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Multi-system governance within the EU policy for rural development: a proposal for LAGs self-evaluation in the LEADER program

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Multi-system governance within the EU policy for rural development: a proposal for LAGs self-evaluation in the LEADER program

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Abstract

This paper explores the role of “multi-level governance” concept in the current EU rural development policies and in the proposals for the programming period 2014-2020.

The main objective is to propose a methodology for the self-evaluation of local governance with reference to the implementation of Local Action Programs (LEADER approach). The proposed methodology is based on the definition of 7 “good governance key dimensions” and a consequential set of sub-dimensions and indicators.

The first part presents some notions and evidences on the EU multi-system governance. The second part is dedicated to the self evaluation process, as a tool to enhance the rural development assessment at local level: here a tentative test for defining and validate the method is briefly described. The application has been implemented in the Flanders (Belgium) through a focus group with experts involved in the LEADER. Some preliminary results are reported.

Keywords: multi-level governance, rural development, LEADER, self-evaluation

JEL classification: Q58

1. INTRODUCTION

The Common Agricultural Policy reform for the period 2014-2020 is under discussion in these months. A general and substantial reduction of public spending, accompanied by a demand for greater efficiency, administrative simplification and quality of actions, is already a clear trend, which will significantly influence both the Rural Development and LEADER-type programs (EC, 2010b).

With reference to the current evaluation mechanisms of Rural Development policies some questions arise. Have the traditional evaluation tools been able to consider the relations and convergences among resources, priorities and objectives? What degree of analysis has been achieved at the upper level of management authorities and at the lower local level, where a strong participation of several actors normally occur?

To date, the evaluation of co-financed Rural Development programs has proved to be insufficient to give clear answers to the above mentioned questions. The weaknesses that have been underlined by several authors make urgent to provide procedures, in addition to the existing ones, leading to a more accurate and comprehensive assessment at all levels (Dwyer *et al*, 2008; Terluin *et Roza*, 2010; Secco *et al*, 2011).

The present paper aims at illustrating the potentials of self-assessment processes in a multi-level institutional system. In particular, the paper describes a method for self-assessment

based on a specific list of indicators, which take into consideration basic elements of good governance (coordination, participation, accountability, etc.). This latter notion is assuming an increasingly significant role in the implementation of local development strategies and rural development policies in general (Böcher, 2008; Mantino, 2010; EENRD, 2010).

An internal assessment can play an important role concerning two main aspects: i) the relationships between all institutional levels and various entities directly involved in the management of funds: ii) the internal performances and potentials for the “continuous improvement¹” of an organization like a Local Action Group (LAG), which is actively engaged in local development plans and programs implementation. Self-assessment ranks in an intermediate position between the formal procedures of the independent external evaluation, and the design cycle and implementation of policy/program. On the one hand, it can allow a punctual assessment during the implementation while, on the other hand, it can provide decision-makers with comprehensive empirical-based evidences.

In other words we argue that, through a self-assessment process, twofold usefulness can be reached in rural development policy. First of all, area-based assessment mechanisms and quantitative/qualitative indicators to determine if choices have been made and carried out at the proper level along the institutional and spatial scales can be established; these, can also help to define the more suitable instruments and identify the target and scale of interventions. Secondly, innovative participatory methods of governance can be encouraged, testing the effects and impacts of measures/actions implemented on a small scale and provide policy-makers with data already verified at the territorial context. (CoR, 2009).

In the first part of the paper, we consider the concept of multilevel governance and the post 2013 Union framework of structural Funds including rural development as a background for appraising the Union participatory approach and polycentric governance. Afterwards, we set out preliminary specific indicators to be used in self-assessment processes, which are based on selected principles of good governance. The proposed list of indicators has to be intended as a dynamic tool for starting a process of auto-diagnosis conducted by a LAG or any type of other partnerships in local place. The indicators have been developed on the basis of previous research activities (Secco *et al.* 2011b, Da Re, 2012) and first results from one pilot test carried out by means of a focus group exercise in Flemish region, Belgium. In the next months, the indicators and the self-assessment method will be further tested more in detail in the LAG Prealpi e Dolomiti Bellunesi (thus being an exploratory case-study according to Yin, 2009), in Veneto region, Italy. The paper reports at the end some final remarks about the potentials of the instrument and future research needed to refine and validate it.

2. RELEVANCE OF THE UNION MULTI-SYSTEM GOVERNANCE, DECENTRALIZATION AND PRINCIPLE OF SUBSIDIARITY

The European view of "multi-level governance" consists of coordinated actions by EU, national, regional and local governments and other partners, to define and implement policies

¹ The concept of “continuous improvement” here is based on the so called Deming’s Cycle (Plan, Do, Check and Act).

with a wide impact. It can build a shared responsibility among different institutional tiers and is supported by a democratic legitimacy and representativeness of the different actors involved. (CoR, 2009).

The central idea is that the European Union system has taken on a polycentric structure, on various levels, with a meaning of reciprocity. There is not a hierarchical order in these levels but a subtle game of procedural relationships' convergence in an overall unit by equal elements. (Pernice, 2009). So, the multi-level governance mechanisms strengthen the representation within European institutional and increase the efficiency of its processes in accordance with the statements of the Lisbon Treaty that has added to the political objectives of the European Union (such as the Europe of citizens, economic growth and social progress, sustainable development) the “territorial cohesion”² as a part of the process of European integration. Nevertheless, this different governance at various government levels is an unique asset of European model if only there is closeness to the citizens³. Multi-level governance is not a mere pursuit of European or national objectives at the local or regional level, but must also be a process of assimilation of the local and regional strategies into the European Union. The principles of subsidiarity⁴ and multi-level governance are inextricably linked: the first relates to the responsibilities of different levels of government, while the other improves their interactions. The principle of subsidiarity is not only a tool to achieve economies of scale that prevents decisions concentrated in a single level of government and provides the policies enforcement at the most appropriate level. It is also an instrument of participation. The European Union chance to finalize its strategic objectives depends on the efficiency and transparency of all institutions and it is necessary a strong involvement and sharing of all actors in policy formulation/implementation with the help of various mechanisms (public debate, citizens' initiative, planning, evaluation, self assessment etc.). (CoR, 2009).

Actually, the subsidiarity pattern is typical of regional/federal systems and so requires a high degree of territorial decentralization of Member States. Although there is a trend in Europe towards a process of decentralization, there is certainly not a strong homogeneity and this condition for a shared governance based on partnership, as described above, have not fully been achieved. (Mantino, 2010).

Therefore, the current definition, review and adaptation of EU policies should consolidate the model of multi-level governance and the establishment of new tools in a holistic approach. There is still substantial change to be obtained and it can only be gradual to overcome some political and administrative cultures that hinder the process under way. (CoR, 2009).

