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INSIGHTS FROM COMPARING THE COMMUNITY FUTURES PROGRAM IN ONTARIO WITH LEADER IN SWEDEN

A Qualitative Assessment of Policy and
Practice in Two Government-Sponsored
Rural Development Programs

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Government-Sponsored Rural Development Programs***

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INTRODUCTION

This paper deals with the evolution of two partnership-based, government-initiated interventions in rural community development and qualitatively assesses their overall performance. The assessment is achieved by comparing the Government of Canada's Community Futures Program (CFP) in Ontario with the European Union (EU)'s initiative for rural development, Links between Actions for the Development of the Rural Economy (known as LEADER¹) in Sweden.

The CFP and LEADER are two of the most significant and successful state investments in rural community economic development in the Western world. Both programs are remarkable in that in each case, a central government agency² has designed a development program that is delivered to rural and remote areas through partnerships with various organizations (such as local government and non-government organizations [NGOs]) and is facilitated largely by local volunteers and paid staff. Whether this represents duplication of effort or a much-needed program depends on local, regional and national circumstances — and the perspective of the reviewer. It is our perspective that such programs represent a creative and participatory approach to community economic development that, despite some challenges, has achieved a great deal of success since the programs' inception some 20 years ago. The fact that both programs have endured so long, despite changes in central governments and resultant policy directions, is testimony to their robust design, collaborative execution, and overall socio-economic performance.

Comparative analysis can only be constructive when the units chosen are sufficiently similar in structure to allow the emergence of useful observations about differences and similarities. In this regard, the areas in which the programs are delivered, that is, Ontario and Sweden, have many important structural similarities.

For example, the geography of the physical environments is similar, formed mostly of Cambrian Shield landscapes with rock outcrops and lakes predominating. In terms of the economy, mining and forestry are the main primary industries; only in the south of Sweden and Ontario is agriculture of significance. In both areas, resource-based industries are being downsized and restructured, with capital investments replacing

¹ The EU program is known by its French acronym LEADER: Liaison entre actions de développement de l'économie rurale.

² The CFP is a national program, with program funds administered by regional development agencies and Industry Canada. LEADER, on the other hand, is a program designed at a supranational level. EU funds are allocated by the European Commission to national governments, which administer the program funds within their country.

labour in a search for jobless growth. Both areas have some industrial districts specializing in old and new manufacturing, but they are also being overtaken by increased competition and other trends in this post-globalization climate. Finally, the economies of both Ontario and Sweden are to an increasing extent being driven by service sector industries and the growth of small and medium-sized enterprises (SMEs).

Both the CFP and LEADER have very similar histories. They were conceived to serve the development needs of disadvantaged areas — with a priority on serving rural and remote areas — first through job creation, and then through economic diversification in areas dependent on declining primary industries. Lately, both programs have evolved to support economic development in all rural areas.

Both programs also have similar governance structures: the responsibility for decision-making and action is placed at the local level, and programs are essentially carried out by volunteer boards and a small team of hired staff. Program and administrative parameters, as well as associated funding for activities, are determined by central government agencies. While program parameters are regarded as guidelines for management, administrative requirements are perceived by those involved in delivery to have been increasing over the past few years (in response to central government efforts to demonstrate accountability and the effective use of public funds).

In essence, the CFP and LEADER illustrate forms of government-induced, bottom-up development. This may appear to be a contradiction in terms, but represents the remarkable achievement of providing an enabling environment³ that encourages local volunteer groups to manage and raise funds, take decisions without constant direction, and act as economic development leaders in their respective rural areas. These volunteer groups — Community Futures Development Corporation (CFDC) boards in Ontario and LEADER Local Action Groups (LAGs) in Sweden — believe that they are independent and do have autonomy within their corporate spheres. This autonomy and resultant opportunity for leadership represents the grassroots, ‘home-grown’ element of both these programs.

Qualitative exploration of how these programs have performed and what features of their operation and governance may have influenced their performance has been pursued through five lines of inquiry in this comparative review:

³ This environment involves providing structures for development, such as a program framework that incorporates community economic development best practices, funding, and networking opportunities.
Insights from Comparing the CFP in Ontario with LEADER in Sweden

1. Local service area: Comparing the local areas served by either a CFDC or LAG, including geographic, demographic, economic, and employment criteria.
2. Governance: Comparing how the two programs are directed and managed between central agencies and the local body (a vertical relationship) and among the local organizations and the local body (a horizontal relationship).
3. Partnerships: Comparing differences in types and structures of partnerships at the local level.
4. Strategic planning: Comparing the role that strategic planning plays in the direction and guidance of the Program at the local level.
5. Development activities: Comparing the type of development approach adopted by the two programs.

These lines were chosen as the comparative framework for primary research conducted in 2002–03.⁴ Although not mutually exclusive, the five lines of enquiry cover essential features of the two programs and enable the reviewers to discuss critical factors in program performance.

The Comparative Framework: Data Collection and Methodology

The original research data regarding the CFP in Ontario was collected by University of Guelph researchers Anthony (Tony) Fuller and Carolyn Pletsch during the fall and winter of 2002/03. Case studies of six CFDCs were developed through more than 40 interviews.⁵ The research was amplified in 2005 when an Organization for Economic Cooperation and Development (OECD) review of good governance in selected member states was undertaken for Canada by the authors.⁶ The CFP was featured as the main case study for Canada. Additional updated information was derived from the Rural Youth Research Internship Program, which was pilot tested in 2008.⁷

The original research data regarding LEADER in Sweden was collected by Lars Larsson while undertaking research for his doctoral dissertation. Larsson's data was then adapted to fit the comparative framework developed for the Canadian research. The Swedish research included 84 interviews with 79 people, including chairpersons and members of the LAGs. Formal documents such as guidelines, operational

⁴ Fuller, Anthony, and Carolyn Pletsch. *The Canadian and European Experience: Comparing Policy and Practice in Government Sponsored Rural Development Programs*. 2003.

⁵ Fuller and Pletsch. *Ibid.*

⁶ Fuller and Pletsch. *The Community Futures Program in Canada, Good Governance and Successful Rural Development Programming*. 2005.

⁷ Fuller, Anthony. *Gauging the Impacts of the Community Futures Program on Rural Communities in Ontario, Rural Youth Research Interns Project (RYRIP) Report to Fednor*. 2008.
Insights from Comparing the CFP in Ontario with LEADER in Sweden

programs, and local development plans were also important sources of information, as were LEADER evaluations and the official LEADER database. In 2009, Larsson visited Ontario to conduct his own assessment of the CFP. This paper also benefits from a recent study on long-term consequences of LEADER + projects in Sweden, conducted during spring and summer 2009.

PROGRAM HISTORY AND EVOLUTION

Both the CFP and LEADER have evolved over time. While significant changes occurred that enabled the programs to remain relevant, core features of each program have remained the same. Both programs began with a strong focus on employment, and were targeted to those rural and remote areas where serious evidence of “disadvantage” was demonstrated.

In Canada, the focus has remained with economic and small business development, while in Europe the objective of diversification through community development has remained strong. This subtle but important difference can be characterized as a tendency toward business economic development in Canada in contrast to community economic development in Europe. The common denominator is that both programs operate at the local level, so the term *local* could be added to each designation — *local* economic development and *local* community development — to distinguish this approach from the common meaning of the terms.

