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“Leader” approach and local development strategies in Slovenia

Abstract: LEADER axis presents a novelty in the Slovenian agricultural policy. The main object of the current paper is to describe the implementation process of the 4th axis of Rural Development Programme of Slovenia in the period 2007-2013 and analysis of the Annual Implementation Plans for the year 2008 and 2009. In this programming period 33 Local Action Groups will operate. They cover 97% of rural areas and 94% of rural population in Slovenia. The analysis of local development strategies and annual implementation plans shows on the willingness of local citizens to take an active part in the development of rural areas in Slovenia.

Keywords: LEADER approach; local development strategies; annual implementation plans

Introduction

The Acronym LEADER (Liaison Entre Actions de Développement Rural) means links between actions for the development of the rural economy and represents innovative approach in the implementation of rural development policy (EC 2006). The main objectives of LEADER approach are local capacity building, new employment opportunities, diversification of activities in rural areas, stimulation of endogenous development, improving the management in rural areas and extension of innovation. The seven key features which discern LEADER approach from classical measures of rural development policy are: area based local development strategies, bottom-up approach, local public private partnerships, integrated and multisectoral actions, innovation, cooperation and networking.

From 2007-2013 programming period on the LEADER approach has been mainstreamed within overall EU rural development policy. This means that LEADER is included in the National and Regional Rural Development Pro-

grammes supported by the EU, alongside a range of other rural development axes. For the implementation of “LEADER axis” old member states must allocate a minimum of 5% of EU funding and new member states at least 2.5%.

The 4th development axis of Rural Development Programme 2007-2013 is the LEADER axis which presents a novelty in the Slovenian agricultural policy. In January 2009, Slovenia finished the procedure for selection and confirmation of Local Action Groups. In this programming period Slovenia will have 33 Local Action Groups, which cover 97% of the rural area and 94% of the rural population.

Methodology

The paper briefly outlines theoretical arguments for introducing of LEADER approach and examines its implementation in Slovenian rural development policy. It's based on desk research drawing from literature, legislation documents and available research studies. No modelling work was elaborated in the framework of the analyses. Critical evaluation is carried out in alignment with generally used and known policy evaluation techniques.

The paper is divided into three parts. In the first part, general characteristics of LEADER approach and measures which are carried out in Rural Development Programme 2007-2013 are presented. In the second part, an analysis of 33 Local Action Groups is described. The main focus is given to spatial-demographic characteristics, structure of partnership and organisation of decision making body. The paper completes with an analysis of 33 Local Development Strategies. We analysed to what extent the strategic goals and priority tasks of Local Development Strategies follow the economic, social and spatial-environmental component of sustainable development. Latter on we have made a comparative analysis of all Annual Implementation Plans for 14 Local Action Groups in 2008 and 20 Local Action Groups in 2009 which were confirmed by the end of September 2009.

Results

Integrated rural development programmes which are prepared with active involvement of local citizens have a long tradition in Slovenia. In the period 1991-2006, Slovenia introduced “Programmes of Integrated Rural Development and Village Renewal” and “Development Programmes for Rural Areas” which were quite similar with the LEADER+ initiative in the European Union (EC 2007).

The programme for Integrated Rural Development and Village renewal in the period 1991 – 2002 was nationally funded with 14.6 millions € and available to all rural areas in Slovenia. It provided support for the following activities: preparation phase (analyzing development needs, elaborating the development programme, establishing partnerships, organizing training workshops);

promotion of rural areas; village renewal; tourist and farm infrastructure; and developing and establishing trade marks for local products. The programme was destined for municipalities selected through a public tender published by the Ministry of Agriculture, Forestry and Food. It resulted in 140 municipalities benefiting from the financing of 290 projects.

The second important national measure was Development Programmes for Rural Areas in the period 1996-2006. With a budget amounting to 2.500.000 EUR it provided assistance for: establishing partnerships and the selection of managers; animation of local areas; and the preparation of development strategies. Funding was available for groups of municipalities who were intending to start partnerships, and this applied to all rural areas in Slovenia which had similar development needs and opportunities.