² Ref. article 174 of Treaty on Functioning of European Union as amending by Treaty of Lisbon, OJ C 306 of 17.12.2007, p. 1

³ The Heads of Member States “resolved to continue the process of creating an ever closer union among the peoples of Europe, in which decisions are taken as closely as possible to the citizen in accordance with the principle of subsidiarity”. Ref. The Preamble of Treaty on European Union

⁴ Ref. article 5 of Treaty on European Union

2.1 Common rules to support EU regional policies and focus on “community-led local” development

The proposal of Commission for the new EU Structural Funds, including European Agricultural Fund for Rural Development (EAFRD) is quite innovative with respect to the current regulations. It establishes common rules for all Union Funds for the reason that they pursue mutual objectives. Therefore, they can be inserted into a single strategic framework and consequently remedy the current diversity and fragmentation. This choice could drive the full realization of the programs' potential objectives through the achievement of goals and targets; improvement of synergies; simplification of the programs' planning and monitoring; cut of implementation errors/delays and of administrative burden deterring the beneficiaries. (EC, 2011c).

A Common Strategic Framework (CSF) is arranged, that includes a set of basic rules which deal with the general principles such partnership, multi-level governance, equality, sustainability in accordance with Union and national law. Moreover, strategic planning common elements are fixed such as a list of thematic objectives based on Europe 2020 strategy for smart, sustainable and inclusive growth (EC, 2010a); directions on Partnership Contracts to be concluded with each Member State; eligibility rules; *ex-ante* conditionalities; performance review; monitoring and evaluation system. Common special arrangements are defined about “community-led local development” where is considered a greater efficiency of programs if the local resources are directly involved so, Member States have to respond by the CSF Funds to a plurality development needs at sub-regional/local level. The Commission believes that the support of integrated local development strategies based on the experience of the approach LEADER⁵ (participatory initiatives and the formation of local action groups) can facilitate the implementation of multi-dimensional and cross-sectoral interventions. Consequently, a coherent set of measures can be focused to overall Union areas (rural/urban/coastal, etc. with specific natural or demographic problems) putting in place a transversal approach by the key elements of the Community Initiative LEADER. It was recognized in the next programming its practical contribution, even if experienced only in rural areas, for new opportunities, socio-economic benefits, equality, diversification of activities; connecting people and encouraging innovation.

2.2 The new framework of EU rural development policies.

Rural areas are facing particular challenges posed by the global economic crisis and even far-reaching issues such as: sustainable food security, sustainable management of natural resources and mitigation/adaptation to climate change and a balanced territorial development.

⁵ To meet the Article 11 of Reg. EC n. 4263/88 was launched the Community Initiative LEADER "Liaison entre actions de developpement de l'economie rural" for the period 1990-1993 with the objective of rural areas' potentiality developing by participative approaches and pilot projects. The Commission has decided to continue the LEADER initiative for the periods 1994-1999 and 2000-2006. Following the 2005 reform in respect of the principle "one found, one program" the Commission has decided to continue the implementation of LEADER inserting it as priority into the Rural Development Programmes for the period 2007-2013 in keeping with Article 4 of Reg. (EC) n. 1698/2005.

So the reform of the CAP is confronted with an agenda dictated by factors other than agriculture (price volatility of input/output, market transparency, productivity and innovation for sustainable growth, energy, climate, biodiversity, etc.). The Commission is trying to consider everything and presented a package of proposals of regulation on the new legislative framework for the 2014-2020 period⁶. It maintains the structure anchored to two pillars that make use of separate but mutual financial instruments (EAGGF and EAFRD) to pursue the same objectives⁷. (EC, 2010b).

Particularly, the design and implementation of the EU public policy for rural development has its foundation in mind that for land management the agriculture and rural areas are called to act with even greater commitment to achieve the ambitious environmental and climatic goals covered under Europe 2020 strategy. In this regard, farmers and foresters are still perceived as the main actors to be involved. They provide public services that the market does not yet adequately recognize and it justifies the granting of public funds to pay the higher costs incurred directly/indirectly for such commitments. (EC, 2010b). Moreover, Union policy for rural development is considered essential to bring out the composite potential of rural areas, so as to support inclusive growth and greater cohesion. It purchases, such as on the other hand the pillar I, not only a economic but also strategic importance for the environment and the balance of the territory. (Sassi, 2009).

The Commission in accordance with the principles of multi-level governance and subsidiarity believes that this is the “Union value added” of a truly common policy: combining the resources of individual States in a single European budget and using them with a coordinated approach to achieve the highest possible efficiency in the pursuit of sustainable actions and solidarity between Member States. (EC, 2011b). The follow table illustrates the actors and intervention levels related to rural development strategies. (Table 1).

⁶COM(2011)628 final/2 (financing of CAP).

Pillar I: COM(2011) 625/3 (rules on direct payments); COM(2011) 626 final/2 (a common organisation of the markets-Single CMO)

Pillar II: COM(2011) 627 final/2 (rural development)

⁷“Objectives of the common agricultural policy”, Article 39, Treaty on the Functioning of the European Union. OJ C 306 of 17.12.2007, p.1

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Table 1: The main levels and actors involved in multi-level rural governance in EU programming 2007-2013 and 2014-2020

		Key rural governance dimensions	
Levels	Actors	In EU programming 2007-2013 ⁸	In EU new programming 2014-2020 ⁹
supra-national	European Union	<p><u>Multi-level vertical coordination</u>¹⁰:</p> <p>-<u>Regulatory/hierarchical</u>: decisive in establishing a legislative framework and the common conceptual reference in the Member States (regulations and procedures);</p> <p>-<u>Guidance</u>: principles¹¹ that affect the relationship between institutional actors at Member States/regions level.</p> <p>-<u>Authorization</u>: PSR approval by checking its consistency with the NSP;</p> <p>-<u>Ex-post evaluation</u>: Common Monitoring and Evaluation Frame (CMEF) linked to Program “intervention logic”: common indicative list of indicators and questions to measure effectiveness and efficiency of EAFRD.</p> <p>-<u>Advisor</u>: in the management of programs.</p>	<p><u>Multi-level vertical coordination</u>:</p> <p>-<u>Regulatory/hierarchical</u>: the objective of rural development can be better achieved at Union level through the multi-annual guarantee of Union finance and by focus on its priorities¹² for the links to the other CAP instruments, deep differences of EU rural areas and the financial limits of the new Member States.</p> <p>-<u>Guidance</u>: emphasized principles of partnership, multi-level governance, equality, sustainability and compliance with applicable EU and national law. Moreover, regulation simplification and administrative efficiency.</p> <p>-<u>Authorization</u>: strategic approach strengthened by concurrent RDP/RDPs and partnership contract approval.</p> <p>-<u>Ex-post evaluation</u>: continuity with previous programming but more simplified and strategic by involving beneficiaries/local partnerships (open method of evaluation coordination)</p> <p>-<u>Advisor</u>: formulation of partnership contract with Member State.</p>
National	State Paying body National organizations/ associations	<p><u>Multi-level vertical coordination</u>:</p> <p>-<u>Regulatory</u>: reduced within the scope of the EU.</p> <p>-<u>strategic</u>: purchases with the National Strategic Plan (NSP) a leading role in the Member States to marked regionalization.</p> <p>-<u>Management</u>: further articulated in the most centralized countries. Management Authority (MA)¹³; budgetary authorization and payment to the beneficiaries¹⁴.</p>	<p><u>Multi-level vertical coordination</u>:</p> <p>-<u>strategic</u>: strengthened with Partnerships Contract (PC) that translates CSF at national level and includes RDP/RDPS. It should make easier project integrated design for both MA and beneficiaries. (<i>Only most centralized countries</i>) More strategic planning by “milestones¹⁵”; performance reserve; measures reduced and reviewed¹⁶ (axes eliminated); horizontal themes (innovation/sustainability/climate);</p>

⁸Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by European Agricultural Fund for Rural Development (EAFRD), OJ L 277 of 21.10.2005, p. 1.