In essence, the two programs have evolved to enhance the capacity of community groups and individuals to manage the stimulation of economic activity at the local level. Although the focus in both programs has always been on business development and economic diversification, it is understood that the contribution to community cohesion, leadership development, and identity building is also of great importance.⁸ In sum, the two programs have become major performers in the capacity-building policy objectives of Western democracies.

About the CFP

The CFP was announced by the Government of Canada in 1985 and implemented in 1986 as part of the Canadian Jobs Strategy. The primary objective of the CFP was to facilitate labour adjustment through counselling and business development in areas of chronic and acute unemployment. The targeting of areas with special needs grounded the program in a spatial or territorial approach to economic development.

⁸ Fuller, 2008.
Insights from Comparing the CFP in Ontario with LEADER in Sweden

At the outset, this approach introduced a twin objective that gave equal importance to business development and employment.

To facilitate this twin objective, identified or interested communities were required to establish a Community Futures Committee (CFC) whose job it would be to develop a strategic plan for economic development and adjustment. Several program options were available to the area if recommended by the CFC as integral to the local strategy and approved by the Government of Canada. These options included: the set up of a Business Development Centre offering loans and advisory assistance; the Self-Employment Incentive option to provide recipients of unemployment benefits or welfare a continued income while they pursued opportunities for self employment; the Community Initiatives Fund, which was designed to support innovative, community initiatives that had been identified in the strategic plan; the Purchase of Training option to provide occupational training for individuals in designated areas; and the Relocation and Travel Assistance option to support job search activities for employment opportunities away from the selected area.

A mix of these options available to the community within the CFP allowed all programs to be both comprehensive and flexible — two key features of what has become the Community Futures approach.

A defining feature of the approach is that it is locally (or community) based and led. At the beginning, community representation on CFDCs was clearly delineated, requiring representation from such groups as a Chamber of Commerce, local government, educational institutions, industry and labour. Over time, the parameters for community participation have become less rigid. Currently, participation is largely determined by the communities themselves but is still broadly representative of the diversity of interests across the population they serve.

The choice of service areas was based on clusters of communities that shared a common labour market. Thus, the CFP became one of the first examples of a multi-community rural development initiative in the Western world.

The Program currently focuses on a partnership of local resources and the development of realistic and viable responses to long-term community needs. The original concept, however, was developed to address immediate needs and implemented for a horizon of three years, following a short development phase. The three-year period was regarded as sufficient time to “fix the problem.” Following an evaluation in 1990, the program was extended for an additional five-year term, and then extended indefinitely in 1998.

The mid-1990s marked a major evolution in the CFP. In 1994, the Community Initiatives Fund was discontinued and the other options outlined previously were also separated from the CFP. At the same time, the Community Futures Committees were amalgamated with Business Development Centres (BDCs). The consolidated organizations, Community Futures Development Corporations (CFDCs), were mandated to provide:

- strategic community planning: working with communities to assess local problems, establish objectives, plan and implement strategies to develop human, institutional and physical infrastructures; encourage entrepreneurship; increase employment; and stimulate the economy;
- business services: delivering a range of business, counselling and information services to SMEs; and
- access to capital: providing capital to assist existing businesses or to help entrepreneurs create new businesses.

By the end of the first period of development in 1994, 214 Community Futures organizations were in operation in Canada. Almost all areas with chronic or acute unemployment problems had been included in the Program.

In 1995, responsibility for the CFP was transferred from Human Resources Development Canada (HRDC) to Industry Canada and the three regional development agencies, the Atlantic Canada Opportunities Agency (ACOA), the Economic Development Agency of Canada for the Regions of Quebec (CED-Q), and Western Economic Diversification Canada (WD). The Federal Economic Development Initiative for Northern Ontario (FedNor) is a business unit of Industry Canada and assumed administration of the Program for the Province of Ontario.

It is important to note that prior to the transfer, the CFP as a national program shared the same characteristics across the country. The 1995 transfer allowed regional agencies to respond more fully to the specific needs within their regions. The transfer also acknowledged that the CFP's direction had changed over time, from a program that facilitated a labour market response to technological change and economic development to a program that facilitated economic growth, diversification, and sustainable community development.

CFP Today

Additional funding was provided to the CFP in 2000, to ensure universal rural coverage. Between 2000 and 2005, the number of CFDCs in Ontario increased from

52 to 61, thereby ensuring all rural areas were served by the CFP. In addition, the CFDC contracting and reporting cycle was extended from one to three years, based on a risk analysis. These changes led to major improvements in CFP management routines, particularly by freeing up skilled resources that were occupied by annual reporting requirements to focus on program and policy matters. These changes reflect the continued “normalization” of the CFP in Ontario; a process that began with regularized (ongoing) programming in 1998.

About the LEADER Program

Europe’s rural areas are extremely diverse in terms of their physical, social, cultural, and economic environments. These differences suggest that development potential for rural areas may be individualized. Rural areas exhibit one or more of the following characteristics:

1. Low population density characterized by out-migration of the young and skilled, leaving an aging population.
2. An economy focused on agriculture and natural resources, and threatened by urban encroachment.
3. Significant variations in population income, a reduction of social services, and consequent business decline.

In Europe, rural development approaches explored in the 1980s focused on industry support, with the implementation of top–down approaches including subsidies for end-user beneficiaries. Unsatisfactory results gave rise to a search for a new guiding philosophy, from one of growth to one of sustainable local development. This change in philosophy would give rise to some original approaches, with one of the most successful being LEADER.

The 1998 publication of *The Future of Rural Society* marked the first real indication that the European Union felt the need for a pan-European rural development policy. This paper emphasized the need to be innovative with respect to development approaches, by involving the local communities themselves in defining their own needs, identifying solutions, and then implementing them.

The Community Initiatives Program, introduced in 1991⁹, provided an opportunity to launch the first generation of LEADER, an initiative devoted to rural development. Since 1991, LEADER has undergone four phases of development:

1. LEADER I (1991–1994) initiated a new approach to rural development;

⁹ The program was introduced during the second round of the Structural Funds for Europe’s economic and social cohesion policy (1991–1994).

2. LEADER II (1994–1999) generalized the approach;
3. LEADER + (2000–2006) aimed at consolidating the method through pilot strategies and unifying themes;
4. LEADER RDP (2007–2013) involves “mainstreaming” LEADER principles and those of the previous Common Agricultural Policy (CAP) into the present EU Rural Development Programme (RDP). The thematic axes of the RDP¹⁰ are:
 - a. improving the competitiveness of the agricultural and forestry sector;
 - b. improving the environment and the countryside (i.e. rural areas);
 - c. improving the quality of life in rural areas and encouraging diversification of the rural economy; and
 - d. building local capacity for employment and diversification, (i.e. applying the LEADER approach to support the previous three themes).

The basic organizational structure and activities of the LEADER program are:

- The organization of a local partnership, called a Local Action Group (LAG). A LAG is composed of local community participants from the municipal, private and social economy sectors who are responsible for defining and implementing an action plan.
- An action plan (i.e. strategic plan) must have defined several options for intervention in terms of development projects.
- These projects (or interventions) must use a multi-sector approach and must include a systematic accounting of the expected outcome(s).
- These action plans and resultant projects must involve a co-financing arrangement with the European Commission, member states and/or regional authorities that is apart from the funding provided by the project promoter.