By the end of October 2006, 31 rural development strategies were developed and the same number of partnerships started with support from the programme. Each partnership covered at least three municipalities. These partnerships represented 172 out of the existing 210 Slovenian municipalities. Currently these existing partnerships are being transformed into LAG structures.

From 2007-2013 programming period the LEADER approach has been mainstreamed within overall EU rural development policy. This means that LEADER is included in national and regional rural development programmes supported by the EU, alongside a range of other rural development axes. In the Rural Development Programme for Slovenia are under Axis 4 (LEADER) the following measures [3]:

- Running local action groups (LAG), skills acquisition and animating the territory;
- Implementing local development strategies;
- Promoting inter-territorial and transnational cooperation.

First measure: ***Running local action groups (LAG), skills acquisition and animating the territory*** aims at animating rural population to join the local action groups and qualification for running local action groups. The animation activity aims at promoting the LEADER approach, local action groups, and local development strategies in the selected area. Maximum aid rate for the running of LAGs, skills acquisition and animation of the territory amounts up to 50 percent of the value of eligible costs and may not exceed 20 percent of the total public expenditure of the local development strategy.

The second measure: ***Implementing local development strategies*** aims at the implementation of the projects under the LEADER principles based on the local development potentials and reflects the needs of the local population as well as contributes to the improved quality of life and job creation in the countryside. The innovative projects which are compliant with the local development strategy implemented in those areas where an operating local action group exists will be selected. Eligible for support under this measure are

local development strategies which were confirmed in a public tender. Only a LAG with confirmed local development strategy signs a contract with the MAFF setting out mutual relations and indicative resources for all purposes of the measures under axis 4. On about 80% of the territory approximately 20 LAGs will operate. The projects based on their own standards and criteria set by the LAG or its decision-making body will be selected and submitted to the LEADER Office for confirmation. The LEADER Office checks whether the selected projects are compliant with the local development strategy and within the amount of allocated financial resources for each LAG. The projects must contribute to at least one of the priorities of the RDP 2007-2013. In addition to that, the implementation and financing of the projects must also involve private partners. Eligible costs are: the material costs, costs of obtaining the documentation and approvals, project promotion costs and other general costs directly related to preparation and implementation of projects. If the projects match the measures under other three axes of the RDP 2007-2013 they will be implemented under the conditions and in a manner set for these measures.

Beneficiaries under this measure are operating LAGs implementing local development strategies and having a confirmed annual implementation plan. Minimum aid amount for each project is 2.000 €, and maximum 70.000 €. It is expected that during the whole period 650 projects will be carried out.

Promoting inter-territorial and transnational cooperation is the last measure under the 4th axis and it aims at grouping rural areas with similar development opportunities and needs to jointly implement development projects, exchange the knowledge and experience and thus contribute to a more effective implementation of the local development strategies. Eligible costs are: material costs arising from the implementation of the cooperation projects, experience exchange and information actions between the cooperating LAGs. Support will be granted only for expenses related to areas within the Community.

Allocation of financial resources for LEADER axis

Nearly 34 million € of public funds will be spent for the implementation of LEADER measures in the period 2007-2013. 20% of funds are devoted to Running Local Action Groups and 80% to implementation of the projects. Annual entitlement spending of financial resources for each LAG depends on:

- Number of inhabitants of the LAG area;
- Surface of the area (km²);
- Development Deficiency Index of the region (UMAR 2006);
- Assessment of local development strategy.

The Development Deficiency Index is a composite index which is used as the basis for allocating direct and indirect regional incentives. According to this index Slovenian statistical regions are classified in four classes. Less developed regions are in the 4th class and they are entitled to 15% more resources per km² and per capita than the most developed regions.

Resources for Running Local Action Groups are distributed among each LAG on the basis of the area and number of inhabitants of the LAG area, both with the consideration of Development Deficiency Index of the region. Resources for the implementation of the projects for each LAG are distributed as follows:

- 30% on the basis of the area (km²) with consideration of Development Deficiency Index of the region;
- 30% on the basis of the number of inhabitants with consideration of Development Deficiency Index of the region;
- 40% on the basis of assessment of local development strategies.