⁹Ref. COM(2011) 627 final/2 of 19.10.2011.

¹⁰ The vertical and horizontal dimensions of governance have the same basic elements but differ in implementation. The first concerns the scope of government: empowerment, formalized rules, regulatory control in an interconnected system of institutional co-operation operating at different levels; the second refers to the territorial: networks between the three classes of local actors (administrative, private sector/economic and civil society), endogenous capital action, integration of local resources in the context of territorial development. (EENRD, 2010)

¹¹Subsidiarity, decentralization (definition of the roles of the main institutional and socio-economic-partnership); accountability (to account for the use of EU funds), transparency (the management of EU funds), consistency (with the EU legal framework); efficiency and effectiveness (appropriate management monitoring and control systems), simplification (of the funding mechanisms and management, "a fund, a program"); strategic approach (new way to create programs and new roles and functions that involve the main institutional actors), greater flexibility (for both changes in the course of the program of measures and/or the introduction of new measures and binding parameters for the financial plan of the priorities rather than the individual measures). (Mantino, 2010)

¹² The CAP 2020 strategy is detailed through 6 common priorities for rural development at EU level (observance of cross-objectives Innovation, Environmental and Climate). These priorities provide to management authorities a clear frame for program design.

¹³A single MA for any kind of Programme support (Community Support Framework, operating system, planning document) ensure the effectiveness and efficiency of the Fund.

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		<p><u>-Accountability</u>: clear distinction of roles/functions in program management, payment and audit phases.</p> <p><u>-consultation</u>: key-actors/groups' representatives participating in <i>ad hoc</i> committees to mutually agree on crucial steps of the national strategies. (co-decision framework).</p> <p>Special contracts formalize rules/procedures that guide/oblige vertical and horizontal actors to assume specific responsibilities and comply with the operational objectives taken. (Contractual Approaches)</p>	<p>Thematic sub-programmes (young farmers, small farmers, mountain areas, short supply chains) with higher aid.</p> <p><u>Efficiency</u>: RDP beginning and efficient implementation by <i>ex ante</i> conditionalities; efficient administrative frame because of within 3 month after publication of Regulation the Member state have to submit PC including RDP/RDPs.</p> <p><u>Consultation</u>: institutional role of partnerships in Partnership Contracts preparation; progress reports; programmes preparation/implementation/ monitoring/ evaluation. The partners shall participate in the monitoring committees for programmes.</p>
Regional	<p>Region</p> <p>Regional paying agencies</p> <p>Regional trade associations</p> <p>Other regional organizations and associations</p>	<p><u>Multi-level vertical coordination</u>:</p> <p><u>-Regulatory</u>: reduced within the scope of the EU and national strategic approach.</p> <p><u>-Management</u>: further articulated in the most decentralized countries. MA and budgetary authorization and payment to the beneficiaries¹⁷.</p> <p><u>Horizontal coordination</u>:</p> <p><u>Interinstitutional cooperation</u>: the separation of the Structural Funds worked against the regional development strategies' coordination/area-based pacts.</p>	<p><u>Multi-level vertical coordination</u>:</p> <p><u>-strategic planning</u>: (Only most decentralized countries) above-mentioned functions to regional MA for each RDP.</p> <p><u>Horizontal coordination</u>:</p> <p><u>Interinstitutional cooperation</u>: PC is a complex system that brings together different authorities with different skills to developing a common regional strategy.</p>
intermediate (sub-regional)	<p>Provinces, departments, districts, etc..</p> <p>Development Agencies</p> <p>Territorial units/ partnerships/ LAGs</p>	<p><u>Local horizontal coordination</u>:</p> <p><u>delegation/Outsourcing</u>: bridge role between local operators and the Region with programs used to manage local development contexts geographically diversified</p> <p><u>Partnership</u>: more or less formal association of public and private, able to adopt appropriate objectives/roles/structure to the local context and to substitute government structures in the functions of development assistance, entertainment, local service offer and expertise.(E.g.: LEADER approach become horizontal method to implement rural development interventions on local/small scale)</p>	<p><u>Local horizontal coordination</u>:</p> <p><u>Partnership</u>: PC strengthen bridge role to implement local strategy. It should be helping the lessons stemmed from territorial pacts; Territorial integrated projects; PRODER; ILE; LEADER etc.</p> <p><u>Community-led development</u>: LEADER approach (key features) ensures EU target efficiency in terms of endogenous rural development and innovation at appropriate level; to be consistent and coordinated with the community-led development support by other CSF funds (at least 5% RDP budget).</p> <p><u>Cooperation</u>: extended to various objectives (economic, environmental and social including pilot projects and crossing regional and national borders) among different potential beneficiaries. E.g. European Innovation Partnership-EIP on</p>

¹⁴Regulation (EC) No 1290/2005 introduced two funds with distinct missions (Pillars I and II) that demand the Member State by Payment Agency to make payments for all measures of spending, including Rural development ones. OJ L 209 of 11.8.2005, p. 1

¹⁵Each programme identifies a strategy for meeting targets in relation to the UE priorities through a common set of target indicators and a selection of measures adapting to national contexts.

¹⁶In current programming period a multiplicity of measures covered a sectoral area. In the new programming a single measure covers a overall area of intervention in the interest of allowing beneficiaries to design and realise integrated projects with increased added value.

¹⁷Regional paying agencies coordinated by a central Authority (eg in Italy). MA can delegate to them administrative tasks (application eligibility, check and approval) consequently they acquire a role of regional governance where much of the program management efficiency depends on the Agency perform efficiency. This is particularly evident for measures such as Axis 4 (LEADER) where it was not in the previous programming so the management of local projects is increasingly conditioned by the efficiency of the paying agency. (Mantino, 2010)

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			Agricultural Productivity/Sustainability promotes research/practice/ innovative projects through operational groups in network. <u>Bottom up evaluation:</u> LAGs have to provide information related to meeting specified objectives and priorities of program monitoring and evaluation.
local	Administrative institutions (municipalities, villages, districts) Private operators Organizations representing categories Civil society groups Voluntary associations	<u>Local horizontal coordination: Networking/bottom up/cooperation/learning/belonging:</u> not only transfer of farm-based aids but also new instruments and approaches conditioned by better organised procedures and criteria for selection projects beyond a single production sector. Local communities and the different actors bring design ideas or projects for which they are entrusted to revitalize a particular area. (e.g. food chain integrated projects).	<u>Local horizontal coordination: Networking/bottom up/cooperation/learning/belonging:</u> wider participation in the formulation/management of policies (open debate helping define new RD policies); supported various forms of cooperation: e.g. collective approaches to environmental projects; food/no food chains including inter-branch organisations; clusters and networks. <u>Bottom up evaluation:</u> beneficiaries of rural development measures support have to provide information related to meeting specified objectives and priorities for programme monitoring and evaluation.

