

The Rural Economy Research Centre

Working Paper Series

Working Paper 10-WP-RE-07

The Rural Development Programme (2007-2013) and Farmer Innovation: A Review to Date and Look to the Future

Kevin Heanue ¹ & Áine Macken Walsh ¹

¹*Rural Economy and Development Programme, Teagasc*



**For More Information on the RERC Working Paper
Series**

Email: Cathal.ODonoghue@teagasc.ie,
Web: www.agresearch.teagasc.ie/rerc/

RERC

**The Rural Development Programme (2007-2013) and
Farmer Innovation:
A Review to Date and Look to the Future**

Kevin Heanue & Áine Macken Walsh

Abstract

This paper seeks to comment on farmer innovation in relation to the measures within the Rural Development Programme (2007-2013). Evidence is presented on the general extent of innovation among farmers and the specific uptake of measures within Axes 1, 2 and 3 of the RDP. Changes to, and curtailment of, measures within the various Axes since the inception of the RDP until April 2010 are identified. Following a discussion of some of the internal and external factors that promote or hinder farmer innovation and participation with the Axes, suggestions are made about how to increase farmer engagement with the RDP. It is concluded that for the remainder of the RDP, certain bureaucratic barriers, governance issues, resource issues, training needs, and research gaps must be addressed if farm households are to innovate to the extent that they are expected to as a result of the RDP

Correspondence details:

Rural Economy & Development Programme,
Teagasc,
Athenry,
Co. Galway

Email: Kevin.Heanue@teagasc.ie; Aine.MackenWalsh@teagasc.ie

I.1 Introduction

Whether through activities aimed at conventional agriculture, farm diversification or off-farm enterprises, many Irish farmers attempt to add value to household income through a variety of creative actions¹. Many of these creative actions may be regarded as innovative. Innovation is fundamentally about using creativity to add value (Kumar, 2009). Creativity is about generating new ideas and solving problems using new and existing resources. In fact, innovation may be usefully thought about as generating 'new combinations' or 'creative combinations' (Bender and Laestadius, 2005) of existing resources (knowledge, ideas, capabilities, competences, skills, physical assets etc): the combinatory function being carried out by an entrepreneur (see Fagerberg, 2005). Moreover, Bender and Laestadius (2005) argue that innovations (or creative combinations) from the *stock* of knowledge may be more important than creating *new* scientific knowledge. This sentiment is broadly reflected in the innovation studies literature by the acknowledgement that the majority of innovations in most sectors, including agriculture, consist of incremental not radical changes (see Fagerberg, 2005). These incremental changes seek to add value by putting 'new combinations' into use leading to either reduced costs or increased revenue (or both) for the farmer, so as to improve household income, from whatever source it is generated. Therefore, for the purposes of this paper, farmer innovation is considered as doing something new or improved – in the realm of conventional agricultural activity or farm diversification – that improves farm household income.

Specifically, this paper seeks to comment on farmer innovation in relation to the measures within the Rural Development Programme (2007-2013), (hereafter, RDP). In order to do so, evidence is presented on the general extent of innovation among farmers and the specific uptake of measures within Axes 1, 2 and 3 of the RDP. There is also a discussion of some of the internal and external factors that promote or hinder farmer innovation and engagement with the Axes.

There is no single definite database to use when trying to assess the overall extent of innovation by farmers in Ireland. Here, two sources of evidence are used to construct

¹ In 2009, forty percent of all farmers had an off-farm job. However, this particular contribution to household income is not explored here.

a useful overview of farmer innovation². The first is data derived from the 2007 Teagasc Supplementary National Farm Survey on farmers' responses to questions about innovation in the course of their conventional agricultural activity (see Heanue, 2008; 2009a). The second draws on a synthesis of a variety of studies on farm diversification outlined in Crowley et al. (2008). These data are presented below.

Additional quantitative and qualitative data are presented explaining farmers' engagement with various measures supported under the RDP. In reflecting on the drivers and barriers to innovation in the context of RDP measures, there are two key questions. First, what do we know about the internal drivers and barriers to innovation faced by farmers and second what do we know about the external drivers and barriers to innovative farmers' participation in various RDP measures?

