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Design and implementation of the Local Development Strategy: a case study of Polish and Italian Local Action Groups in 2007-2013

We investigated the extent to which the Local Development Strategy (LDS) activities planned at the beginning of the European Union's Leader programme implementation period, and the associated budget allocation in response to the defined local needs, were confirmed at the end of the period. We used as examples the implementation of two LDSs, one by a Local Action Group (LAG) in Poland and one in Italy. We applied some simple indicators to assess how much the budget assumptions at the planning level were reflected in the successful implementation of projects, and conducted interviews with representatives of the two LAGs. We showed that the two LAGs were generally working effectively but that excessive institutionalisation could be the major constraint to the proper design of the LDS and thus the implementation of the Leader programme. For the Polish LAG, it was because of the transfer of the evaluating role outside of the LAG: assessment of applications was undertaken by the regional institution, the Agency for Restructuring and Modernisation of Agriculture. In the case of the Italian LAG, the reason was an excessive formalisation of the rules concerning project applications.

Keywords: assessment, implementation, rural development, policy, Leader programme

JEL classifications: R58, O21, Q18, O57

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Introduction

The principles of local governance, i.e. an enhanced participation of local communities and organisations in the process of local policymaking and implementation, has spread to rural areas, even those of the periphery. Owing to the growing significance of non-farming functions of the countryside (e.g. settlement), the multifunctionality of agriculture as well as the development of large villages and small towns as centres of local socio-economic advancement is becoming more important (Gallo *et al.*, 2018). Also, community expectations with respect to the rural areas change: apart from the economic function, its landscape and environmental values are gaining in importance, as are social relationships and networking (Midmore, 1998; Dudek and Chmieliński, 2015).

The integrated concept of the decentralisation of regional governance and a bottom-up approach to implementing economic policy in rural areas was represented in the period 2007-2013 by the Leader Programme, Axis IV of the European Union's (EU) rural development programmes (RDP). Since 1991, the Leader approach has been a 'laboratory' for the development of new integrated and sustainable development approaches (Geißendörfer and Seibert, 2004) aimed at exploring new paths for making rural territories more competitive, thereby coping with challenges such as the ageing population, low level of services and lack of employment opportunities. Thus, Leader departs from a sectoral approach, i.e. separate treatment of the problems of agriculture, environmental protection, the labour market or infrastructure, towards a territorial approach, with a focus on the identification of development opportunities and threats

for a small territory. In this way, it facilitates a more comprehensive determination of development factors and their interrelationships in a given area.

Because individuals have much more difficulty accessing globalised systems, it is necessary to support communities to enter as a local network in global systems (Dini, 2012). Leader has proved to be an innovative and successful bottom-up policy tool, thanks to involvement of Local Action Groups (LAG) in local development activities (Spada *et al.*, 2016). A LAG can be considered as an inter-municipal platform that promotes cooperation in Europe (Vrabková and Šaradín, 2017) and creates alliances between diverse local functional interests (Furmaniakiewicz and Macken-Walsh, 2016). The inclusion of social (third sector) and private (entrepreneurs) partners as well as public institutions (local governments) in the LAGs allows for the needs of various social and economic operators in rural areas to be considered in the planning process. Such an approach is based on the creation of a sense of local identity and responsibility of residents for their local area (Chmieliński, 2011).

The success of local development policies depends, to a large extent, on the level of local community participation in socio-economic life, which entails the necessity to build social capital. According to Putnam *et al.* (1993) and Fukuyama (1999), this is the capital whose value is based on mutual social relationships and personal trust, and which helps an individual to achieve more benefits, in both social and economic terms. Individual social capital, based on personal benefits flowing from the activity undertaken as part of interpersonal relationships, comes to play a critical role in building such relationships. Building social capital underpins the Leader approach; in the local dimension it is reflected in good communication, active participation of

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residents in local initiatives, but also in the involvement of representatives of the public, economic and social sectors in LAG activities.

This capacity to deal with development problems through new forms of partnerships is so rooted in the Leader approach that it has influenced national, regional and local policies, thus adapting rural policy-making to the diversity of rural areas' needs (EC, 2006). Therefore, over the last decade, EU rural development policies have been sustaining and promoting the development of rural areas and the implementation of strong networks between institutional and non-institutional actors, thus increasing the social inclusion of dissimilar rural population groups. This is one of the main objectives of the RDP (Arabatzis *et al.*, 2010; Lošťák and Hudečková, 2010; Delin, 2012; Furmarkiewicz and Macken-Walsh, 2016).

Because Leader adopts a place-based approach, and LAGs prepare for the programme's implementation based on an analysis of local needs and with special regard to the specificity of territory in which they operate, it can be assumed that the policy tasks and measures planned by the LAGs will be well suited to the needs of the local community. Centred on a case study in the Leader Programme in the Alentejo region of Portugal, Santos *et al.* (2016) examined the long-term survival rate of firms subsidised by public policy. Using binary choice models, they showed that the cumulative mortality rate of subsidised local firms in this region was over 20 per cent. However, the probability of survival increased with higher investment, firm age and regional business concentration. Through funding strategic investment, the Leader Programme promoted entrepreneurship in the Portuguese rural areas of Alentejo, but the sustainability of the results achieved depended on the effectiveness of decisions taken in the short term by the different players: the LAG and entrepreneurs.