Source: own elaboration (Böcher, 2008; Mantino, 2010 e EENRD, 2010)

3. THE SELF-EVALUATION AS A TOOL TO INCREASE THE BENEFITS OF THE RURAL DEVELOPMENT ASSESSMENT ON LOCAL LEVEL

The evaluation scheme and logic (effectiveness, efficiency and impact assessment of programs) proposed by the EU Commission aims to improve decision-making processes, enforcing the planning and implementation of Rural Development policies and involving several subjects at various levels, including the independent evaluator. The use of a common evaluation framework is necessary to guarantee the coherence of methods, procedures, techniques and content of the RD evaluation at regional/national level. This approach allows to investigate in depth all levels, including the local one, and can return an overview of efficiency and effectiveness in the implementation of policies co-financed by the EU Structural Funds.

An integrated approach for the evaluation has already been introduced and is being implemented in the current period¹⁸, although there is a clear separation between each fund (EC, 2006), but it shows some critical issues, in particular a certain rigidity of the instruments, that, being centrally defined, does not fit well with different regional/local situations. This has primarily produced a limited possibility for Member States and Regions to move away from the scheme imposed, with a clear detriment of the quality of the evaluation. Particularly ex post evaluations, which are, by their nature, implemented at the end of the programming period with the clear objective of assessing impacts of the policy, show important deficiencies if the object of investigation is not clearly defined. Similar

¹⁸ Ref. Article 4 of Reg. (EC) No 1081/2006 and Articles 47-49 of Reg. (EC) No 1083/2006 (Regional Funds) and Article 80, Articles 84-87 of Reg. (EC) 1698/2005 and Articles 61-62 of Reg. 1974/2006 (Rural Development).

considerations are also valid for the ongoing evaluations, which are difficult to carry out without a direct participation of evaluators in the dynamic moments of the program with its expressions of evolution through a solutions' research and continuous learning (Almanza *et al.*, 2007). The literature has widely recognized the limits of these traditional tools for monitoring and evaluation of rural development policies at local level¹⁹ and makes it increasingly urgent the provision of procedures, in addition to the general one, leading to an accurate assessment at appropriate level²⁰.

EU institutions themselves have underlined the difficulty of providing a monitoring and evaluation scheme for the local development programs as the LEADER ones (ECA, 2010). EU also suggests that, in order to improve the evaluation process for local development programs a solution could be the adoption of complementary and integrative processes such as internal self-assessment. (ECA, 2010; EC, 2011a, EENRD, 2010).

The Commission, already during the implementation of LEADER + program, encouraged (it was not prescriptive but eligible for co-funding) local evaluation activities taking as reference some initiatives already undertaken by the LAG in previous programming period (LEADERII). These experiences are considered to be useful for several reasons: the direct involvement of the LAG can help in the collection of data and strengthen the external evaluator and the evaluation results; there is a better understanding of the usefulness of evaluation at the local level; the management of local programs is enhanced through the identification and correction of the critical issues encountered during implementation; the participation of local actors in the territory is strengthened. (EC, 2002).

Many international private and public organizations have adopted a standard procedure for self evaluation (EFQM, 2003; EIPA, 2006) which are supplementary - and not substitute – of a proper assessment process. In fact only an external evaluation can lead to a "judgment" on the operations free from constraints to allow the decision maker to evaluate the efficiency and effectiveness of implementation, to improve the quality of interventions and measure the achievement of objectives. (FORMEZ, 2007). The main elements of self-assessment are listed in table 2 while a “logical diagram of assessment²¹ framework” including self-evaluation is proposed in Figure 1.

¹⁹E.g. common questions not emphasize EU rural areas variability (Terluin e Roza, 2010) and poorly connected to the Member States additional indicators (Dwyer *et al.*, 2008); common indicators omit the diagnosis (Hodge *et al.* Midmore, 2008) and interactions with other policies in the area (Dwyer *et al.*, 2008); statistical data or database are not readily available to a micro-territorial scale (Terluin *et al.*, 2010). Ref. Secco *et al.*, 2011

²⁰The CFS proposal presents an interesting novelty where prescribes explicitly as element of CSF Community Local development strategies “a description of the management and monitoring arrangements of the strategy, demonstrating the capacity of the local action group to implement the strategy and a description of specific arrangements for evaluation;” [ref. article 29, point 1, lett. f) of COM(2011)615final/2] and as technical provisions of EAFRD monitoring and evaluation direct involvement of the actors/beneficiaries to valley of the policy process. “Beneficiaries of support under rural development measures and local action groups shall undertake to provide to the Managing Authority and/or to appointed evaluators or other bodies delegated to perform functions on its behalf, all the information necessary to permit monitoring and evaluation of the programme, in particular in relation to meeting specified objectives and priorities.” [ref. article 78 of COM(2011)627final/2]

²¹Here we are referring to the distinction of English terminology of the different phases of the assessment process. The assessment has a broader focus including various stages among which the “evaluation” that is the real evaluation. (Terluin *et al.* Roza, 2010)

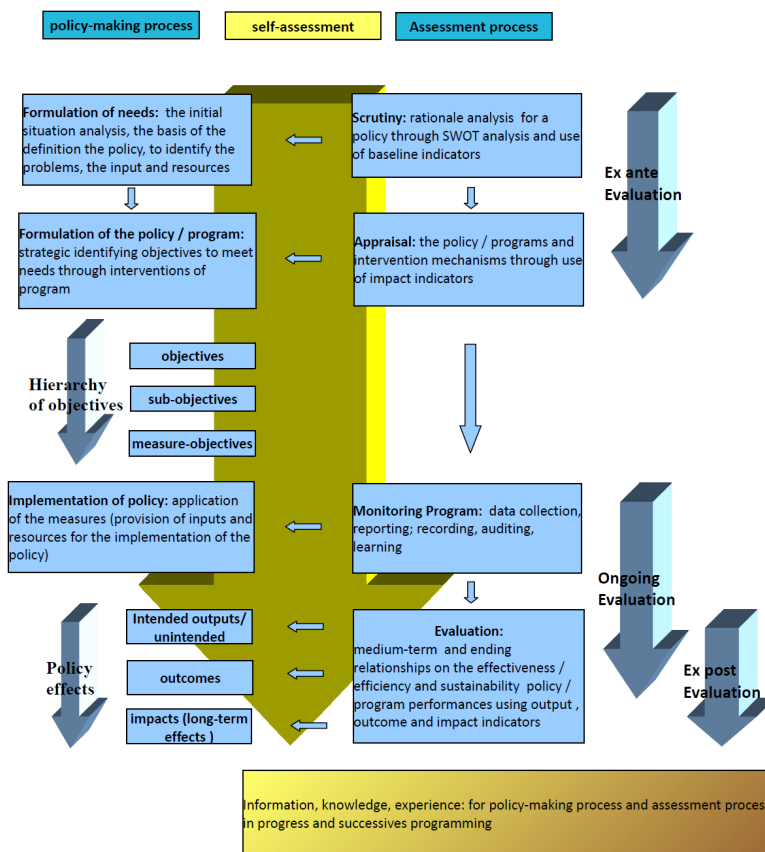
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Table 2: The extended evaluation exercise based on bottom up approach