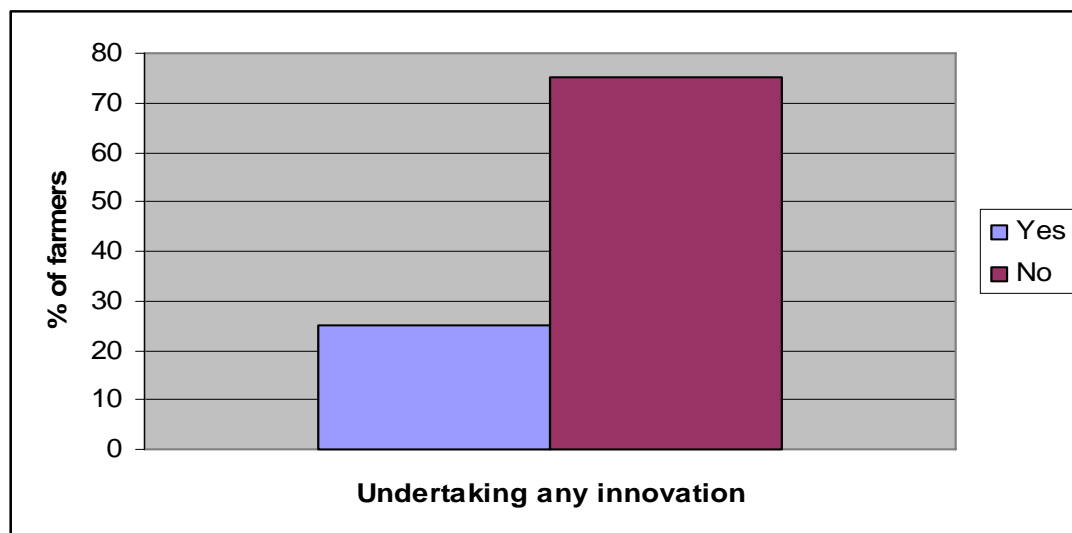
The remainder of the paper is structured as follows. In section 1.2, a broad overview of farmer innovation is presented using data derived from the Teagasc Supplementary National Farm Survey 2007 and Crowley et al., (2008). In section 1.3, some internal drivers and barriers to farmer innovation are outlined. Section 1.4 first outlines and then comments on the status of the RDP measures. These measures may be viewed as external drivers of innovation. Section 1.5 reviews farmers' engagement with specific RDP measures focusing particularly on Axes 1 and 2 of the RDP, which support conventional agricultural activity. Section 1.6 outlines the LEADER programme and Axis 3. Section 1.7 presents some of the factors influencing farmers' engagement with Axis 3 and section 1.8 outlines how such engagement could be increased. The final section contains a brief conclusion.

² A broad overview of innovation serves the purposes of this paper. A more focused look at a particular innovation might be more suitable for other analysis.

I.2 Innovation on Irish farms

Based on replies to a modified version of the Community Innovation Survey³, which reflects the definition of innovation outlined above, Heanue (2008; 2009a) drawing on data from the Teagasc National Farm Survey (NFS) shows that farmers do try new things in the course of their conventional farming activity⁴. As shown in Figure 1.1, in 2007, 25 percent of farmers (or 24,889 individuals out of 98,666 in the survey) were engaged in some sort of innovative activity – in other words, trying some change that they hadn't done before – in an attempt to improve their farm's performance.

Figure I.1. Overview of Innovation on Irish Farms



Source: NFS Supplementary Survey, Autumn 2007

There is other corroborating evidence on farmers' willingness to innovate. According to the Teagasc NFS, new on-farm investment⁵ was undertaken by seventy one thousand farmers (or 68 percent of farmers) in 2008 (Connolly et al. 2009). In fact, between 2006 and 2008, Irish farmers invested a record level of approximately €4.5 billion in their farm businesses (Connolly et al. 2009), encouraged by the availability of farm improvement grants and high commodity prices in 2007. However, by 2009, farm investment had fallen 66 percent compared to 2008

³ See Forfas (2006) *Community Innovation Survey*, First results 2004-2006. http://www.forfas.ie/media/forfas080627_innovation_survey.pdf for an example of this survey applied to industry and services. This survey is specifically designed to identify not only technological innovations but also non-technological and incremental innovations at the enterprise level.

⁴ The authors would like to thank Anne Kinsella from the NFS for her help with the data.

⁵ Across sectors, investment in the acquisition of capital and intermediate goods embodying new technologies has long been recognised as a key 'carrier' of technological advance and linked to product and process change (see Evangelista, et al. 1997).

(Connolly et al. 2010) reflecting the cessation of relevant grant schemes, changing commodity prices and tighter credit. On the down side, the repayments on loans taken out to fund this investment will impact on future farm incomes (Connolly et al. 2009). However, as announced in Budget 2010 on December 9th 2009, the Income Levy calculation for farmers will now take into account capital allowances on expenditure incurred by farmers under the Farm Waste Management Scheme. This may go some way to help alleviate the burden of debt servicing.

Farm diversification is considered as a form of innovative activity. Diversification refers to the diversion of resources from conventional production to alternative enterprises on the farm: it excludes off-farm work (Commins, 1996). However, there are various definitions of what is included in conventional production and these necessarily impact on estimates of the extent of diversified (unconventional) activity taking place on farms⁶. Estimates range from 5 percent to 10 percent of the farming population⁷. These figures and an overview of the many studies and data sources on Irish farm diversification are usefully summarised in Crowley et al. (2008).