Within the organizational structure and activity parameters defined by the European Commission (EC), development practitioners have many opportunities to customize programming for the needs of their specific area. Applicants can be national, regional or local authorities, or they can be public or private organizations with projects relating to economic or social development. The resultant flexibility has given rise to multiple and diverse projects, each expected to suit the targeted communities. Collective and multi-sector activities are undertaken, neglected resources are

¹⁰ European Commission: http://ec.europa.eu/agriculture/rurdev/index_en.htm.
Insights from Comparing the CFP in Ontario with LEADER in Sweden

exploited, and local forms of organization are encouraged or reinforced. The following chart summarizes the four LEADER program phases.

Phase	Areas	Themes	Key Results	Limitations	Budget
LEADER I 1991–94	Objective 1, and 5b regions,* 217 areas	<ul style="list-style-type: none"> • Area • Partnership • Networking 	<ul style="list-style-type: none"> • Involvement of the local community • Testing of a new rural development model • Diversification of rural economies 	<ul style="list-style-type: none"> • Poor involvement of local authorities • Poor links with other policies 	€417,000,000 (C\$558,573,340)
LEADER II 1994–99	Objective 1, 5b, and 6 regions,** more than 1000 areas	<ul style="list-style-type: none"> • Innovation • Co-operation 	<ul style="list-style-type: none"> • Dissemination of the approach • Heavy involvement of public authorities • Testing of transnational co-operation • Better integration of activities 	<ul style="list-style-type: none"> • Administrative complexities and scattering of resources in some countries • Little co-operation between neighbouring areas 	€1,755,000,000 (C\$2,350,985,817)
LEADER + 2000–06	All rural areas	<ul style="list-style-type: none"> • Pilot strategies • Unifying themes 	<ul style="list-style-type: none"> • Enhancement of the area-based approach • Greater competitiveness of Europe's rural areas • Development of co-operative relationships 	<ul style="list-style-type: none"> • Administrative complexities • Sometimes weak local autonomy of LAGs 	€5,046,500,000**** (C\$6,762,092,014)
LEADER RDP 2007–13	All rural areas	<ul style="list-style-type: none"> • Main-streaming into RDP • Maximize utility EU-wide through coherent programming 	<ul style="list-style-type: none"> • Integration of agriculture and rural development • LEADER for implementing RDP thematic axes objectives 	<ul style="list-style-type: none"> • Potentially turning rural development policy into agricultural politics 	€13,788,000,000 (C\$18,480,301,670)
<p>* Objective 1 aimed at economic equalization between EU regions. Objective 5b was set up to promote structural change in rural areas dominated by agriculture.</p> <p>** Objective 6 supported regions with low population density and a harsh, arctic climate (i.e. northern Finland and Sweden).</p> <p>*** The calculation of Euros to Canadian dollars reflects exchange rates as at December 2010.</p> <p>**** LEADER+ and LEADER RDP funding is the sum of EU funds, national funding and private funding.</p>					

LEADER Today

The success of the LEADER program over the past two decades has influenced national, regional and local authorities to develop or consolidate other support measures in rural areas. As a result, LEADER and LEADER principles have been transferred, using a variety of programs and program applications, into national and

regional programs. POMO in Finland and PRODER in Spain are two such examples. In Portugal, a country in which there was no development policy prior to LEADER, local development agencies have been set up to manage the LEADER program and the same LEADER principles are now used to manage other development programs.

In other countries, programs similar to LEADER, but based on different objectives, have been set up in parallel. Such is the case in Ireland with its Local Economic and Employment Development Program (LEED), and Scotland with its Rural Partnership–Rural Challenge Fund. In Sweden, Belgium and Austria, there were already rural development policies in place with similar objectives. LEADER claims to have improved these policies by restoring them and giving them a new direction. This is referred to as *mainstreaming*, a key element of the LEADER RDP phase that is still under way.

CFP AND LEADER EXPLORED

Having reviewed the history and evolution of both the CFP and LEADER over the past 15 to 20 years, and keeping in mind the five lines of inquiry, the question now becomes: which aspects of the five categories are of most potential in deriving useful lessons from this comparison? Observations and insights that may answer this question are discussed through the remainder of this paper.

Local Service Area

Ontario	Sweden
CFDCs represent many different types of areas, rural economies, and topographical configurations.	There are large variations in the geographic size and number of people living in LEADER areas.
In Northern Ontario, CFDCs have smaller rural populations and fewer settlements, which is in direct contrast to the situation in Southern Ontario.	LEADER areas in Sweden's north have low population densities; areas surrounding larger cities, mainly in the south, have high population densities.
Both CFDC and LEADER areas contain many different settlements and settlement configurations.	

Commentary: Ontario

A long-standing problem in rural community development, generally, has been the tendency to focus research and program delivery on single communities. Given the disparity of population density in Ontario alone, the single community approach to programming is understandable. For example, within the case study areas examined for this research, Northern Ontario's Rainy River district has a land area of

approximately 15 500 km, and a population of 21 564. The resulting population density of this district is 1.4 persons/ km².¹¹ Contrast this to another case study area, Huron County. Huron County has a land area of approximately 3400 km² and a population of 59 325, giving this district a population density of 17.5 persons/ km².¹² This wide variation of population density, coupled with similarly wide variations in the economic base (both industrial and agricultural), has often caused problems for programs supporting local community economic development (CED).

A key design feature of the CFP is that it is 'place-based', which allows for the development of tailor-made solutions to the problems of a specific community or group of communities. This gives an immediate benefit to the areas served by CFDCs, as they contain many places and communities. As a result, synergy develops to the extent that the advantages of critical mass, economies of scale, multi-community collaboration, and new forms of governance can be more readily achieved. This creates the conditions for solving many of the problems of competitiveness between communities, a challenge which most CFDCs rose to and overcame in earlier phases of the program. The CFP in this sense is a territorial program, an attribute for which it was recognized in the *OECD Territorial Review of Canada*.¹³ It is also of note that "place-based policy" is a key feature of the New Rural Paradigm, a vision for rural development promoted by the OECD in 2006.¹⁴

Finally, it is striking how similar the European descriptive conditions are to those in Ontario. Descriptions of rural Canada contained in the aforementioned OECD Territorial Review confirm the similarity of declining dependence on natural resources, regional variation in incomes and community well-being, labour markets, and business conditions.

Commentary: Sweden

As in Ontario, there are large variations in the number of people living in Swedish rural areas, and thereby in LEADER areas. Northern LEADER areas are sparsely populated with large territories (less than 1 person/km²), while areas surrounding

¹¹ Statistics Canada. Northern Ontario Region:
<http://www.northernontarioregion.com/default.asp?pgid=106>.

¹² Statistics Canada: <http://www12.statcan.ca/census-recensement/2006/dp-pd/prof/92-591/details/page.cfm?Lang=E&Geo1=HR&Code1=3539&Geo2=PR&Code2=35&Data=Count&SearchText=huron%20county&SearchType=Begins&SearchPR=01&B1=All&Custom=>.

¹³ OECD Publishing. *OECD Territorial Review: Canada 2002*.

¹⁴ OECD Publishing. *New Rural Paradigm: Policies and Governance*. 2006.
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larger cities have more than 100 persons/km². In the rest of the Swedish LEADER areas, the situation is less extreme.

Agriculture and forestry used to be the main sources of employment. Manufacturing activities focused mainly on mechanical engineering and processing. Services provided through the public sector during recent decades created employment opportunities, especially for women. Societal and political organization has been roughly the same, with some local variations. Some areas have had a strong dependence on one or a few industrial companies, thereby creating a certain non-entrepreneurial culture among residents. Other parts of rural Sweden have traditions of small entrepreneurs working in close networks. The rural population is generally aging as young people leave the countryside for urban opportunity. Education levels are generally low and unemployment rates are higher than in urban areas.