the basic (and essential) evaluation domain	Evaluation domain enlarged to self-evaluation
The evaluation focused on outcomes and impacts in terms of real achievements for rural development	-A basis for examining the strategic direction, identifying strengths and areas for improvement and determine the priority of innovative projects and improvement (systematic view of cause and effect). -Improvement as a process guided by the results: comparison between the results and objectives; research the causes of discrepancies and development of improvement projects to eliminate problems; impact of improved results. -The direct involvement of all actors concerned in a initiative can help the external evaluator and strengthen the evaluation results. A bottom up approach can shed light on qualitative aspects which have been overlooked by quantitative indicators of institutional assessment. (collection and availability of data; mainstreaming). -Creates the structure to effectively compare with the outside (benchmarking).

Source: own elaboration (EC, 2002; EFQM, 2003; EIPA, 2006)

Figure 1: the policy process related to assessment approaches

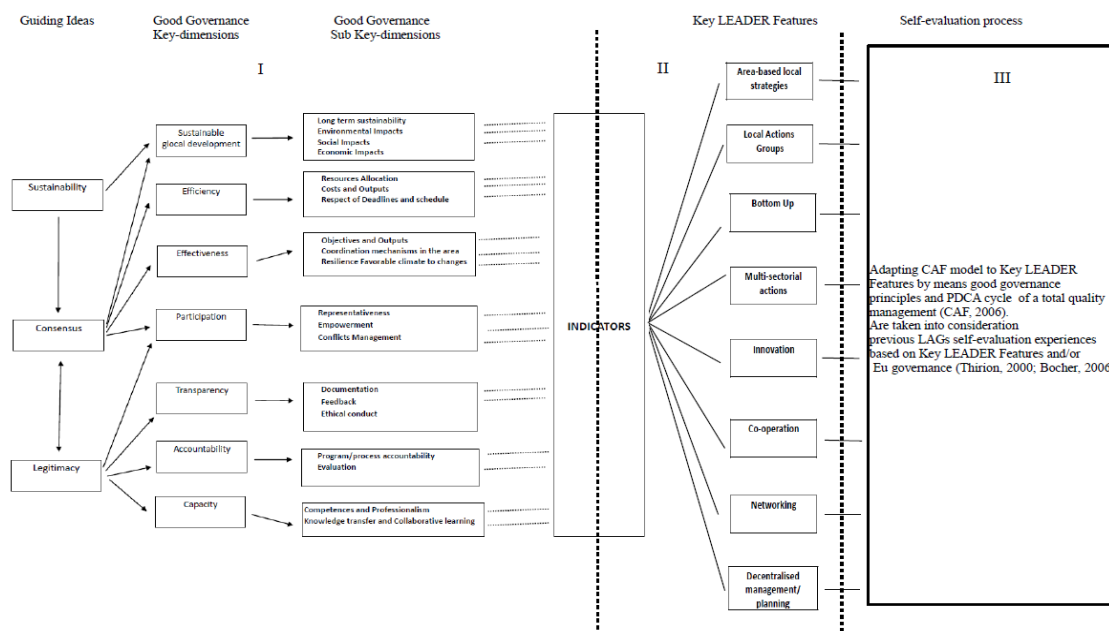


Source: adapted from Hill and Wojan, 2010

3.1 A model for self assessment the quality of Governance by the LAGs

The main objective of this research is to define a set of indicators for the implementation of self-assessment procedure of local action groups. The figure 2 shows the conceptual framework and underlines the various steps of the self assessment procedure.

Figure 2: Rationale of self-assessment model by LAG-type organization



Source: adapted and integrated from Secco et al. 2011 and Da Re 2012.

The part I in figure 2 describes the hierarchical structure of the set of principles, criteria and indicators suitable to assess the quality of governance at local level. This scheme is the result of a review and refinement of a version presented in previous publications (Secco et al, 2011b). 3 guiding ideas are proposed: Sustainability, Consensus and Legitimacy, while 7 good governance key dimensions (principles) are proposed: sustainable g-local development, efficiency, effectiveness, participation, transparency, accountability, capacity. The third column in part I presents the sub-dimensions obtained by a breaking down process of key guiding ideas and dimensions (Bezzi, 2007). The use of sub-dimension makes easier the process of definition of the indicators.

Part II in figure 2 presents the potential connections between 8 key LEADER features (area-based local development strategies; local action groups; bottom-up; multi-sectorial design and implementation; innovation; cooperation; networking and decentralized management and planning)²² and good governance indicators.

²² **Area-based local development strategies** intended for well-identified subregional rural territories; local public-private partnerships (here in after **local action groups**); **bottom-up** approach with a decision-making power for local action groups concerning the elaboration and implementation of local development strategies; **multi-sectorial design and implementation** of the strategy based on the interaction between actors and projects of different sectors of the local economy; -implementation of **innovative** approaches; implementation of **cooperation** projects and **networking** of local partnerships. As identified in art. 61 of Reg. EC 1698/2005. We consider also a eighth feature “**decentralized** management and planning” (EENRD, 2010)

Finally part III (still uncompleted) will be dedicated to the detailed description of the self-evaluation process, where a LAG-type organization refines/complements a preliminary indicators set to assess its performances related to an ideal model of good governance. The self-evaluation technique must be friendly-use, versatile to user specificity adaptation and classifiable as a model of excellence²³. We think that this process could run in the general structure to CAF²⁴, used by public administrations of several EU Member States, with appropriate adjustments to the organizational culture and typical performance of LAGs.

3.2 Methodology to generate the set of indicators

The methodology used to develop a set of indicators to assess at local level the governance is flexible and can be divided into several stages according to three criteria:

- 1) Adjustment of existing indicators' set by literature review
- 2) selection/redefinition of indicators by experts' focus group;
- 3) building of new indicators through LAG case study. (This part of methodology is still under processing).