I.3 Internal drivers and barriers to farmer innovation

The capacity of any enterprise to successfully innovate depends on both internal and external resources and farms are no different. First and foremost, the *internal* resources of the farm – the stock of human skills and knowledge, physical assets and organisational routines – are important. There is a large international literature on the characteristics of farms and farmers that are associated with innovation in conventional agriculture. We know that human capital (age, education and/or experience), financial capital, income, farm size, access to information and land ownership are positively associated with the likelihood of farmers adopting best farming practices or technologies (see Prokopy, et al. 2008; Feder, et al. 1985). We

⁶ As outlined in Crowley et al (2006), the Census of Agriculture (2000) includes tourism, recreational activity (golf, pony-trekking, pitch and putt, fishing), home arts and crafts, forestry and ‘other’ (which consists of more than one hundred activities) in its definition of non-agricultural activity. By contrast, O’Connor et al (2006) include deer farming, sport horse breeding, amenity horticulture and product of goats milk as diversified enterprises, whereas the Census of Agriculture includes these as general enterprises. Yet again, Cawley et al (1995) define diversified farms as those engaged in farm-based activities outside of the mainstream of modern conventional agriculture.

⁷ A nationally representative survey of farmers to identify the extent and type of farm diversification is being implemented by the Teagasc Rural Economy Research Centre over the period 2009 to 2011.

also know that contact with outside advisory and support agencies impacts positively on technology adoption.

In terms of diversification, there is ample evidence that a variety of financial and non-financial goals underpin farmers' decisions to diversify (see for example, Barbieri and Mahoney, 2009; Clark, 2009). We know that larger enterprises, higher education, farm holders' interaction with the broader rural economy and the desire to increase household income are positively associated with diversification (Crowley et al. 2008). On the other hand, the required capital investment, risk attached to a new venture, lack of information on available financial support, absence of support packages from development agencies, deficient time to develop new enterprises and the impact of regulations (e.g. in relation to artisan food production) are all cited as barriers to diversification (Crowley et al. 2008). A range of socio-cultural barriers to diversification identified by Macken-Walsh (2009) are discussed in more detail in section 1.7.

It is also accepted that in most cases there are limits to a farms internal resources, capabilities and competence, which means that the farmer has to look *outside the farm* for help in innovating and/or diversifying. External organisations may come from other enterprises such as suppliers, customers, competitors and consultants or non-firm entities such as advisory services and technological support, government departments, funding agencies, mentors and universities. The RDP is also an important external influence on farmer innovation through its various Axes.

I.4 The content and status of the RDP

As depicted in Table 1.1, there are four Axes within the RDP each of which contain a variety of measures. The following paragraphs outline some of the changes that have occurred to these measures from their inception up until April 2010.

Table I.1. RDP Axes and Measures

Axes	Title	Measures
Axis 1	Improving competitiveness	<ul style="list-style-type: none"> ▪ Vocational training and information actions ▪ Setting up of young farmers ▪ Early retirement of farmers and farm workers ▪ Farm modernisation
Axis 2	Improving the environment and the countryside	<ul style="list-style-type: none"> ▪ Payments to farmers in areas with handicaps, other than mountain areas ▪ Natura 2000 payments and payments linked to Directive 2000/60/EC ▪ Agri-environmental payments, i.e. Rural Environment Protection Scheme (REPS)
Axis 3	Quality of life & diversification of rural economy (LEADER)	<ul style="list-style-type: none"> ▪ Diversification into non-agricultural activities ▪ Support for business creation and development ▪ Encouragement of tourism activities ▪ Basic Services for the economy and rural population ▪ Village renewal and development ▪ Conservation and upgrading of the rural heritage ▪ Training and information
Axis 4	Implementation of LEADER approach	<ul style="list-style-type: none"> ▪ Implementing local development strategies ▪ Implementing co-operation projects ▪ Running the Local Action Group

In 2009, many of the measures under Axes 1 and 2 were either suspended or the payment levels reduced. For example, Disadvantaged Area Payments were reduced by 14 percent. The Early Retirement Scheme and the Young Farmers Installation Scheme were suspended in Budget 2009. Forestry premiums were reduced by 8 percent in 2009 and payments under the Suckler Cow Welfare scheme were reduced by 50 percent. The Farm Improvement Scheme closed. The Organic Farming scheme, which was suspended in 2009, reopened on January 1st 2010.