In their efforts to create community and economic development in rural areas, LAGs frequently chose different territorial configurations than currently exist. Some LAGs chose to deepen already existing municipal co-operation, while others formed completely new territories including entire or parts of municipalities. In the former case, LAGs found it beneficial to strengthen and develop existing co-operation further and connect to ongoing processes. In the latter case, where new territories were created, the rationale was to try to establish or create a common identity where there had previously been none; this, in turn, would improve the chances of success in the rural development process. At this point, there is no evidence that the size of a LAG service area or its configuration affects the implementation or overall performance of the LEADER program.

In both Ontario and Sweden, the service area seems not to have been a problem, because different area sizes and configurations reflect adaptations to the nature of the region, including demographics and settlement patterns. Many CFDC and LAG program areas cut across various jurisdictional boundaries. Although this has caused some data reconciliation problems, it has more importantly created new spaces in which nontraditional allies, partnerships and markets are seen as possible, thereby resulting in new identities for many small and isolated communities.

Governance

It is useful to remind ourselves of the definition of governance on which the comparative framework was constructed. In brief, governance is the system of control and accountability, or government.

Governance refers to activities backed by shared goals that may or may not derive from legal and formally prescribed responsibilities and that do not necessarily rely on police powers to overcome defiance and attain compliance. Governance, in other words, is a more encompassing phenomenon than government. It embraces governmental institutions, but it also subsumes informal, non-governmental mechanisms whereby those persons and organizations within its purview move ahead, satisfy their needs and fulfil their wants.¹⁵

The following chart compares how the two programs are directed and managed between central agencies and the local body (a vertical relationship) and among the local organizations and the local body (a horizontal relationship).

CFP	LEADER
Local CFDC governance is accomplished by a voluntary Board of Directors composed of citizens from the community, which from time to time include elected officials.	Local LEADER governance is accomplished by a voluntary partnership, the LAG, which is composed of representatives from community organizations including elected municipal officials.
The Board of Directors has the full authority to direct all funds (within the parameters outlined by the funding contract), approves all projects, and is the point of contact with IC/FedNor, the funding agency.	The LAG has the full authority to decide which projects to support, but all final decisions regarding funding are made by the state agency responsible for LEADER programming in Sweden (currently, the Swedish Board of Agriculture).
CFDC operations are managed by the CFDC manager at the direction of the Board. Boards do not generally involve themselves in the daily operations of the CFDC. Board activities can include committee work, human resource management, and public relations. Much emphasis is also placed on the work of investment committees.	LAG operations are managed by the LAG administrator and other LEADER staff. Boards do not generally involve themselves with the daily administration of the LAGs, except in start-up situations.

Commentary: Ontario

Co-ordination and integration are important objectives of the governance model in Canada. At the national level, the conditions for co-ordination and integration are largely achieved by the Rural Secretariat, which works to enhance the quality of life for rural Canadians. This is achieved by horizontal partnerships at the federal and provincial levels among the relevant agencies that form rural teams. Each regional

¹⁵ Rosenau, James, and Ernst-Otto Czempiel. *Governance without Government: Order and Change in World Politics*. 1992. Page 4.
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agency forms a vertical link to the lower tier, where the CFDCs operate with specific program guidelines through a contribution agreement mechanism delivering financial and program resources to the CFDCs. The CFDCs themselves create horizontal partnerships across the service area to operate their programs. This governance model implies a horizontal integrated partnership at the national and regional level; a vertical system of program guidance between state and local CFDCs; and a horizontal partnership structure at the local level. (For a more complete analysis of these governance arrangements and their effectiveness, see Fuller and Pletsch, 2005.)

Clearly there can be many different levels of governance. In the case of this comparative framework, the most accessible evidence of governance in the CFP at the local level is the voluntary Board of Directors, which governs the main programming vehicle, a CFDC incorporated as a non-profit organization. Boards of non-profit organizations are critical to the success of local area development initiatives in Western democracies. There are many potential points of information and comparison to be made between administrations, cultures and programs, as well as how these same points influence the management of boards, their representation of the community, and their renewal. For example, many boards in Ontario are disproportionately composed of older, white male volunteers. Although it could be argued that such board compositions favour a program focus on economic development, in effect many such boards are risk averse — especially in terms of loans programming.

The questions that arise from examining these components of the governance structure would require further research and could also form the basis of local area participation at exchange meetings between CFDC representatives and LAG officials.

Commentary: Sweden

The definition of governance used as a guiding concept in the Ontario research is also relevant to the Swedish example. In Sweden, however, the most tangible evidence of governance is not the LAGs; rather, it is the European Commission and related state programming infrastructure.

Unlike the CFP, LEADER has been a target for continuous changes in governance, particularly during the current, LEADER RDP phase. The changes are briefly summarized in the table below.

	LEADER II	LEADER +	LEADER RDP
EU Policy	Community Initiative	Community Initiative	Merge with the previous Common Agricultural Policy
Programming in Sweden	National Rural Development Agency	National Rural Development Agency	Swedish Board of Agriculture
Monitoring and evaluation	LEADER Monitoring Committee	LEADER Monitoring Committee	RDP Monitoring Committee
Formal Project Approval of LAG project decisions	Regional Structural Fund "Decision Groups"	Swedish Board of Agriculture	Swedish Board of Agriculture

From the start, LEADER has been an EU Community Initiative, under which the European Commission has had the main responsibility for its inception and implementation. In 2007, LEADER was mainstreamed and merged with the previous Common Agricultural Policy into the present Rural Development Program. The responsible state agency in Sweden was consequently changed from the National Rural Development Agency to the Swedish Board of Agriculture.

The LAGs plan for implementation of LEADER at the local level, and they also make decisions on which projects to fund; LAGs are not, however, given full control of the budgetary process. Every project approval needs to be countersigned by a state functionary, who in turn reviews it to make sure it is not against EC regulations. This procedure requires additional administrative capacity from the LAG, and this extra round of decision-making stretches out the time required for project approval.

The process starts with a LAG setting up a LEADER office. From this office a development manager and other staff are responsible for promoting the Program and assisting in the development of projects and project applications.

In terms of funding LAGs, the European Commission pays for verified expenses, which requires that receipts be submitted before funds are released. This administrative procedure has caused — and continues to cause — problems for LAGs and also for project managers who lack financial resources, particularly smaller organizations and/or businesses. The start-up of projects are often delayed

and this causes frustration. In LEADER RDP, LAG autonomy has been further circumscribed due to the reduction in absolute and relative technical and administrative spending, which among other things reduces options for LAGs and LEADER staff to be flexible in using local co-funding for project start-up.

In summary, the critical question of governance is at the root of a government's effort to affect a bottom-up form of development. The varying degrees of autonomy are clear: the CFP is the most self-directed, while LAGs are open to construct partnerships of many different kinds.¹⁶ The effect at the local level is to create an organization that is about and of the community, the community itself often being newly constructed. This in itself is a new form of governance.

Partnerships

Ontario	Sweden
Partnerships are the main (informal) organizational structures for achieving community economic development in the Ontario CFDCs and the LEADER LAGS.	
Partnerships take time and resources to cultivate and maintain.	
The term <i>partnership</i> is overused and some further work should be done to clarify the term and develop best practices for successful partnerships.	