The local development strategies were evaluated for their innovation, feasibility, sustainable stance and consistency with other development programmes. The contribution of the strategy to creation of new jobs and the integration of the marginal rural population groups (women, young people, elderly people) into the drawing up and implementation of the strategy were also evaluated. Every local development strategy had to achieve at least 75% of the maximum number of points to be confirmed. The average mark for local development strategies were 84 points. One local development strategy achieved 75 points, and two local development strategies reached the highest mark of 98 points.

Local Action Groups

The main reason for setting up public-private partnership, known as Local Action Groups, is to identify and implement local development strategies. At the local level it is the lack of interest and above all knowledge which deter the local population from taking an active part in the preparation and implementation of local development strategies. LAGs are set up at homogenous, socially cohesive rural territory with common historical and natural characteristics. The chosen area must have enough critical mass in terms of human, financial and economic resources for an efficient implementation of local development strategy. The population of LAG area must be between 5.000 and 150.000 inhabitants. LAGs could be established on the whole territory of the country with the exemption of the settlements with more than 10.000 inhabitants.

LAGs operate on the basis of tripartite partnership. The partnership consists of representatives from public institutions, economic sector and interested civil society. Representatives of the economic sector and civil society must have at least 50% of votes at the decision making level. The most common members of LAGs are professional organizations, farmers associations, micro-enterprises, representatives of local self-government, research and education institutions, environmental organizations, cultural and community service providers, women's associations, young people, farmers and other interested persons.

The LAG selects a manager who designs the LAG operation, animates the local population, collects project ideas, provides education for the local population, prepares reports and performs other tasks entrusted to him by the LAG.

- It prepares and elaborates a local development strategy and is responsible for its implementation;
- It appoints a decision making body, selects manager, administrator and all necessary authorities/structures of LAG;
- It establishes an efficient and transparent system for the assessment and selection of development projects.

- Transparent operating procedures;
- Clear rules for appointment or election of the members and their duties;
- Clear mechanism which enables any interested actor or group to participate in the preparation of projects and decision-making process;
- Efficient and ongoing consultation with all interested members of LAG;
- Clear procedures and rules for the selection of the most appropriate individuals for implementation of the particular tasks and activities;
- Efficient way for the transfer of information and information of all interested parties on further actions;
- Procedures of monitoring and self-evaluation.



Geographical characteristics of LAGs

Figure 1 shows the area of local action groups which respond to Invitation to Tender for Selection and Confirmation of Local Action Groups Eligible for Implementation of LEADER Approach. The first tender was published at the end of February 2008 and 14 Local Action Groups with draw up Local Development Strategies applied by the end of May 2008. The second tender was published in September 2008 and it was closed with confirmation of another 19 LAGs in the end of January 2009. The final number of LAGs in Slovenia in programming period 2007 – 2013 is therefore 33 and they are covering an area of 19.739 km² with 1.269.308 inhabitants in 199 municipalities, which comprise 95% of all municipalities in Slovenia. The number of municipalities in each LAG varies between 1 and 14 (MAFF). The average area of a LAG is 586 km² and it has 38.464 of inhabitants. The biggest LAG has 1.812 km² and the smallest LAG has only 65 km². The biggest LAG in terms of population has 106.220 inhabitants while the smallest one has only 4.587.

Structure of partnership

The legal form of the LAGs is quite different (IMAD 2006). The most frequent form is Contract of establishment of LAG (16), followed by Association (8), Consortium contract (3), Co-operative (3), Memorandum of Association (1) and Public Institute (1). The type of organisation depends widely on the local environment, previous experiences and already established organisational structures in the area [6].