In phase 1 we have taken into consideration the preliminary set of indicators tested on a local scale (national Parks) for the assessment of natural resources management (Secco *et al*, 2011a; Da Re 2012). This set of indicators could be adapted to a self-evaluation process of LEADER implementation to be conducted by a LAG. A list of good governance indicators has been defined by means of an analysis of the Council of Europe initiative “Strategy for Innovation and Good Governance at Local Level²⁵”; of the proposal for “capturing impacts of LEADER” (EENRD, 2010) and of the experiences of self-assessment conducted in the LEADERII and LEADER + programs ²⁶. (Table 3)

Table 3: Good governance sub dimensions related to LEADER indicators

Good Governance sub-dimensions	ID Good Governance Indicators (GGI). Description.
Long term sustainability	<p>1. Sustainability of programs. The decisions internalize all costs and do not transfer environmental/economic/social problems to future generations</p> <p>2. Fair sharing of costs and benefits to all actors. Redistribution of costs and benefits to various levels and sectors and reduction of risks (equalization systems, inter-municipal co-operation, mutualization of risks...)</p> <p>3. Consciousness of what is needed for the community. Adopting formal commitments about environmental/social/economic dimensions: procedures, laws, customary rules, certification, reporting, best practice promotion....</p>

²³ Designed to "well doing the right things" through the constant pursuit of improvement opportunities. Excellence is to create "value" for the customer/citizen and support it over time through: 1) Customer Focus 2) Public accountability 3) Involvement of Personnel, 4) Leadership and Constancy 5) partnership of mutual advantage; 6) Innovation and continuous improvement 7) Management of Processes and output 8) results oriented. (EFQM, 2003)

²⁴ Common Assessment Framework. A pilot version of the model was presented in 2000 and two revisions were launched respectively in 2002 and 2006 (EIPA, 2006)

²⁵ http://www.coe.int/t/dgap/localdemocracy/strategy_innovation.

²⁶ See a non exhaustive list in Secco *et al*, 2011

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Environmental Impacts	<p>4. Environmental prevention actions. Avoiding/fighting harmful effects on local environment, considering also global system.</p> <p>5. Environmental protection actions. Actions to save, maintain and enhance natural resources of the territory.</p>
Social Impacts	<p>6. Acceptance of policy/program. Adapted objectives/rules/structures/procedures to legitimate needs of community.</p> <p>7. Territorial cohesion. Actions to reduce regional inequalities and preserve essential services for disadvantaged people. Actions to improve community satisfaction regarding education, health, food safety...</p> <p>8. Local identity. Actions to stimulate recognition and ownership by the community of local environmental, cultural heritage and amenities.</p>
Economic Impacts	<p>9. Individual (target beneficiaries) economic benefits.</p> <p>10. General (territory) economic benefits.</p>
Resources allocation	<p>11. Distribution/management of budget. Decision-makers/managers consider costs of the policy/project and the associated risks about the level of budget for the planned results.</p> <p>12. Careful use of available resources. Best possible use of limited resources such as time, human resources, technology... for more results.</p>
Costs and outputs	<p>13 Financial efficiency to achieve planned results. Planning costs of program/projects and supporting effective costs to achieve the program/projects' goals.</p> <p>14. Collaboration among the actors reducing transaction costs. Reducing costs in order to conclude a market transaction, such as costs to identify contractors, to perform a careful monitoring about the terms of contract...</p>
Respect of deadlines and schedule	<p>15. Respect of prescriptive deadlines. Avoiding delay in payment, delay to answer public administration...</p> <p>16. Carrying out activities on time. Respect of pre-defined timetable for carrying out activities of short/long term program.</p> <p>17. Benefits by timely actions/results. Achieving goals, enhancing incomes...through timeliness.</p>
Objectives and outputs	<p>18. Performance analysis and regular monitoring of organization/program. Management defines criteria/indicators to assess and enhance services/products and carries out audits at regular intervals.</p> <p>19. The policy/project achieves the desired results. Achieving goals with the resources and inputs that may be required.</p> <p>20. Phasing out of program. Activities/spin off projects/organization/networks emerging beyond the program period. Formulating continuation plan for existing structures/activities.</p>
Coordination mechanisms in the area	<p>21. Vertical interactions among political-administrative levels. Coordination of different decision-makers at local/regional/national/Community level to define hierarchical steering (empowerment, administrative procedures, normative control...)</p> <p>22. Horizontal interaction among different partners/sectors. Coordination among different types of organizations like public administration/ private businesses/civil society and residents and/or different sectors like agriculture, tourism...</p> <p>23. Joint actions in the program. Direct/indirect benefits to the communities through transnational/inter-regional actions.</p> <p>24. Creation/management of networks. Exchanging of information, collective learning, harmonizing interests...among several actors.</p> <p>25. Subsidiarity in a policy/program cycle. Deciding which decision-making levels are more effective and then preferring the one closer to citizens.</p>
Favorable climate to adapt to ongoing changes (resilience)	<p>26. Financial viability for program implementation. Secure financial resources for all program/project activities: diversification of financial resources, flows of public funds to beneficiaries...</p> <p>27. Risk management of policy/program. Risks are properly estimated and managed: reserve funds for potential unexpected events, public accounts, sharing the risks...</p> <p>28. Change of institutions in the State. New or improved regional/county level approaches and more equitable representation at county/regional levels of non-public stakeholders.</p> <p>29. Resulting actions in the policy/program. New and efficient solutions to problems through modern methods, appropriate technologies, pilot programs, learning from others...</p>

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Representativeness	<p>30. Considering multiplicity of values/viewpoints. Decisions are taken according to the will of the many, while the rights and legitimate interests of the few are respected.</p> <p>31. Voluntary involvement at institutions/organizations. Participation is built on the freedoms of expression, assembly and association. Actors always have an enter/exit option.</p> <p>32. Fairness in policy making and implementing process. Increasing political awareness and supporting the actions of disadvantaged groups. All interests and values must be represented (<i>gender, intra-generations, minorities balance</i>).</p>
Empowerment	<p>33. Inclusive approach. Involvement of all concerned stakeholders and citizens, including the most vulnerable at every stage of policy/program: from identification of needs and resources to implementation, monitoring and evaluation.</p> <p>34. Equitable distribution of power in decision making and implementation process. Balanced presence among public administration/politicians/private sector/civil society/citizens in policy delivery and program implementation.</p> <p>35. Involvement of key players in the decision-making and implementing process. Participation in policy/program cycle of relevant actors of the socio-economic spectrum and of the public administration in the targeted areas.</p> <p>36. Creating trust in institutions (legitimacy). The combined actions of the different actors gets reciprocal trust because the decisions are believed to respect the legal and institutional frameworks.</p>
Conflicts management	<p>37. Mediator role of policy makers and developing program actors. There is always an honest attempt to mediate between various legitimate interests.</p> <p>38. Reaching a broad consensus on policy/program. Informed consensus on what is in the best interest of the whole community and on how this can be achieved</p> <p>39. Conflicts resolution. Building formal mechanisms to address and facilitate the resolution of conflicts /disputes.</p>
Documentation	<p>40. Easy accessibility and updating of data of program/project. Public availability and intelligibility of all information: ownership structure, investors' relations, board, management structure, decision-making process, financial information, administration rules...</p> <p>41. Clarity and updating of rules of program/project. Structures/procedures of public administration and program management are carried out according to clear and accessible rules.</p>
Feedback	<p>42. Getting comments of stakeholders/citizens. Formal procedures to provide feedback to requests/complaints/appeals of stakeholders/citizens.</p> <p>43. Appropriateness of program/project development. Adapting objectives, rules, structures, and procedures to the legitimate expectations and needs of stakeholders/citizens.</p> <p>44. Responsiveness of program/project development. Public services are delivered and requests/complaints are responded within a reasonable timeframe.</p>
Ethical conduct	<p>45. Information on conflicts of interest in the program/project. Conflicts of interest are declared in a timely manner and the involved persons must abstain from taking part in relevant decisions about program/project.</p> <p>46. Communication and exchange of information of the program/project. Professional structures/procedures, transparent rules/assumptions are designed to exchange information with internal and external actors, even people not living in the target area.</p>
Program and process accountability	<p>47. Policymaking roles in the program. Defining responsibilities of governments/managers in each stage of the program for decisions and results. It is clear who has the final decision power and how the things can change during the program/project.</p> <p>48. Management roles. Defining responsibilities and explaining rationale for decisions, organization and results of development program/project.</p> <p>49. Co-responsibility in policymaking and implementing processes. Division of responsibility/balance in the responsibilities among different players in the program/project.</p> <p>50. Fiscal accountability of policy and program. Obligation to disclose the financial flows of the general use of public resources. Public available evidences of salaries, public funds, fees, royalties, tax burden, social security taxes.....</p>
Evaluation	<p>51 Adequacy of baseline and impact information on policy/program. Usefulness of evidence of external valuations carried out for programs/projects.</p>