Commentary: Ontario

There is a general consensus that partnerships are an important factor in achieving the goals of CFDCs. It is important to note that CFDCs see partnerships largely as being an external mechanism. Some reported instigating community partnerships, while in other cases there were reports of CFDCs waiting in the wings until needed, and then retiring into the background when their role was over. In this way, successful partnering practice can be said to range from the opportunistic to the carefully strategized. What is also evident is that the time and energy necessary to cultivate and maintain partnerships is consistently underestimated, that there are no resources to assess the real cost of developing and maintaining these relationships, and as a result this investment is not adequately accounted for, particularly from a human resources perspective. They are, however, one of the main forms of capacity building at the community level, as partnerships bring other required skills and abilities to a project.

¹⁶ Sources: Cavazzani, A. and M. Moseley (Eds). *The Practice of Rural Development Partnerships in Europe: 24 Case Studies in Six European Countries*. 2001. Rubbettino, Editore SrL; Moseley, M. (Ed.). *Local Partnerships for Rural Development: The European Experience*. 2003; Westholm, E., M. Moseley and N. Stenlas (Eds). *Local Partnerships and Rural Development in Europe: A Literature Review of Practice and Theory*. 1999. Sweden: Dalarna Research Institute.
Insights from Comparing the CFP in Ontario with LEADER in Sweden

There continues to be confusion and misunderstanding around the meaning of *partnerships*. During the initial interview process (2002–03), the researchers encountered many different uses of the term, ranging in scope from commercial contractual relationships to a traditional, informal, multi-project, multi-year, non-financial relationship. In an attempt to sort this all out, European academics have conducted a variety of studies of partnership styles and formations within a rural development context, and there is a good opportunity to learn directly from their experience on this issue. The Partnerships for Rural Integrated Development in Europe (PRIDE) project is an excellent example.¹⁷ The PRIDE project explored the new local partnership approach as a distinctive way of managing development policies, questioning if it really does promote “rural development,” and what might be done to improve its effectiveness in that respect. What is clear from conversations with CFDC management and with European academics is that there is still much appetite to learn, on both sides of the Atlantic, about partnerships with respect to determining effectiveness and best practices.

Commentary: Sweden

In the Swedish LAG, *partnership* is the primary and the formal mechanism by which the organization exists. When Swedish LAGs talk about partnerships, they are talking about their LAG. As such, the discussion on partnerships in the following paragraphs is about the associative structure and representation within the LAG.

Due to the internal nature of the partnership relationship in LAGs, the issue of representation is of great concern. The Swedish parliamentary system is based on representation through regular elections, in which politicians can be replaced. The people have the ultimate vote on who should represent them, spend their taxes, and provide social services. When it comes to LAG partnerships, local politicians and/or officials participate together with representatives from the private and non-profit sectors. Only those LAG members who are elected politicians or officials have any formal accountability to citizens. Entrepreneurs, representatives for local community groups, rural economy and agricultural societies, etc. only informally represent their communities. The fairly informal character of the establishment of LAGs, where personal networks often work as recruitment channels, also reduces the possibility for popular control over representation.

Interestingly enough, however, there was and still is little or no public discussion regarding representation on LAGs. There are at least three reasons for this, the first of which is that there seems to be a different form of legitimacy guiding participation

¹⁷ Moseley, Malcolm. *Local Partnerships for Rural Development: The European Experience*. 2003. *Insights from Comparing the CFP in Ontario with LEADER in Sweden*

in a LAG. Formal representation is at least partly replaced by a legitimacy based on capacity to act, and representation based on established organizations. This form of legitimacy finds support from the European Commission as well as from many local and regional public organizations, thereby reducing the claim for traditional legitimacy. Second, local politicians are participants in the majority of LAGs and by virtue of their membership they guarantee, to some extent, political legitimacy. Participation in LAGs is an expected part of their public function. Third, the EC regional policy system, with its extensive control and monitoring of the implementation of development programs, also reduces the risk of non-representative rule or autonomy (see Governance, above).¹⁸

LAGs continue to be primarily occupied with making decisions on project applications, a role that some LAG members and all development managers were eager to extend. This extension requires LAG members to take further action in their everyday life in promoting LEADER as a tool for local rural development, through the various means accounted for in the strategic plan and also supported by the European Rural Development Network, which was developed during LEADER II to facilitate knowledge transfer through networking and transnational cooperation in rural areas. As a result of this extension, they have begun to promote partnerships external to the LEADER partnership. Having said that, in the present LEADER RDP there are indications that rather than being extended, the networking and capacity building aspects of LEADER are reduced.¹⁹

In summary, partnerships are useful when co-ordinating resources and actors in common development efforts. Partnerships are possible to use informally as well as in a more formalized manner. In line with the territorial approach to development, as the two programs represent, partnerships provide flexible governance for local adaptation.

Strategic Planning

Ontario	Sweden
All CFDCs claim to see the value of strategic planning and are required to complete a business plan every three years. Community strategic plans are recommended but are generally long	Swedish LAGs must develop a business plan to obtain their corporate charter/status. This plan must reflect the entire period for which the LAG

¹⁸ Larsson, Lars. "När EU kom till byn: LEADER II – ett sätt att styra landsbygdens utveckling [EU in the Village: LEADER II, Governance and Rural Development]," *Geografiska regionstudier* 50, 2002. Uppsala universitet, Uppsala.

¹⁹ Waldenström, Cecilia and Lars Larsson. *LEADER som metod för att stödja landsbygdens långsiktiga utvecklingsförutsättningar* [LEADER as a Method for Supporting Long-term Rural Development]. Tillväxtverket (Swedish Agency for Economic and Regional Growth), Östersund. Forthcoming (2009).

term (e.g. five years).	requests funding.
CFDCs have different approaches to strategic planning. Some approach it from a community perspective and some from a corporate perspective.	The LAG business plan is corporate, but must reflect the community needs.
From the sample of CFDCs interviewed, it appears that the link between strategic plans and activities is not always strong.	The LAG business plan must reflect the LAG's choice of activities.

Commentary: Ontario

The value of strategic planning is, for the most part, recognized by CFDCs. It seems self-evident that planning, strategic or otherwise, can only facilitate the achievement of organizational or program goals. The question does remain, however: how can the value of strategic planning be communicated to those that would most benefit by it? Effective planning can address goals related to improving governance, economic development, accountability, and ultimately, the best use of public funding.

CFDCs are required to produce a multi-year corporate business plan, with annual updates. Nonetheless, in some cases there seems to be a disconnection between the plan and the organizational focus and daily activities.

Commentary: Sweden

In contrast to the CFDC experience is the LAG, in which the strategic plan is internalized and reflected in every project and action.

To be granted LEADER status, all applicants are required to compete for funding through the production of a business plan. Following program guidelines approved by the European Commission, the contents of each business plan must present strategic solutions about how the program goals are to be implemented and then to be judged successful.

In the very first stages of implementing LEADER at the local level (1996–1997), almost all LAGs organized internal seminars and workshops. Their aim was to establish a common understanding of what LEADER was all about, what it meant to be part of a LAG, and how LEADER was to be implemented in their area. During that initial period, there were few applications for project funding to the LAGs, which made it possible for them to internalize gradually the strategic choices of their business plan. The early discussions on whether to grant support or not often focused on how each project would fit within a LEADER program element or priority area. Over time, the strategic choices put forward in each plan were internalized in each LAGs' collective understanding of the plan. There were, of course, differences

between and within LAGs as to how far this process of tailoring local projects to meet LEADER objectives developed. Common, too, was the fact that explicit discussions on the limits to LEADER were more frequent in the early phases.²⁰ This process has been repeated by new LAGs throughout LEADER's consecutive phases.