The situation in relation to the RDP and its constituent measures is not static, however. A revised Rural Development Programme, agreed in January 2010 and

approved by the EU Commission in March 2010, introduced some new measures. For example, within Axis 1, a Targeted Agricultural Modernisation Scheme, and a Targeted Investment schemes for Dairy and Sheep enterprises, a Pig and Poultry Welfare Scheme, a Water Conservation Scheme and a Bioenergy Miscanthus Scheme were devised. Within Axis 2, a new Agri-Environment Options Scheme (AEOS) (to replace REPS) and a Natura 2000 Scheme were agreed. Both of these schemes aim to conserve and promote biodiversity, water management and combat climate change. The main revised initiative within Axis 3 is the Rural Broadband Reach Scheme, designed to fill the gaps left after the National Rural Broadband Scheme is implemented.

As of April 2010, the Bioenergy Miscanthus Scheme is launched and the AEOS and Natura 2000 schemes are introduced. It is envisaged that the Pig and Poultry Welfare Schemes will be operational sometime in 2010, with the remaining schemes to be phased in at a later stage. Undoubtedly, some farmers will engage with some of these initiatives.

I.5 Farmers' engagement with Axes 1 and 2

We know that a significant number of farmers engaged with many of the original RDP measures, facilitating structural change on their farms, improvements in scale, environmentally friendly farming and farm efficiency. For example, as shown in Table 1.2, 13,809 farmers availed of the Early Retirement Scheme over its three phases since 1994.

Table I.2. Early retirement scheme

Early Retirement Scheme		
Phase	Date	No. of beneficiaries
1	1994-1999	10,278
2	2000-2006	3,085
3	2007-2009	446

Source: Personal correspondence with Department of Agriculture, Johnstown Castle (December, 2009)
 Note: The ERS was suspended in early 2009 but temporarily reopened in September 2009 to allow 'hardship' cases to be processed (e.g. those farmers who had leases stamped by the Revenue Commissioners and ready to submit to the scheme when it was suspended). There are approximately an additional 175 farmers in this category who have yet to be processed and therefore are not included in the figure of 446.

In relation to other Axis 1 schemes, there were 941 applicants (and 689 beneficiaries) to the Young Farmers' Installation Scheme (2007-2013) as of December 2009. Approximately 4,197 farmers availed of the previous Installation Aid Scheme from 2000-2006. The Farm Improvement Scheme (2007-2013) had 12,675 applicants before the scheme was closed in October 2007. However, the funding provided for the scheme only permitted approximately 7,300 applications received up to 21st October 2007 to be processed to approval stage. As of 27th November 2009, 4,388 payments were made under the scheme⁸. As shown in Table 1.3, a large proportion of farmers have participated in REPS training – a key measure under Axis 2. REPS was suspended in July 2009, leaving 30,000 farmers in REPS 3 with no future in the scheme⁹. In addition, REPS 4 funding has been reduced by 17 percent for those who were able to enter the scheme before the closing date.

Table I.3. Participants in REPS training

Scheme	No. of participants
REPS 1	21,389
REPS2	25,616
REPS3	38,941
REPS4 to end Nov 2009*	3,139

Source: Personal correspondence with Department of Agriculture, Johnstown Castle (December, 2009)
 Note: *it is expected that there will be approximately 28,500 more REPS 4 farmers trained before the scheme ends in 2016

To the extent that some measures under Axes 1 and 2 are discontinued or the payment levels under them reduced, it constitutes an external barrier to farmer innovation targeted at agricultural activity, as farmers have demonstrated a willingness and ability to engage with these measures previously.

I.6 The LEADER programme and Axis 3

The main non-conventional agricultural measure within the RDP, the LEADER programme, is contained in Axis 3. Ireland's current LEADER programme has a fund totalling €425m for the period 2007-2013, almost ten-fold the counterpart figure (€44m) for the first LEADER programme 1991-1996¹⁰. The LEADER programme is

⁸ The information in this paragraph and in Table 1.2 was derived from personal correspondence in December 2009 with the Department of Agriculture, Johnstown Castle.

⁹ The new Agri-Environmental Scheme for 2010 valued at €50million was announced in Budget 2010 on December 9th, 2009. This envisages a maximum payment of up to €5,000 for 10,000 participants.

¹⁰ The LEADER programme is co-financed by the European Commission (55%) and the Irish Exchequer (45%).

one of the key measures within the RDP aimed at facilitating rural entrepreneurship and community development. The programme is implemented using a governance-based approach where, in accordance with the principles of partnership and subsidiarity, decision-making on the spending of LEADER funds is devolved to Local Action Groups (LAGs). LAGs are constituted of local representatives from the public sector, the private sector and the voluntary/third sector. According to the policy literature, the diverse membership of the LAGs gives rise to a “transverse inter-sectoral debate” (LEADER European Observatory, 1997). As a result of fostering local leadership, the development outcome is expected to be more appropriate to local conditions and more innovative than ‘top-down’ sectoral policies (Moseley, 2003; Gray, 2000; Ray, 1999).

