring in both the formulation and implementation of rural development policies.

The interest in partnerships has been prompted by the tendency for rural development policies to increasingly cut across traditional sectors of society and governmental jurisdictions. Thus, OECD countries are using various partnership arrangements to carry out policies and programmes focusing on a broad array of rural development issues, including business development and job creation, water resource management, manpower training and education and public service delivery. These institutional partnerships involve different levels of government, related government departments at the same level of government, independent public enterprises (such as transport, water supply and housing authorities) and private sector organisations. Private sector organisations include industries, banks, professional associations, voluntary community organisations and interest groups organised to pursue specific goals. The study shows that examples of such partnerships are operational in almost all OECD member countries.
(ii) Orchestration of Policy and Execution

The OECD argues that the essence of any partnership is the orchestration of policy and execution, based on shared objectives. They are systems of formalised co-operation, grounded in legally binding arrangements or informal understandings, co-operative working relationships and mutually adopted plans among a number of institutions. They involve agreements on policy and programme objectives and the sharing of responsibility, resources, risks and benefits over a specified period of time. However, within this general definition, a great variety of partnerships can be found. They generally have both a policy dimension and an operational dimension. They can be characterised according to their purpose, institutional form, scale and nature of partnership agreement. With regard to institutional form, institutional partnerships for rural policy implementation are of two general types: public sector partnerships and public-private sector partnerships. Public sector partnerships may be inter-governmental partnerships or intra-governmental partnerships. All public policies and programmes can be considered to address two core public sector functions: the provision of public goods and the production of public goods. The OECD argues that institutional partnerships are mechanisms for linking these core functions. While traditional, textbook, administrative arrangements involve a single unit of government organising both provision and production of public goods, partnerships constitute an alternative institutional arrangement for addressing the basic problems of organising public economies (OECD, 1990, p.21).

(iii) Reasons for Emergence of Partnerships

In Chapter 7 and earlier in this chapter, we have identified a number of reasons why partnerships are the most effective institutional arrangements for the formulation and implementation of rural development policy. These included numerous detailed observations on recent Irish experience, as documented by the Consultants, and general arguments concerning the limitations of exclusive state conduct of policy. While the OECD study suggests that there are certain pragmatic administrative, legal and political reasons for increased interest in partnerships, they argue that there are deeper explanations grounded in the context of rural policy-making and the political economy of institutional partnerships. They identify three dimensions of the rural policy making context which provide important reasons for OECD countries interest in partnership arrangements:

- the emerging broad scope of rural policy;
- the inherent socio-economic characteristics and conditions of rural areas; and
- the complex, changing, institutional environment within which rural policies and programmes are formulated and implemented.

The broadening scope of rural policy - from a sectoral to a territorial approach and from a focus on economic growth to a broad range of developmental issues - poses an important institutional challenge. ‘The challenge is how best to bring multiple actors with their varying interests, experiences, and resources together in a co-operative and co-ordinated fashion to deal effectively with rural issues’ (OECD, 1990, p.24). In responding to this challenge, most OECD countries have evolved partnership approaches.

Certain fundamental characteristics common to most rural areas are also cited as significant in the emergence of partnership approaches:

- Diversity of socio-economic conditions and development potentials; small, dispersed populations; spatial and political isolation; and insufficient leadership and governance capacities pose special rural public management challenges. Institutional arrangements for formulating and implementing rural policies and programmes must be sensitive to these characteristics, and they must be flexible enough to accommodate the wide diversity of rural conditions and problems and their change over time. Partnership arrangements of various types are currently being viewed by many OECD member countries as institutional structures that provide the sensitivity and flexibility necessary for more effective implementation of rural policies and programmes (OECD, 1990, p.25).

The emergence of programme approaches to rural development can also be traced to changes in the institutional environment within which rural policies are formulated and implemented. By definition, a territorial approach forces co-ordination of the efforts of numerous government departments, such as those dealing with agriculture, environment, industry, labour, education and health. Changes in the structure and nature of inter-governmental or inter-agency relations seem also to have encouraged the emergence of partnerships. One such change, of particular relevance in the Irish case, is changing relations between the member states and the European Commission within the European Union. One change in the institutional environment which the OECD sees as relevant, is the decentralisation of decision-making and programme management authority and responsibility that has occurred.
in recent years in most OECD member countries. A third important change in the institutional environment for implementing rural policies involves changes in the nature of public and private sector interactions. In many countries this has involved a growing pragmatic co-operation between the public and private sector, where the traditional boundaries between roles and responsibilities no longer strictly apply. Overall, these changes in the institutional environment are causing most OECD member countries to rethink their implementation strategies. ‘The primary characteristic of this institutional environment is the vast array and diversity of actors with a stake in rural issues. A fundamental concern for member countries is how best to involve and organise these actors so that they can co-operatively work together as partners in focusing their resources, experiences and capacities on solutions to rural problems’ (OECD, 1990, p.27). In response to these changes many countries have been experimenting with partnership arrangements.