Also important in this process was the educational work provided by the European Rural Development Network and international (i.e. within the European Union) seminars and meetings, where LAGs and development managers from several countries could learn from each other.

In summary, the perceived value of strategic planning seems to be related to the degree of public spending on projects. CFDCs dispose of public funding, with a smaller share allocated to community development and a larger share to lending. In the latter case, CFDCs benefit from loan interest payments, which increase financial assets available for further lending. This approach allows for openness in lending to whatever might be a profitable business, which appears to relegate strategic planning to minor relevance. In LEADER, the entire sum spent is for project funding and never with any return on investments. To keep spending in line with objectives, the EC demands that every project funding decision be in line with the strategic plan. Where planning in CFDCs might be of strategic importance, it is in LEADER also of importance for program accountability.

²⁰ Larsson, Lars. "Landsbygdens möte med EU. Geografi och demokrati i den svenska LEADERprocessen [The Countryside Meets the European Union. Geography and Democracy in the Swedish LEADER Process]," *DFR-rapport* 2000: 4. 2000. Dalarnas Forskningsråd, Falun.

Development Activities

CFP	LEADER
The focus of the CFP is business economic development.	The focus of LEADER is community economic development.
Core development activities are based on the contract with IC/FedNor and include strategic planning, business counselling, and loans to small business. There is flexibility concerning core development activities. Program flexibility is also evident in project implementation, which varies among CFDCs in scope and interpretation of the terms <i>business development</i> , <i>community economic development</i> , and <i>community development</i> .	Development activities are based on the measures defined in each LEADER program. The European Union consults with each country to choose which measures it will adopt based on local needs. The European Commission allows for some autonomy as to who will administer the funds within the state.
IC/FedNor infrastructure and reporting requirements are well-defined and comparatively minimal.	EC infrastructure is well-defined and top-heavy, with very limited flexibility.
CFDC funding benefits both the individual and the community. Loan funding benefits the business and must be directly related to business development. No funds are available for infrastructure development except in an advisory or promotional capacity.	LEADER funding can benefit both the individual and community — with the emphasis on the community. The focus is on human infrastructure, such as training or other resources that support the community as it develops.

Commentary: Ontario

The business development – community economic development – community development (BD–CED–CD) continuum was the subject of much discussion during this research. It is important to recognize the division between business development activities of the CFDC and the community development activities undertaken to promote general community economic development. Although this gulf has been overcome in the majority of CFDCs, the concept is still useful in the comparison between Canadian and European programs. In Ontario, the access to the capital (loans) and business services (counselling) programs are considered to be parts of the BD effort. In the Ontario sample examined, the bulk of activity and the majority of staff resources appear to be related to BD activities. Having said that, there is considerable anecdotal and empirical evidence that points to the importance the CFDC has in influencing matters related to CED and CD in the CFP and in the communities served.

Commentary: Sweden

A major part of LAG activities is to decide whether project applications should be granted support. For some LAG members, the ability to make these kinds of decisions was the whole point of their participation in a LAG, and the LEADER program. Many members, however, were also keen to learn more about the methods for creating rural development promoted by LEADER, presumably more so in later programming periods when LEADER became better known. For the most part, the development managers and LAG chairpersons tried to get LAG members to engage in mobilizing projects locally. Some succeeded, but since representatives from outside the public sector are not paid for their work in LAGs, there were limitations to resources available. This aspect of volunteer involvement frequently caused frustration among development managers, since they were employed to implement LEADER and their role included increasing the pace of the development process.

Counselling is the primary responsibility of LAG development managers. Their task is to help more or less well-developed applications become LEADER projects, assuming the general ideas and subsequent projects suggested are eligible for LEADER support. Development Managers are responsible for both the operation and implementation of the business plans. They must also secure EC funding, which continues to be a time-consuming task, given that the EC reporting process is rigorous and not well-understood by the majority of project promoters. As a result, counselling is needed not only when setting up projects, but also during and especially when closing them down.

In LEADER RDP, the counselling function has been reduced, due to decreased funding for technical and administrative support. LEADER regulations require that staff do mainly administrative work, a point of view that is contested among local LEADER staff. They believe that counselling and networking are important professional (rather than administrative) functions that make LEADER effective at the local level. There are concerns about how and whether the implementation of the present LEADER will be as successful as previous versions, given that many new project promoters are not very experienced. These new project promoters need support to change their perceptions about the scope of their role. Specifically, they are moving from a one-dimensional situation of applying for funding for business development in a local firm, to making sure that the larger community or local area is also considered and acknowledged in the planning process.

In summary, to ask which approach (BD or CED) best produces the conditions for sustainable economic development is moot, as the outcomes are positive for rural

and political arenas in both Ontario and Sweden. The CFP approach is dedicated more to business and local economic development, with business loans being the main operational instrument of choice. The effectiveness of this revolving loan activity is supported by, and often leads to community development. When priority and funding is specifically targeted to CED activities, the results can be highly successful, with positive community impact. Such has been the case in Eastern Ontario with the launch of the Eastern Ontario Development Program in 2004. This initiative has provided substantial funds to 15 CFDCs in a region of Ontario that has suffered from long-term economic stress. The CFDCs have proven to become an effective delivery mechanism for this type of funding. In Northern Ontario, IC/FedNor has provided additional funding to CFDCs in that region to plan and implement local CED projects, as CFP budgets have historically been limited for this type of activity. With the establishment of a new Regional Development Agency for Southern Ontario²¹ in August 2009, funding for broader development programming is expected, and this will assist the southwestern region of Ontario, where no additional funds have been available for community development in quite some time. The LEADER approach is more overtly oriented toward community capacity building via community development activities that also lead to more and better economic development spin offs.

²¹ Federal Economic Development Agency for Southern Ontario: www.feddevontario.gc.ca
Insights from Comparing the CFP in Ontario with LEADER in Sweden

SUMMARY DISCUSSION: THE INTERNATIONAL COMPARISON

Drawing from the comparison between the CFP in Ontario and the LEADER program in Sweden, a number of conclusions can be reached that will contribute to discussion in both policy and academic terms. This comparison is not definitive in the sense that it proves the commonalities and differences between the programs. Instead, it points clearly to areas from which lessons can be learned, and suggests themes for further inquiry.

The structure of this comparison is governed by the Comparative Framework and original research data collected during the fall and winter of 2002/03. Items of common interest, such as local government engagement and the BD–CD debate, cut across the five categories in the Framework. It is appropriate, therefore, to outline the findings according to Local Service Area, Governance, Partnerships, Strategic Planning, and Development Activities in the form of summary discussions, and then to offer conclusions based on the cross-cutting themes of common interest.

Summary Discussion: Local Service Area

The CFDC and LEADER areas work well in both programs because they reflect local topographical, demographic, and economic conditions.