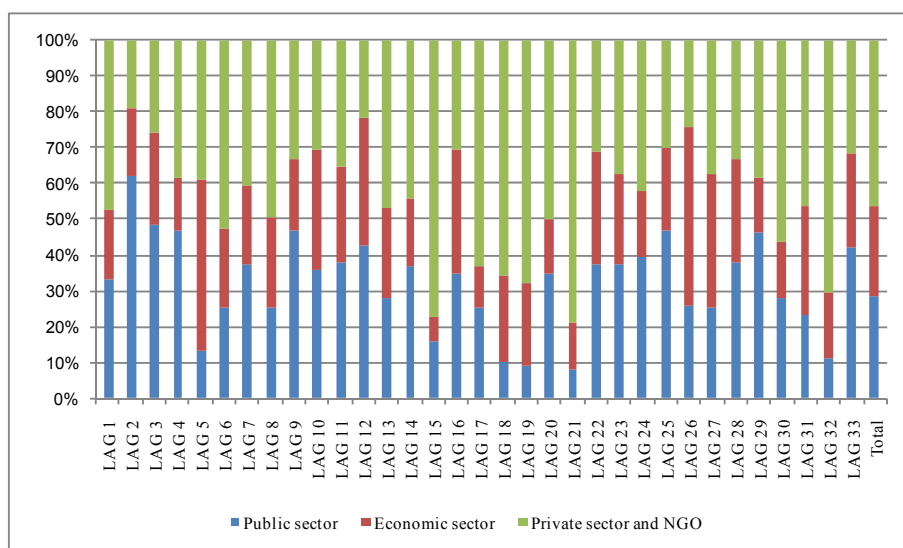


Figure 2. Structure of partnership of analysed LAGs

Source: Local development strategies

The structure of partnership varies widely between LAGs (Figure 2). The average partnership has 33% of public sector, 29% of economic sector and 39% of private sector. The number of partners is between 14 and 129. Municipalities still have a predominant role in the public sector (50%). Other institutions from the public sector are: Agricultural Extension Service, development agencies, schools, Social Work Centres etc. Agricultural enterprises and farms represent 40% of partners from economic sector. Other 60% represent different companies that are active in the area of the LAGs. The private sector is the most heterogeneous. It combines individuals, different associations and nongovernmental organizations (NGOs). The most common groups are Farm Women Associations, Rural Youth Associations and different tourist and cultural associations. Five LAGs do not have any individuals in their partnership.

Decision making body

The composition of the decision making body (Administrative Board) in analysed LAGs differs from LAG to LAG. The number of the members of the Administrative Board varies from 7 to 26. They can be elected or appointed for the term of 2 to 7 years. Private partners and associations have at least 50% of votes at the decision-making level; in some LAGs this share is even higher. Some LAGs have written in their operating rules and procedures that women and young people must be members of the decision making body.

Local development strategy (LDS) is based on endogenous development potentials of the selected area. The main goal of the strategy is to create long term development policies (at least for the whole programming period 2007-2013). In the LDS, development problems and potentials which are based on detailed analysis of situation in the area must be clearly identified. Every LDS must contain [4]:

- Characteristics of the area (geographic, economic, demographic, sociologic, description of previous actions);
- SWOT analysis (development potential of the area);
- Development vision of the area (chosen theme and goals, priorities, target groups, expected results);
- Operating strategy (bottom-up approach, time schedule, innovative actions, transferability of the actions and activities, sustainability of the strategy);
- Harmonisation with other development programmes;

Strategic goals of local development strategies

It is important that strategic goals contribute to the solution of development problems by emphasising strengths and opportunities of the LAG area. Strategic goals must be sustainably oriented, which means that they must follow economic, social and spatial-environmental aspect of development. The economic aspects are the most representative (Figure 3). Nearly half of the goals are directed predominantly towards promoting of economic development.

More than 70% of the strategies follow all goals of sustainable development and other 30% only some of them.