Compared to top-down programmes that foster engagement with pre-defined or static policy measures such as those in Axes 1 and 2 of the RDP, the LEADER programme requires a creative input on the part of the applicant to independently design a new community endeavour or rural enterprise in their locality. LEADER funded community development projects are commonly undertaken by established voluntary community groups and seek to improve social inclusion as well as to provide a range of other social and environmental benefits. Enterprise projects are commonly developed by private individuals, groups of private individuals, or occasionally by community groups. Applicants face significant challenges in creating and designing new enterprises and in providing credible business planning information in order to be successful in obtaining LEADER funding. These entrepreneurial activities require an independent proprietary innovation on the part of applicants as distinct from the non-proprietary innovations discussed above where beneficiaries are required to adopt, implement or conform to measures that are pre-defined and encouraged by policy interventions.

1.7 Factors influencing engagement with Axis 3

Because the LEADER programme adopts a governance-based approach and is designed to operate in a bottom-up fashion, local conditions and local actors play a strong determining role in the operationalisation of the programme. A range of operational and socio-cultural issues at the local level determine the extent to which local participatory development initiatives come to be inclusive of different social

groups, which is a stated aim of the LEADER programme. Qualitative studies have elaborated how changes in rural development policy have differently enfranchised and disenfranchised social groups. Kovach and Kucerová (2006), for example, detect the rise of a professional ‘project class’ that is particularly well suited to new rural development opportunities in Central and Eastern Europe. From another perspective, Osti (2000, 176) finds that tourism operators and shopkeepers dominate the decision-making processes of LAGs in Italy, leaving farmers’ organisations “bewildered by the disappearance of their traditional, privileged channels of influence”. In Ireland, it has been noted since the implementation of the first LEADER programme in 1991, that farmers have been ‘slow to engage’ (Conway, 1991). More recently, a range of socio-cultural barriers to Irish farmers’ engagement with LEADER were identified and discussed in Macken-Walsh (2009). Some of these are reviewed below.

Two main categories of ‘barrier’ are identified as having the capacity to inhibit popular engagement with the enterprise development aspect of LEADER. The first category of ‘barrier’ represents a range of bureaucratic and financial obstacles, such as compliance with LEADER eligibility criteria and funding rules, stringent business planning and feasibility research requirements and securing the required 25 percent to 50 percent match funding (see Crowley et al, 2008; Macken-Walsh, 2009). For many rural inhabitants, particularly those with scant experience in independent entrepreneurship and in the often complex bureaucratic requirements in submitting an application for LEADER funding, such obstacles can be difficult to overcome without engaging professional expertise. Furthermore, the LEADER eligibility criteria and funding rules might in fact hamper the type of innovative activity that the programme was designed to support. Heanue (2009b; 2010) raises concerns in relation to the criteria used by LEADER companies in evaluating enterprise applications. The concerns are based on how LAGs interpret two key funding criteria in the evaluation process: displacement and innovation. Avoiding displacement means that an enterprise cannot be funded by LEADER if a similar business exists elsewhere within the catchment area of the LAG in question, or a neighbouring LAG. If enforced, the rule of displacement may prevent a certain type of competition and the process that is known as ‘creative destruction’ in the innovation literature (Schumpeter, 1942; Reinert and Reinert, 2006). Creative destruction is the process whereby new businesses compete with existing businesses and replace those that are weak. In a

‘creatively destructive’ economy, entrepreneurs satisfy consumer wants through the provision of either completely new products or services, or improvements on existing products or services. The net effect is the same: inefficient incumbent firms (those that are not providing consumers with what they want at appropriate price and quality combinations) lose out to new firms, but consumers gain through expanded choice. This innovation-based view of competition is radically different to a price-based view of competition. In an economy where price-based competition prevails, consumer choice is limited by the absence of a flow of new or improved products and services, as firms compete on a cost reduction rather than innovation basis.

Increasingly, in many countries, the notion of creative destruction is used to justify the provision of public support to enterprise start ups (Van Stel et al. 2005; Atherton, 2006). Whether or not this is a correct strategy, depends on whether there is evidence that creative destruction occurs in the enterprise sector. Derbyshire and Haywood (2009) show that in the UK there is greater evidence of creative destruction in the period 2006-2007 than in 1999-2000. They measure creative destruction by identifying whether, over time, new firms have got larger through capturing market share, while at the same time, incumbent firms have got smaller or went out of business altogether. Based on their findings, Derbyshire and Haywood (2009) suggest that public policy to increase start-ups is justified as it facilitates the process of creative destruction. No similar analysis of this type has been carried out for Ireland. However, in terms of the discussion here, the Derbyshire and Haywood (2009) findings at least raise the possibility that a more strategic interpretation of the displacement rule by LEADER might be appropriate if stimulating an innovation outcome is the goal of LEADER policy towards enterprise.