(iv) Incentives for Participation

The OECD study suggests that consideration of the political economy of institutional partnerships reveals another rationale for their emergence. The argument that partnership arrangements can provide the most effective, collective, outcome, will have little force unless there are incentives for individual actors to participate. Though such incentives will not automatically arise, the OECD suggests that there are ‘a set of micro-level reasons why institutional partnerships are receiving renewed attention’ (OECD, 1990, p.28). Partnership arrangements for rural policy implementation have several pragmatic, operational advantages for governments. These include access to detailed knowledge of conditions in rural areas and a mechanism for organising and mobilising a range of resources, experiences and capacities from multiple partners. It is also suggested that partnership arrangements have political advantages for governance, including the generation of political support for government rural policy goals and initiatives. Incentives for the participation of private sector partners include the expansion of economic opportunities, the creation of access to information and the opportunity to ‘pool and spread the financial and political risks of undertaking large-scale rural development efforts with uncertain pay-offs with other partners, from both the private and public sectors’ (OECD, 1990, p.29). Finally, partnership arrangements provide private sector actors with a forum for articulating their perspectives and influencing the policy agenda.

(v) Conditions for Effective Partnership

The OECD review of member countries’ experience in using institutional partnerships for rural policy reveals a range of conditions and factors which seem necessary for effective policy-making and implementation. Three basic conditions are:

- a clear sense that an important problem situation exists and that some form of public or public-private partnership arrangement is a reasonable strategy for addressing the situation;
- an opportunity for each partner to benefit in some way;
- that each partner have the motivation and commitment to make the partnership work.

Beyond these basic conditions, the study identifies five organisational, managerial and political factors upon which the effective functioning of partnerships depends. These are: political feasibility; organisation; managerial capacity; communication; and co-ordination. These categories, and the OECD’s analysis of international experience with them, suggest an approach which further work on the structure of Ireland’s rural development initiatives might follow. In considering redesign or rationalisation of these structures an important consideration is the political feasibility of effective future partnership. The OECD suggests that this depends on: the actors; the values, beliefs, and motivations of the actors; the actors’ resources; and points of political consensus and conflict among actors. Organisation is clearly vital to the effectiveness of partnerships but, in addition to structures and functions, ‘experience in many OECD member countries indicates that several other factors are important in partnership organisation. These factors seem to stand out and are often mentioned in the context of member country experience’:

- an appropriate and clearly defined constitutional and legal framework for undertaking partnership arrangements;
- major goals and objectives for partnership activities which are clearly defined, well understood, and mutually accepted by all partners;
- clearly defined roles and responsibilities for all participating partners; and
- well defined and mutually agreed upon procedures for cost - and risk-sharing.
Within these, the OECD study places particular emphasis on the constitutional and legal framework, and on the procedures for cost and risk sharing. The OECD note that managerial capacity surfaces continually in the experience of most OECD countries in using partnership arrangements, indicating the pervasiveness of the problem and its importance. For example, study of partnerships in France drew attention to the fact that the effectiveness of these partnerships might be somewhat limited by the management capacity of elected local government officials. In addition, for rural development partnerships to be operated effectively, they must be grounded in adequate authority and have access to financial resources and leadership. This echoes many of the observations of the Consultants on recent experience in Irish rural development initiatives. The OECD study places particular emphasis on managerial capacity:

In organising and operating partnerships for rural policy implementation, OECD member country experience shows that organisational and managerial capacity in its various dimensions is a crucial issue that must be addressed if partnerships are to succeed. The characteristics and requirements for organisational and managerial capacity noted in this section may suggest possible policy and programme opportunities for strengthening the capacity of various partners and partnership arrangements (OECD, 1990, p.42).

The fourth organisational and managerial factor identified by the OECD is communication. Under this heading the study includes not only dissemination of information, but also problems which can arise from vaguely defined or inconsistent goals.

The final requirement for effective partnership is co-ordination. This arises because rural development policy necessarily involves various tiers of government, various national and regional arms of public agencies, and various private and voluntary groups. We have earlier described these within the categories of vertical, horizontal and community-public relationships.

Co-ordination involves deliberate, joint and often formalised relations among individuals, groups and organisations for achieving shared goals. It is both a structure and a process of concerted decision making or action wherein two or more parties work jointly to achieve some collective purpose. Viewed as structure, co-ordination involves specifying the nature of working relationships, and thus the structure of relative power and autonomy, among participants. Viewed as process, co-ordination is concerned with mechanisms and processes for joint decision making (OECD, 1990, p.43).

Effective co-ordination requires that the issues of autonomy, centralisation, specialised authority and responsibility be addressed:

The autonomy issue deals with how programme administration responsibilities should be shared among partners in an institutional partnership arrangement. Should one partner take the primary lead in administering a programme, or should the responsibility be shared among the partners involved? The specialised authority issue focuses on the extent to which important decision-making and staff positions necessary for carrying out implementation tasks should be filled by technical subject-matter experts instead of generalists, by career bureaucrats instead of political appointees. Embedded in this issue is the question of the relative distribution of authority and power among the staff and line or operating units and among generalists, politicians and technical experts within a partnership arrangement. The responsibility issue centres on the distribution of the work load and the resources associated with implementing a policy or programme among the partners involved (OECD, 1990, p.44).

These issues concerning the structure of rural development initiatives, emerging as they do from study of experience in many OECD countries, provide a framework within which to consider possible rationalisation or reform of the many initiatives which have emerged in Ireland in recent years.
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