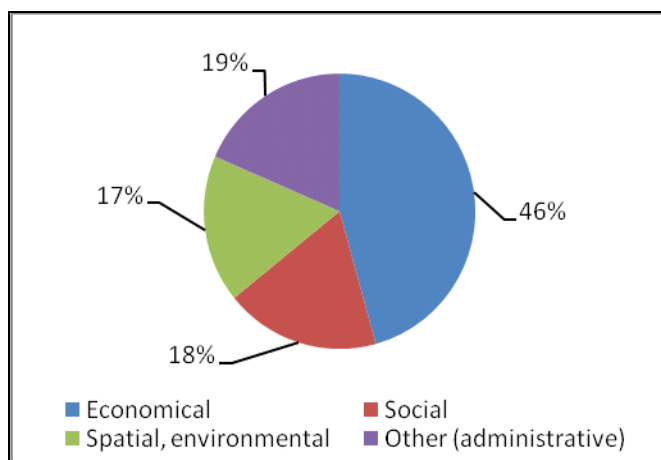


Figure 3. Strategic goals of LAGs by main objectives of sustainable development

Source: Local development strategies

Priority tasks of local development strategies

Development vision of local development strategy which is defined in strategic goals is also reflected in the priority tasks of the LAGs. Priority tasks should cover all economic sectors. They have to be well balanced and long term oriented. Nearly 60% of priority tasks are directed into three most important economic sectors of rural areas: agriculture, tourism and small enterprises. As we can see from Figure 4 the most important priority tasks are increasing the production and marketing of local products.

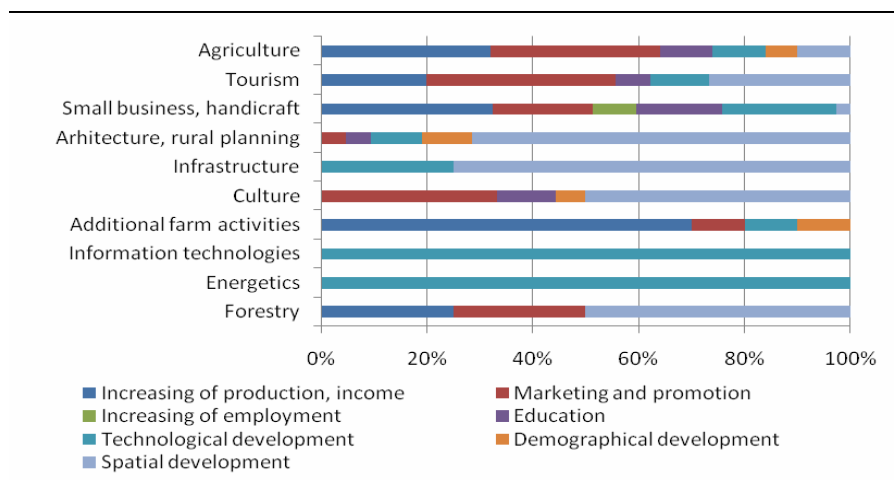


Figure 4. Priority tasks of LAGs by economic activity and development objective

Source: Local development strategies

Every LAG has to prepare Annual Implementation Plan where according on its own standards and selection procedures select projects and submit them to the Managing Authority (LEADER office) for confirmation. The LEADER office checks if the projects are compliant with the Local Development Strategy and the amount of financial entitlement for each LAG. The projects must contribute to at least one of the priorities (axis) of the Rural Development Programme 2007-2013. The implementation and financing of the projects must involve also private partners. In this chapter are analysed 14 Annual Implementation Plans which were confirmed for the year 2008 and 20 Annual Implementation Plans which are so far confirmed for the year 2009.

In 2008 and 2009 were approved 282 projects in the total amount over 8.7 million € [8]. The average amount for the project is almost 31.000 € and the average co-financing rate from the European Rural Development Fund is 47.7%. The number of projects among the LAGs varies between 2 and 19. There are only two projects which promote inter-territorial and transnational cooperation. One third of the projects are about improvement in the field of tourism, followed by agriculture and culture with around 15%. Projects in the field of forestry, energy and information technologies are still lagging behind. Detailed figures are presented in Table 1. Almost two thirds of funds are allocated into three most important economic sectors of rural areas: agriculture, tourism and small enterprises. There is still a lack of interest for investments in information technologies, energy and forestry sector. The highest share of co-financing has the projects in the field of culture with an average rate of 58%. The lowest share show the investments in infrastructure with 35%.