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Competences and professionalism	52. Degree of diversification of development program/project actors. Different fields of specialization among staff of organization on the basis of type of expertise, CV, 53. Regular training of development program/project actors. The professional skills are continuously maintained and strengthened in order to improve capacity and to produce better results.
Knowledge transfer and collaborative learning	54. To enhance collective learning by means of policy/program/actors. Enhancing ability and willingness to transfer experience, skills and knowledge to stakeholders. 55. Inclusion of experts for delivering learning mechanisms. Installing professional structures and processes for reflection and mutual learning among the different members of the decision-making system to increase their capacities.

Source: adapted from Secco et al, 2011b and DaRe, 2012

We want here to briefly recall the adaptations to the original indicators conceptual rationale. These adaptations, done with the main objective of simplifying the original indicators set tool, include the addition of a new sub-dimension "ethical conduct" and also changes/combination of some sub-dimensions²⁷.

To test the above list, a first empirical research has been carried out in Flanders (Belgium) through a focus group with experts involved in LEADER²⁸. Each participant in the focus group received a questionnaire one week before the meeting and was asked to fill it before the meeting. Mixed technique: Delphi method-Focus group method (EC, 2008). Specifically, has been asked to give a judgment in a range from 0 to 2 ('no link', 'light link=link under certain conditions' and 'strong link') about each GGI related to key LEADER features (KLFs). It was also asked to add new GGI not covered in the list provided.

The preliminary objective of questionnaire was to identify strengths and weaknesses of good governance indicators (GGIs) in LAG area to implement the LEADER successfully at least in its key features (KLFs). Then all answers have been processed (7 questionnaires filled out completely) looking at the possible presence of strong divergences among answers; the frequency distributions of the values' sum have been calculated and the information have been summarized dividing the cumulative distribution function in three equal-sized subsets: the scores that are less than the first tertile have been transformed in 0 ('no link'); the scores in the middle of the cumulative distribution have been transformed in 1 ('light link'); the highest scores have been transformed in 2 ('strong link'). Below was shown the general tendency of a preliminary group judgment (Figures 3 and 4)

²⁷In detail:

- the sub-dimension "Stakeholder inclusion" has been included into the sub-dimension "empowerment" and specified as an aspect of the subdimension, called "inclusive approach";
- the sub-dimension "equity participation" has been cancelled because it is covered by the aspect "fairness in policy process" in sub-dimension "representativeness";
- the sub-dimensions "exchange information flows" and information flows external stakeholders" has been cancelled because it is covered by the aspects "creation/management networks" and "communication and exchange of information" from point of view "coordination" and "ethical conduct";
- the sub-dimension " networks creation" has been included as an aspect in sub-dimension "coordination";
- the sub-dimension " fiscal accountability" has been included as an aspect of sub-dimension "program and process accountability";
- the sub-dimension "monitoring and evaluation" has been separated in two elements: sub-dimensions: "evaluation" (only impact assessment done by the external evaluator) and aspect " Performance analysis and regular monitoring of organization/program" in sub-dimension "Objectives and outputs.

²⁸The Focus Group was organized in collaboration with the Department of Agricultural Economics of Gent University (Belgium) involving eight experts: three LAG coordinators; one researcher on LEADER issues; one representative from a rural development organization; the coordinator of Flemish Rural Network and one representative of the EENRD Evaluation Helpdesk. Similar applications will be in Umbria and Veneto Regions (Italy).

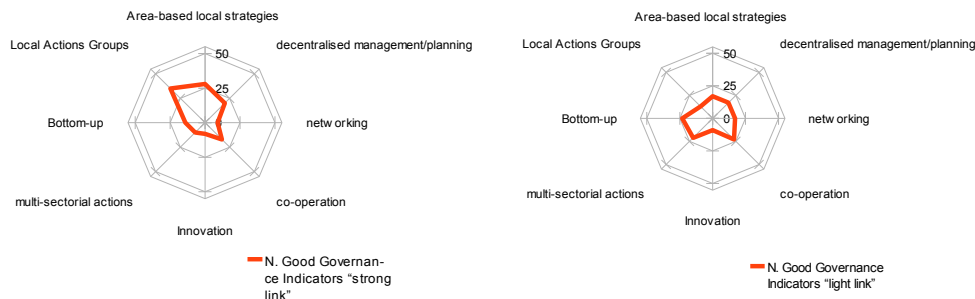
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Figure 3: Significant links between GGIs and KLFs