The second category of ‘barrier’ that has the capacity to inhibit engagement with the LEADER programme is of particular relevance to the farming community. As discussed at length in Macken-Walsh (2009), challenges to farming occupational and cultural identities can arise in the transition from traditional agriculture to the type of entrepreneurship that is fostered through the LEADER programme. For many members of the farming community, engagement with the LEADER programme requires a transition from conventional agriculture (the development of which has been largely dominated by top-down policy measures and non-proprietary

innovations) to innovative, proprietary entrepreneurship.

Innovative projects and enterprises that are eligible for funding under the LEADER programme are, by definition, outside of conventional agriculture and fisheries. The CORASON project (2009) identified three core economic activities fostered by contemporary EU rural development policies such as LEADER: the production of high value-added differentiated food; cultural (differentiated) tourism; and alternative land use for leisure services and energy production. These forms of economic activity often involve a scientific innovation, some form of service activity, and/or processing activity. Although farm holders' offspring are among the most highly educated groups at the national level (see Crowley et al, 2008), a large proportion of farm-holders are unlikely to have expertise in the processing, branding, marketing, advertising and distribution activities that are necessary to successfully engage in these differentiated and alternative rural economic activities. Furthermore, farm-holders may not have preferences to engage in entrepreneurial activities that are oriented to service-based and processing activities. Macken-Walsh (2009) discusses how farmers' occupational preferences are strongly rooted in forms of cultural and social capital that can be estranged from the consumer-driven economic activities that are encouraged through the LEADER programme.

I.8 Encouraging increased engagement with Axis 3

The success of governance and rural development programmes such as the LEADER programme implemented through Axis 3 critically depend on the quality and effectiveness of the mobilisation methods, tools and approaches used in the local development process. Farm families crucially depend on the tools, methods and approaches undertaken by governance and rural development programmes in assisting them in making the transition from conventional agriculture to independent rural entrepreneurship.

It is crucial for contemporary rural development initiatives to employ a holistic family approach in their strategies to encourage participation. The strong capacity of women in furthering farm diversification and farm-based enterprises must be recognised by farming and rural development agencies in order to assist the process of rural

economic diversification generally. The roles of spouses and offspring in farming and fishing enterprises have traditionally been strong. Spouses, for example, have traditionally held responsibility for market-place selling and domestic food processing, activities that may fall outside the occupational preferences and skills of many farm-holders and primary producers.

Strategies employed by governance and rural development programmes to encourage farm families' participation should also incorporate techniques that help to identify forms of local rural development that are socially and culturally acceptable and adoptable from the perspectives of members of the local farming community. This will enhance the extent to which a sense of genuine ownership is cultivated of emergent development outputs and strategies. For the purposes of encouraging genuine participation, 'public input' meetings are insufficient. Most crucially, "people need to know fully the development process and how they fit in", and to this end, "diverse modes of learning, interpretation, and creative solutions are required" (Stafford, 2005). Appraising local resources (human, physical, cultural and social) is a critical step towards identifying routes towards rural development that are culturally and socially adoptable. Recognising local knowledge and capital in its traditional, social and cultural forms as primary resources for local development is also key to rebuilding confidence and empowerment among rural inhabitants, such as members of the farming community who can be disenfranchised from contemporary rural development processes. Inputs of a range of agencies, such as farmer organisations, farmer interest groups as well as LEADER and rural development groups, are crucial in the capacity building efforts necessary to encourage proactive engagement with Axis 3. Furthermore, institutional innovations, assisting in the creative combination of farmers' existing knowledge and resources with contemporary industry expertise (such as marketing, retailing and processing), hold significant potential in creating environments where farm families can participate in Axis 3. Drawing from international experience, the cooperative structure may have significant potential in this regards (see Macken-Walsh, 2010).

I.9 Conclusions

This paper sought to comment on farmer innovation in relation to the Axes and specific measures within the RDP (2007-2013). To set the scene, data on the broad sweep of innovation undertaken by Irish farmers was presented showing that a significant number of farmers are engaged in some innovative activity. The remainder of the paper then reviewed how, to varying degrees, farmers are engaging or not as the case may be, with specific RDP measures.