- All areas in the two programs consist of more than one settlement or community and as such require levels of collaboration and compromise that are the essence of community development as a territorial concept and practice. As most service areas, labour markets, and natural systems cover and combine more than one settlement, the “multi community” area is an important expression of rural reality.
- Program areas differ in size and composition and so have the basis to reflect local conditions and the preferences of local people. This, coupled with the programs’ degree of flexibility, encourages adaptation of development interventions that are appropriate for the individual communities.
- Many program areas follow upper-tier jurisdictional boundaries that correspond with statistical units, as well as common boundaries that are familiar to local populations. Others operate within new boundaries that can create new identities and promote different alliances and partners. As both options are permissible in the two programs, an important degree of flexibility

in program design and operation is achieved. Both Ontario and Sweden have moved to universal coverage so that all rural areas outside the metropolitan regions are served by the respective programs. In Sweden, this could be interpreted as a move away from the state being responsible for equalizing cases of regional economic disparity or to local rural areas themselves taking on the responsibility to create development. In the terminology of political economy, this is referred to as *downloading*. This neo-liberal strategy parallels the shift toward regional policy that has evolved over the last few years in most Western democracies.

- The move toward universality on both sides of the Atlantic indicates that the programs have separated from their “disadvantaged areas” origin. Although this may reflect an equalization of access to the program for all rural areas, it can also be interpreted as all rural areas are considered disadvantaged. Having said that, further to the previous point, in Europe those areas with the continued human resource capacity to act within the rules are also not likely to be the most disadvantaged, biasing the program participation in favour of more well-off areas. This potential bias was a concern expressed several years ago but it has proved baseless, as the new areas covered by the two programs have adopted different strategies and program emphases, such that they operate appropriately within city regions and other areas not previously included in the program (e.g. established tourism areas).

Multi-community service areas ensure that “place based programming” is the policy basis for both the CFP and LEADER, and makes both programs consistent with OECD recommendations for good rural development practice.(OECD, The New Rural Paradigm, 2007).

Summary Discussion: Governance

The governance function at the local level serves the same purpose in both programs: to provide local control of the initiative through a volunteer governing body drawn from across the service area. This implies a framework of legitimacy provided by the central agency that allows CFDCs and LAGS to operate with relative freedom and security.

- The core feature of governance is the volunteer nature of the local board, made up of members from across the area. Recruiting, motivating, training, and sustaining volunteers are common problems in both programs.
- Boards are not balanced in terms of gender. In Ontario, CFDC boards are largely composed of middle-aged men, while LAG boards are populated by younger women.
- The high level of autonomy in local governance is the subject of only some low-level tension in Ontario, while autonomy is at risk in Sweden.
- The final decision-making authority on project approval remains fully with the CFDC boards in Ontario but is outside the individual LAG in Sweden.
- Both programs have a level of organization at the regional or national scale, which in Ontario combines several CFDCs into local clusters called regional networks. Networking organizations, such as the Ontario Association of Community Futures Development Corporations (OACFDCs) and what is now known as the CF Network of Canada, provide technical assistance and promotion for the CFP as a whole and for individual corporations. In Sweden, LAGs participate in both regional and transnational networking for the promotion of program and technical assistance. These activities have the potential to increase the scope and reach of the Program, especially in LEADER RDP, since the mainstreaming of LEADER has turned the previous LEADER Network in Sweden into the wider European Rural Development Network. Actors outside LEADER but relating to the RDP are invited to become members (in September 2009, the Swedish network reached almost 100 different organizations).²²

The local and semi-formal nature of CFP and LEADER forms of governance represent types of engagement with central agencies that link civil society and government.

Summary Discussion: Partnerships

Partnerships are regarded as critical to the success of both programs.

- In the CFP, partnerships between the CFDCs and other organizations and local governments are the primary means through which work is achieved in

²² The Rural Network: www.landsbygdsnatverket.se.
Insights from Comparing the CFP in Ontario with LEADER in Sweden

the community. Partnerships are the essential instruments in LEADER, and the LAGs are the partnerships.

- There are a variety of partnership types, styles and meanings in both jurisdictions. The term is overused and unclear, leading to a lack of clarity in these relationships.
- In Ontario, there is a lack of precise knowledge on how partnerships work and what actions and supports would help to sustain them in the CFP context. European academics have studied the partnering experience of rural development initiatives, including LEADER, but agree that there is still much to be learned.
- In Ontario, partnerships have been noted to be vibrant in both those CFDCs that promote CED programming, and in BD-oriented CFDCs.
- Within the CFP, the CFDC may play a leadership role or be a supporting player in the partnerships created to undertake work in the community. In LEADER, local group projects and LAGs represent horizontal partnerships among local agencies, institutions and NGOs: LAGs *are* the partnership.
- Agreements between the CFDC and the government agency IC/FedNor may be referred to as vertical co-ordination. In upper tiers of government, partnerships also exist among the agencies that support rural development.²³

Partnerships represent the mechanisms of both vertical and horizontal governance structures, whether formal or informal, that make the two programs work so well.

Summary Discussion: Strategic Planning

Strategic planning is acknowledged as important for guiding local actions in both programs, but comparative performance between programs shows a difference in the integration and effectiveness of the strategic planning process.

- All CFDCs and LAGS have strategic plans and they are used in a variety of ways. Many CFDCs and LAGS benefit from the planning process and gain solidarity for the group through the planning process. According to our key informants, many CFDCs adhere to the plan in principle but not in practice, resulting in a weak connection between business activities and the plan.

²³ Fuller and Pletsch, 2005.
Insights from Comparing the CFP in Ontario with LEADER in Sweden

CFDCs that engage in community strategic plans are seen to be contributing to the CED and CD processes in their respective communities.

- It is evident that it is possible to be strategic, that is, selective when operating in an area rich in options for engaging in development activities. For CFDCs in regions with fewer opportunities, an “opportunistic” style of operation may be more appropriate.
- In Sweden, strategic planning and reference to the strategic plan is more fully incorporated into the operations of LAGs, as they are required by LEADER guidelines to identify which objective or goal is being achieved by any one project proposal. This is reinforced by requiring the project report to identify, with evidence, the ways in which the strategic goals were achieved.

Strategic planning is important to both programs, but for different reasons.

Summary Discussion: Development Activities

Development activities in both programs blend two approaches to community economic development: business development and community development.

- In the Ontario CFP cases examined, there is a stronger emphasis on a BD approach dominated by the revolving loans program, while the LEADER emphasis remains on community development. Each program espouses a focus on CED.
- Business development in Ontario comprises access to capital and small business counselling. In LEADER, there are no loans to business and some grants to business, but the operational emphasis is on accessing government programs through community partnerships and development strategies.
- Risk-adverse business strategies are more common in Ontario, while innovative ventures are encouraged in Europe.
- CFDCs in Ontario function as CED units with strong business and community mandates. The LAGs appear to be about community mobilization, which focuses on local actions and networking to turn weaknesses into resources and opportunities.

While economic development is politically important as the main stated focus of both programs, the mechanisms of community development are of great but understated importance.

Cross-Cutting Variables

Two transcendent variables emerge as important from the international comparison: local government, and flexibility. They are transcendent in that they both cut across the five categories in the comparative framework.

Local Government

The presence of local government, seen as important for achieving program goals in both CFDCs and LAGs, varies widely across both programs and continues to be the subject of debate.

- The role of local municipalities in CFDCs in Ontario has dwindled over time in terms of their membership on CFDC boards and committees. On the other hand, municipalities are frequent partners with CFDCs for local economic development and related activities. Some CFDCs perform the economic development function for local municipalities.
- Local government involvement in Europe varies by region and nation state. In Sweden, participation in LAGs by municipalities is required due to funding arrangements. Municipal participation is also desired, due to their access to professional knowledge on administration, politics, and development, and to resources such as office and industry spaces and land-use planning. As in Ontario, the roles of local government in LEADER areas have changed over time, which suggests that their involvement has been experimental, but always considered essential.
- Reaction to CFDCs by local municipalities is not generally seen as threatening in Ontario, but LAGs raise concerns in some parts of Europe. The partisan nature of some local authorities in Europe also can contribute to political difficulties.
- A study of the best practices involving the role of local government in central government-led local development is required.