ID Indicators	Area-based local strategies	Local Actions Groups	Bottom-up	multi-sectorial actions	Innovation	co-operation	networking	decentralised management/planning
1 Sustainability of programs.	**		**	**	*			
2 Fair sharing of costs and benefits to all actors.		**	**	**		**	**	**
3 Consciousness of what is needed for the community.	**	**	**	*		*		**
4 Environmental prevention actions.	**			*	**	**		
5 Environmental protection actions.	**			*	*	**		
6 Acceptance of policy/program.	**	*	**					
7 Territorial cohesion.	**	*	**	*		**		**
8 Local identity.	**	*	**	**		**	**	
9 Individual (target beneficiaries) economic benefits.			*		**			
10 General (territory) economic benefits.	**	*		**	**	*	*	*
11 Distribution/management of budget.	**	*		**		*		**
12 Careful use of available resources.				*	*	**		**
13 Financial efficiency to achieve planned results.	**	*						**
14 Collaboration among the actors reducing transaction costs.		**	*	**	*	**	*	*
15 Respect of prescriptive deadlines.		**					*	**
16 Carrying out activities on time.		**		*		**	*	**
17 Benefits by timely actions/results.	*	*		*		**	*	*
18 Performance analysis and regular monitoring of organization/program.	**		*			*		**
19 The policy/project achieves the desired results.	**		*			*		**
20 Phasing out of program.	**	*			*		**	
21 Vertical interactions among political-administrative levels.	**	**		*		**	*	*
22 Horizontal interaction among different partners/sectors.	**	**	**	**		**	**	**
23 Joint actions in the program.	**	**	*		**	**	**	*
24 Creation/management of networks.	**	**	*	*	**	*	**	*
25 Subsidiarity in a policy/program cycle.	**	**	*				*	**
26 Financial viability for program implementation.	**			*				
27 Risk management of policy/program.	*	*	*					*
28 Change of institutions in the State.	*	*	*					*
29 Resulting actions in the policy/program.	*				**	*	*	*
30 Considering multiplicity of values/viewpoints.	*	**	**	**		*	**	*
31 Voluntary involvement at institutions/organizations.		**	**	*		*	**	
32 Fairness in policy making and implementing process.	**	**				*		
33 Inclusive approach.	**	*	**	*	*		*	*
34 Equitable distribution of power in decision making and implementation process.	*	**	*	*		*	*	*
35 Involvement of key players in the decision-making and implementing process.	*	**	*	*		**	*	*
36 Creating trust in institutions (legitimacy).	*	**	*	*		*		*
37 Mediator role of policy makers and developing program actors.	**	**	*	*		*	**	*
38 Reaching a broad consensus on policy/program.	**	**	**	*		*	*	*
39 Conflicts resolution.	*	**	*	*		*	*	**
40 Easy accessibility and updating of data of program/project.	**	**	*	*				**
41 Clarity and updating of rules of program/project.		**	**	*				**
42 Getting comments of stakeholders/citizens.	**	**	**	*	*	*	*	**
43 Appropriateness of program/project development.		**	**	*	*	*	*	**
44 Responsiveness of program/project development.		**	*	*				**
45 Information on conflicts of interest in the program/project.		**	*	*		**		*
46 Communication and exchange of information of the program/project.	**	**	*	*		*	**	**
47 Policymaking roles in the program.	**	**	*	*		*	*	**
48 Management roles.	*	**	**	*		*	*	**
49 Co-responsibility in policymaking and implementing processes.	*	**	**	**		**	*	**
50 Fiscal accountability of policy and program.	*	**	*	*		*	*	**
51 Adequacy of baseline and impact information on policy/program.	**	**	*	*		*	*	*
52 Degree of diversification of development program/project actors.	*	**	*	*	*	**	*	*
53 Regular training of development program/project actors.	**	**	*	*	*	*	*	**
54 To enhance collective learning by means of policy/program/actors.	*	**	*	*	*	**	*	*
55 Inclusion of experts for delivering learning mechanisms.	*	**	*	*	*	**	*	*

* Light link
**Strong link

Figure 4: Number of GGI with strong/light links to each KLF



Source: own elaboration

The analysis of the above mentioned questionnaires shows a significant number of “strong linked” GGIs, which are able to describe good performances of LAGs in term of “Local Action Groups” (n. 35 indicators), “area-based local strategies” (n. 28 indicators) and “decentralized management” (n. 20 indicators). The overall distribution of GGIs among KLFs is rather homogeneous for almost all KLF, including “light linked” GGIs, with the exception of “innovation” KLF, where only 8 GGIs are “strong linked” and 9 “GGI are “light linked”.

The focus group held at Gent University involved six experts. The meeting was conducted with the main objective of “defining a basic profile for self-assessment by LAGs in LEADER”. Consequently the main question asked again to all participants was the following one:

- can overall features of LEADER be linked with good governance dimensions? Which good governance dimensions is best related to each KLFs and best represents each KLFs?

During the focus group meeting the aggregated summary of results from the questionnaire was presented with the main objective of highlighting the weaknesses of model, deduced from the answers of each individual expert. Then, the discussion was addressed to go into 3 KLFs with few indicators linked: “bottom up, multi-sectorial actions and networking” putting on the table the following questions:

- what is the meaning of these KLFs?
- what are the characteristics of these KLFs?
- how can this understanding of the KLFs be assessed by a LAG?”

The first result was an interactive discussion to stress that in planning and implementing of LEADER the distinction among some KLFs is not so clear and there is a potential overlapping (e.g: networking and cooperation; bottom up and LAG).

Secondarily some indicators for the 3 KLFs that may be inserted in the model of good governance with the next empirical researches have been drawn.

4. CONCLUSIONS

Nowadays, the assessment of the quality of governance is one of the central themes for understanding the functioning and for measuring the performances of public policies, such as the European structural funds and rural development programs. As an innovative decision-support tool, it also provides opportunities for identifying strengths and weaknesses and thus improving the overall efficiency and effectiveness of these policies.

With specific reference to the evaluation of local development projects, the model proposed in this paper is based on a set of governance indicators related to key LEADER features that was built through a bottom up approach. This approach was based on the direct involvement of area-based development actors, who have been participating into a focus group exercise and a questionnaire survey. Even if the number of involved people so far is limited, the results of mixed empirical approach appear to be a good working basis for building up a set of indicators for the self evaluation.

With respect to the theoretical model (figure 2), empirical evidences show that the implementation of the model allowed to define a relevant number of indicators which are able to describe LAG-type organization, strengths and areas for improvement of the partnership, territorial strategies and decentralization. In the case of other characteristics, such as bottom up, multi-sectoral, networking and cooperation approaches, proposed indicators are functioning only in some particular conditions, and further research activities are needed to define more comprehensive indicators. Furthermore, for the characteristic “innovation”, the proposed set of indicators is not properly defined and a partial revision of the theoretical model could be necessary.

The focus group experience has given evidences of the high interest towards these types of innovative evaluation tools. Additional case-studies are necessary to make progress and validate its first results, but the potentials to have several local actors and stakeholders involved in the rural development programs network ready to participate to the building up process have clearly emerged.

In the future steps of the research one important element will be the decision whether to introduce weights to estimate the relative importance of each good governance key dimension and sub-dimension or not. Another issue that needs to be studied in deep in the next phases of the research is the possibility to adapt the CAF to the self evaluation of LAGs to provide a tentative common frame for a self evaluation implemented at local level. However, to implement the process of self-evaluation in practice the main problem seems to be the availability of quantitative and qualitative data at local level. In this phase of data search and collection the direct involvement of both, LAG managers and stakeholders, will, for sure, help. Nevertheless it is clear that the availability of data at local level is often rather scarce.

Increasingly often the public decision-makers at international, European, national and local level have to deal with complex scenarios and with a well-informed and demanding civil society with regard to a transparent and participatory decision-making processes. Understanding if and how the current evaluation procedures of programmes like those for rural development are able to measure the quality of the governance, not only in terms of public administration expenditure, but also of participation or of environmental and social responsibility, may contribute towards identifying any weak points and to develop more efficacious models to tackle the effects of the crisis. Nevertheless, there are still many aspects to investigate and clarify to obtain a consolidated series of evaluative criteria of governance.

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