Table 1. The number and value of projects, by activity and share of co-financing

Activity	Number of projects	Share (%)	Value of projects (€)	Share of co-financing (%)
Agriculture	46	16.3	1,240,263	50.5
Tourism	94	33.3	3,291,067	47.4
Small business and handcraft	33	11.7	1,239,267	38.5
Architecture and rural planning	17	6.0	655,649	46.6
Infrastructure	17	6.0	369,834	35.0
Culture	44	15.6	1,215,699	58.5
Additional farm activities	11	3.9	207,228	48.2
Information technologies	11	3.9	198,537	48.5
Energetics	5	1.8	121,920	53.6
Forestry	4	1.4	226,296	51.3
Total	282	100.0	8,765,760	47.7

Source: Annual Implementation Plans 2008, 2009

Around 80% of the projects contribute to Axis 3, Improving of quality of life and diversification of rural economy, 15% of the projects contribute to im-

proving competitiveness of the agricultural and forestry sector and 5% of the projects improve the environment on the countryside.

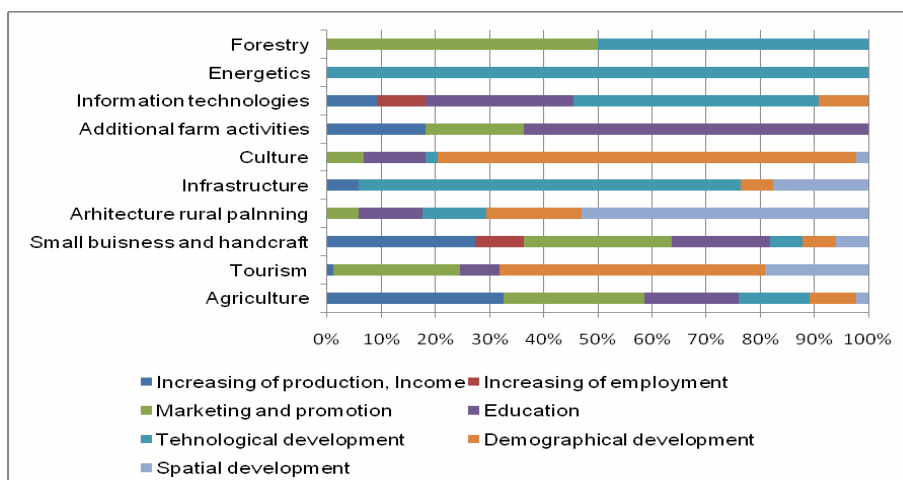


Figure 5. The LEADER projects by economic activity and development objective
Source: Local development strategies

Almost one third of projects directly contribute to demographic development, 18% to marketing and promotion and 13% to education of local citizens (Figure 5). Only four projects directly increase the employment but a lot of projects indirectly encourage employment and increase the income. All target groups are involved in the implementation of projects and a lot of attention is given to marginal groups such as youth, farmwomen and elderly people.

Discussion and conclusions

The established LAGs are very heterogeneous in the matter of size, structure of partnership and administration. All LAGs strictly take into account the “bottom- up approach”, although some of them do not involve individual persons into their partnerships. Municipalities still represent the majority of public institutions in partnerships which is understandable, because they have gained a lot of experience with similar programs in the previous years.

An analysis of strategic objectives in the local development strategies shows that development of micro enterprises and tourism represents the greatest opportunity for a quicker restructuring and economic growth of rural areas. Strategic objectives in the field of agriculture are still mainly oriented towards the improvement of production (especially in the production of safe and quality food) and marketing of agricultural products. Great importance is also given to development of agricultural infrastructure and protection of the environment in rural areas.

A comprehensive analysis of 33 Local Development Strategies indicates a great diversity of Slovenian countryside. In the frame of defined strategic objectives and priority tasks they consider all aspects of sustainable development. On the level of priority tasks more attention should be given to social and spatial issues according to the general Leader objectives.

The number of projects in the first two years of implementation shows that Slovenia will exceed the objectives set in the rural development programme. Since Slovenia is one of the most forested countries in Europe more attention should be given to projects in the field of forestry and the production of renewable sources of energy. Greater emphasis should be given to the projects which promoting inter-territorial and transnational cooperation.

At the end we may conclude that local capacity building; available funds for the implementation of local development strategies and cross-sectoral partnerships represent new development opportunity for rural areas in Slovenia.

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