Some original measures within Axes 1 and 2, such as REPS, have ceased. To the extent that other specific measures within Axes 1 and 2 are curtailed, this will undoubtedly impact on farmers' engagement with these non-proprietary innovations. Moreover, as the payment levels under some of the retained measures are significantly reduced compared to the initial levels that were set, such reductions will invariably lessen the contribution to farmers' income from adopting these innovations. A similar impact on farmers' income is likely from the limited scope of some of the new measures included in 2010. Such 'churn' in initiatives directed at the sector mitigates against medium term farm business planning. However, in order to maximise the opportunities that are still there within Axes 1 and 2, farmers need to have the capacity to engage with the opportunities. There is ample evidence that variations in farmers' internal resources and capabilities are significant factors influencing whether farmers innovate or not. Therefore, identifying resource gaps and devising strategies, programmes, training and assistance to help farmers redress those gaps needs to be strongly focused upon over the remainder of the RDP (2007-2013).

In relation to Axis 3, it was shown that there are two main barriers to farmers' engagement with the LEADER programme: a range of bureaucratic and financial obstacles, and the occupational and cultural issues involved in making a transition to diversified entrepreneurship from conventional agriculture. While maintaining rigour and quality control, there is potential to streamline and simplify bureaucratic requirements so as to facilitate rather than impede applications for LEADER funding. Other decision making rules by LAGs were also identified as problematic. For example, the discussion of displacement and creative destruction showed that key knowledge about the dynamics of the enterprise sector in Irish rural areas is absent; a knowledge gap that needs to be filled in order to help LEADER attain its rural

enterprise ambitions. The occupational and cultural barriers involved in the transition to diversified entrepreneurship could potentially be addressed by employing a holistic family approach to encouraging participation. In addition, the strategies employed by LEADER to encourage farm families' participation need to employ techniques that help identify forms of local rural development (and proprietary innovations) that are socially and culturally acceptable to the local farming community, as opposed to having those forms imposed from outside the locality.

Therefore, it is clear that for the remainder of the RDP (2007-2013) certain bureaucratic barriers, governance issues, resource issues and research gaps need to be addressed, if farm households are to innovate to the extent that they are expected to as a result of the RDP. Gaining greater understanding of, and finding appropriate solutions for, these bureaucratic, governance, resource and research issues is important not just for the current RDP, but also to help position Irish farmers to avail of Common Agricultural Policy support structures generally, and rural development measures specifically, post 2013.

References

Atherton, A. (2006) Should government be stimulating start-ups? An assessment of the scope for public intervention in new venture formation, *Environment and Planning C: Government and Policy*, Vol. 24, pp. 21–36.

Barbieri, C., and Mahoney, E., (2009) Why is diversification an attractive farm adjustment strategy? Insights from Texas farmers and ranchers, *Journal of Rural Studies*, Vol. 25, pp.58–66

Cawley, M., Gillmore, D. A., Leavy, A. and McDonagh, P (1995) *Farm Diversification: Studies Relating to the West of Ireland*, Teagasc, Dublin.

Clark, J., (2009) Entrepreneurship and diversification on English farms: Identifying business enterprise characteristics and change processes, *Entrepreneurship & Regional Development*, Vol. 21, No.2, pp.213-236

Commins, P. (1996) Agricultural Production and Small-Scale Farming, in Chris Curtin, Trutz Haase and Hilary Tovey (eds) *Poverty in Rural Ireland: A Political Economy Perspective*. Oak Tree Press: Dublin.

Connolly, L., Kinsella, A., Quinlan, G. and Moran, B., (2009) *National Farm Survey 2008*, Teagasc Farm Surveys Department, Athenry, Co. Galway. ISBN 1-84170-540-3

Connolly, L., Kinsella, A., Quinlan, G. and Moran, B., (2010) *National Farm Survey 2009*, Teagasc Farm Surveys Department, Athenry, Co. Galway. ISBN 1-84170-560-8

Conway, A. (1991) Developing the 'Rural Economy' in (eds.) Reynolds, B., Healy, S.J. *Rural Development Policy: What Future for Rural Ireland?* Conference of major religious superiors (Ireland), the Justice Commission, Ireland.

CORASON (2009), Project Briefing Paper, www.corason.hu, date accessed: May 19th, 2009.

Crowley, C., Walsh, J., and Meredith, D., (2008) *Irish Farming at the Millennium: A Census Atlas*. NIRSA, NUI Maynooth

Derbyshire, J. and Haywood, G. (2009) Uncovering Creative Destruction brought about by New Firm Formation: A New Method and Data Source, *Local Economy*, Vol. 24, No. 4, June, 310–322

Diederer, P., van Meijl, H., Wolters, A., and Bijak, K., (2003) Innovation Adoption in Agriculture: Innovators, Early Adopters and Laggards, *Cahiers d'économie et sociologie rurales*, Vol. 67, pp.30-50

Evangelista, R., Sandven, T., Sirilli, G and Smith, K.(1997) *Innovation expenditures in European industry*, Report to the European Commission, DG-XIII Project EIMS 93/54, (Patterns of innovation input, innovation expenditures, nonresearch and intangible inputs - Analysis of data from the Community Innovation Survey). STEP Group, Norway and ISRDS, Research Council of Italy, Rome

Fagerberg, J., (2005) Innovation: A Guide to the Literature. In Fagerberg, J., Mowery, D., C. and Nelson, R. R. (eds) (2005) *The Oxford Handbook of Innovation*, Oxford University Press, Oxford, pp.1-26

Feder, G., Just, R., and Zilberman, D., (1985) Adoption of Agricultural Innovations in Developing Countries: A Survey. *Economic Development and Cultural Change*, Vol. 33, No. 2, pp.255-298

Gray, John (2000), The Common Agricultural Policy and the Re-inventing of the Rural in the European Community, *Sociologia Ruralis*, Vol. 40, No. 1, pp.30-52.