Flexibility

The one clear and pervasive characteristic that appears as the key element in explaining the success of the two programs is that of flexibility.

- Despite the variance in the size and type of areas involved in both programs, CFDCs and LAGs are successful program delivery mechanisms that ensure program adaptability to very different conditions.
- All manner of governance styles have been recorded and are permitted by the program administrations. This allows for adaptability and promotes creativity.
- All manner of partnerships exist in both programs, illustrating that there are many different ways to create the critical mass and assemble the resources to get something done in the community.
- The wide range of strategic plans on file show that many local approaches are acceptable.
- There is freedom to choose the blend of concentration and resultant activity among BD, CED and CD activities in both programs.

CONCLUSIONS

Both programs have worked well because they have adjusted over time and have been applied flexibly to accommodate for different conditions in the various service areas.

Flexibility

It is evident that one of the key reasons why both the CFP and LEADER work so well at the local level is the degree of flexibility that is built into both the design and operation of the programs.

Flexibility is built in at most management levels and results in a strong sense of local autonomy at the local level. Community groups are in charge and take their responsibilities very seriously. Both programs exercise an encouraging degree of “trust” between upper and lower tiers of the program. Another level of trust develops among members of the new community partnerships. This is manifest as “innovation and autonomy” in Ontario and “experimentation and innovation” in Europe.

An important implication of this observation about flexibility is that there is a useful tension between program flexibility on the one hand, and the need felt by executing agencies to promote program consistency and accountability on the other. This centralizing tendency by agencies and the increasing need for accountability and transparent operations moderate the community’s need to feel that it is in charge of its own program.

Regional Networks and the Importance of Networking

One of the more constructive developments in the recent past in Ontario is the division of the CFDCs into regional networks. This grouping provides a wide variety of benefits to the individual CFDCs by creating critical mass to raise group capital pools, more coherent tourism planning, bioregional planning, and marketing for regional products. At the same time, the individual CFDCs remain autonomous, keeping their local identity. The OACFDC and the CF Network of Canada are Canadian examples of networking organizations that provide technical support as well as higher visibility and promotion for the Program.

In Europe, a key required activity is networking, a process previously facilitated by the EU LEADER Observatory — now the European Network for Rural Development²⁴ — as well as national networks in all member states. Both organizations differed from Ontario and Canadian networks in that there was no formal membership (i.e. the networks were not directed by either the governing agencies or LAGs) during LEADER +; however, organizational membership is mandatory for LAGs in the present Rural Network. The Network's mandate is to provide arm's-length support and advice for each of these organizations. While difficulties around restructuring and contracting the restructured operations resulted in the suspension of the activities of the Observatory in LEADER +, the concept and function of the organization is an interesting one that merits some further investigation, particularly as it relates to the value of independent third-party consultation, assessment, and evaluation. What is clear is that in Europe, networking activities are highly valued and are largely credited with the diffusion of innovation and the promotion of LEADER and its related activities.

Bureaucracy and Reporting

The CFP compares favourably to LEADER in terms of transparency, program/project facilitation, and administrative reporting. While all CFDCs and LAGs complain about the administrative overhead in terms of reporting on activities to the authorities, LEADER program requirements at the approval and funding stages have been particularly onerous, top-heavy, and sometimes obscure. One example highlighted in the Swedish data was the significant barrier to project implementation posed by the practice of reimbursing eligible expenses, rather than making available pre-payments on contracted expenses. These practices, in addition to significant administrative shortfalls at EC headquarters in Brussels, such as the delay in implementing LEADER + (which led to significant loss of capacity at the local level), are indicative

²⁴ European Network for Rural Development: <http://ec.europa.eu/agriculture/rurdev/enrd>.
Insights from Comparing the CFP in Ontario with LEADER in Sweden

of an administrative structure that could benefit from review. Such problems may now have been solved by the process of normalizing LEADER into mainstream national, rural development plans. Instead, perhaps, the tendency to treat LEADER as a sector policy directed toward agriculture and related activities rather than a territorial development approach is hampering the flexibility to adhere to local specificities.

Industry Canada and FedNor's practices of allowing pre-payments on contracted expenses, and moving to three-year contracts for CFDCs, are two examples of their commitment to facilitation and continuity of the CFP, in contrast to LEADER's more cumbersome practice.

In 2003, evaluations of both the CFP and LEADER found a lack of uniformity in program reporting, particularly around accounting and data collation. It was concluded that this lack of uniformity affected the ability of the programs to evaluate their effectiveness accurately. As a response to these findings, IC/FedNor initiated improvements to The Exceptional Assistant (TEA) software to better meet CFDC operational needs and increase the capacity and flexibility of the database. TEA is a portfolio management and reporting software that provides the facility to produce standardized CFDC quarterly reports for IC/FedNor. In addition, IC/FedNor facilitated CFDC training on the policies and procedures outlined in the CFDC Accounting Manual, to ensure consistent interpretation and utilization, therein improving the financial reporting to the Government.

Business Development and Community Development

The CFP in Ontario has been successful in applying a rural development program focused on the business development end of the BD–CED–CD continuum. One CFDC executive director stated, during the case study phase of this project, that there were 48 different organizations in his region that had as their mandate community development, but only one, the CFDC, promotes primarily business as the means to community economic development. Given the leadership role that CFDCs have in the community, as well as their ability to leverage resources, CFDCs may also be expected (by the community) to play a leading role in more broadly based initiatives. Indeed, CFDCs in Ontario do engage in broader activity through community strategic planning and community projects. There are some that would give this a higher priority than their business financing activities. The priority, however, is still on economic outcomes rather than purely social goals. While

LEADER activities span the whole spectrum as a matter of course, encompassing BD and CD, the CFP focuses on BD and CED with fewer forays to the CD end of the spectrum. It is a credit to the flexibility of the program that when the circumstances warrant, CFDCs can, in their position as community leaders, undertake CD projects.

One of the main benefits of the two programs is the indirect spin-off of CFDCs and LAGs engaging in community development. The contribution to local community and group confidence, identity, solidarity, and cohesion that spins off from participatory initiatives that benefit communities is immense. (A number of diverse examples of these benefits are illustrated in Fuller's 2008 Rural Youth Research Interns Project report.)

Final Remarks

There is much to be gained by comparing the CFP in Ontario with LEADER in Sweden. Major commonalities occur, such as the reliance on volunteer boards, and the degree of flexibility in program design and operation. Interesting differences occur around the concept of partnerships and the blend of BD and CED activities.

Both programs work — and work well. They seem sustainable to this point because they are creatively designed, they meet the needs of many small places in rural areas, and because the programs are well run. Most of all, the two programs exercise flexibility in a variety of ways and therefore serve the spirit of autonomous development that is so important to small-town Canada and rural Europe. Finally, it must be noted that the CFP in Canada is one-of-a-kind, in that it is a territorial program operating among many sector programs. In Europe, LEADER is one of many territorial programs. Through careful planning, trial and error at all levels, and prodigious effort at the local level, both the CFP and LEADER — utilizing a combination of government and community resources — provide genuine, sustainable, community economic development.

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