Heanue, K. (2008) Innovation on Irish Farms, *TResearch*, Vol. 3, No. 2, 39-40.

Heanue, K., (2009a) Schumpeterian Innovation in Irish Farming, *Agricultural Economics Society Annual Conference*, IMI Dublin, March 30th – April 1st, 2009

Heanue, K., (2009b) Schumpeterian Innovation and Rural Development: Implications for the LEADER Programme, *Inaugural Irish Rural Studies Symposium*, Rural Economy Research Centre, Athenry, September 1st.

Heanue, K., (2010) Enterprise Support in Rural Areas: Exploring conceptualisations of innovation and displacement in the Irish LEADER Programme, *RSA Annual International Conference 2010, Regional Responses and Global Shifts: Actors, Institutions and Organisations* 24th-26th May, University of Pécs, Hungary

Reinert, H., and Reinert, E. S. (2006) Creative Destruction in Economics: Nietzsche, Sombart, Schumpeter. In J.G. Backhaus and W. Drechsler, eds. *Friedrich Nietzsche: Economy, and Society*. Springer.

Kovach, I. and Kucerova, E., (2006) The Project Class in Central Europe: The Czech and Hungarian Cases, *Sociologia Ruralis*, Vol. 46, January 2006.

Kumar, D (2009) Fostering Creativity and Innovation, *Keynote Presentation at Walsh Fellowship Seminar Day*, Royal Dublin Society, November 12th

LEADER European Observatory (1997), *Organising Local Partnerships; Innovation in Rural Areas*, Notebook no.2.

Macken-Walsh, A. (2009) *Barriers to Change: A Sociological study of Rural Development in Ireland*, Teagasc National Report, 1-84170-542-X
<http://www.teagasc.ie/research/reports/ruraldevelopment/5574/eopr-5574.pdf>

Macken-Walsh, A. (2010) *Governance, Agriculture & Rural Development: the potential of a 'Middle Agriculture' model*, paper presented to the Rural Business Expert Committee of the Irish Cooperative Organisation Society (ICOS), April 2010. Teagasc Working Paper Series 10-WPRE-04

Meredith, D., Dillon, E., and Behan, J. (2009) The Rural Economy and the Recession, presentation to the *Teagasc National Rural Development Conference*, Silver Springs Hotel, Cork. October 8th.

Moseley, Malcolm (2003a), *Local Partnerships for Rural Development, the European Experience*, CABI, UK

O'Connor, D. M., Gorman, S.Wilson and J. Kinsella (2006) At home with the Cork Declaration: rural development in Ireland. In D. O'Connor, H. Renting, M. Gorman and J. Kinsella (Eds.) *Driving Rural Development: Policy and Practice in Seven EU Countries*, Van Gorcum, Assen

Osti, Giorgio (2000), Leader and Partnerships: the case of Italy, *Sociologia Ruralis*, Vol. 40, No. 2, pp. 172-180.

Prokopy, L. S., Floress, K., Klotthor-Weinkauff, D., and Baumgart-Getz, A., (2008) Determinants of Agricultural Best Management Practice Adoption: Evidence from the Literature, *Journal of Soil and Water Conservation*, Vol. 63, No. 5, pp. 300-311

Ray, C. (1999), Endogenous Development in the Era of Reflexive Modernity, *Journal of Rural Studies*, Vol. 15, No. 3, pp. 257-267.

Schumpeter, J. A. (1942) *Capitalism, Socialism and Democracy*. New York: Harper & Row.

Stafford, P.B. (2005) *Participatory Research and Tools, The Advantage Initiative*, Indiana Institute on Disability and Community-Center on Aging and Community, Indiana University.

[www.vnsny.org/advantage/tools/1-Participatory Research and Tools.pdf](http://www.vnsny.org/advantage/tools/1-Participatory_Research_and_Tools.pdf).

Date accessed: July 2008

Van Stel, A. J., Carree, M. and Thurik, R. (2005) The Effect of Entrepreneurial Activity on National Economic Growth, *Small Business Economics*, Vol. 24, pp. 311-321