However, a study on the LAGs in the Czech Republic (Boukalova *et al.*, 2016) shows that the Leader approach is in many cases still a top-down policy based on an exogenous framework (as defined in the RDP) and thus it is not capable of using the endogenous resources (material and non-material assets) of local communities. This is why the efficient implementation of Local Development Strategies (LDSs) has been observed mostly for experienced LAGs (Volk and Bojnec, 2014; Pechrová and Boukalová, 2015). Another constraint on the effective implementation of the Leader approach has been the delays in the start of programme financing. This has had a negative impact on the functioning of the LAG office and the retention of experienced staff (Svobodová, 2015).

Our paper aims at assessing the measures implemented as part of the Leader Axis of the 2007-2013 RDP and the activities of two LAGs, one from Poland and one from Italy. This was the first EU programming period in which Polish LAGs could participate fully in the implementation of the Leader approach. For the Italian regions, it was the fourth programming period. It can be assumed that the Polish LAGs created during the LEADER+ Pilot Programme⁴ were in a similar

⁴ A special programme for Member States accessing the EU in 2004. In Poland it was implemented as measure 2.7. 'Leader + Pilot Programme' under the Sectoral Operational Programme 'Restructuring and Modernisation of the Food Sector and Rural Development, 2004-2006'. Until 2006, 167 LAGs were created, of which 122 (from a total of 336 LAGs) continued their activities in 2007-2013 (Chmieliński, 2011).

situation to the Italian LAGs in 1989-1993 (Leader I), while those operating in 2007-2013 were comparable to the Italian LAGs during the period 1994-1999. In 2007-2013, all Italian regions recognised 192 LAGs while in Poland there were 336. We tried to assess how innovative is the programming and implementation of LDSs under the Leader approach in the two case study areas. We checked the extent to which the LDS activities planned at the beginning of the implementation period, and the associated budget allocation in response to the defined local needs, were confirmed at the end of the period.

Methodology

We chose two NUTS 2 regions, Regione Puglia in south-eastern Italy (centred on the city of Bari) and Małopolskie Voivodeship in southern Poland (surrounding the city of Kraków), with similar structural problems. Both regions have low levels of labour and economic activity in comparison to national averages, low levels of public services provision (Charron, 2016), and are suffering from depopulation. In absolute terms, the two regions show large differences in the levels of their GDP and income per capita (Table 1). The reality is however better described by the GDP per capita in purchasing power standard (PPS), which allows meaningful volume comparisons of GDP between regions and countries. As GDP per capita in Italy is almost 2.5 times higher than in Poland, the levels of GDP per capita in PPS in the two regions are in fact very similar.

The presently-similar levels of GDP per capita in PPS in the two regions are the result of the dynamic development of the Małopolskie Voivodeship since Poland's accession to the EU in 2004, and shows the dynamics of changes in Poland because of participation in EU development policy instruments and programmes. Whereas for Regione Puglia the value of GDP per capita in PPS increased from EUR 16,000 in 2004 to EUR 18,100 in 2015, over the same period the increase for Małopolskie Voivodeship was from EUR 10,000 to EUR 17,800.

Table 1: Gross Domestic Product in the European Union and selected regions, 2015.

Territory	GDP		GDP per capita		
	EUR million	EUR million PPS	EUR	EUR PPS	PPS EU28=100
EU-28	14,714,029	28,900	28,900	28,900	100
Italy	1,645,439	1,689,072	27,100	27,800	96
Puglia	72,135	17,700	17,700	18,100	63
Poland	429,794	761,156	11,200	19,800	69
Małopolskie	33,947	60,119	10,100	17,800	62

Data source: Eurostat

For our detailed analyses, we selected two LAGs, Meridaunia in Italy and Dolina Soly in Poland⁵, whose territories are characterised by similar physical conditions (i.e.

⁵ In Puglia region in 2007-2013 there were 25 LAGs operating in total, and in Małopolskie Voivodeship – 39.

inland and mountain areas) and the fact that their activities cover around 100,000 inhabitants each. While the allocation of funds from the Leader axis took place on a competitive basis, the allocated funding is closely related to the number of inhabitants covered by the LDS. Therefore, the number of inhabitants is a more important LAG parameter than the physical area. Furthermore, the territories of both LAGs feature high levels of depopulation, low rates of economic activity and low levels of public services.

Open interviews were conducted at the end of 2017 and at the beginning of 2018 with representatives of the LAG offices, i.e. people directly involved in the planning, implementing and accounting of LDSs. Topics included problems encountered during the implementation of the 2007-2013 strategy, and information on the use of funds, implemented projects and administrative challenges. Interviewees also answered questions about changes in the functioning of the organisation in the context of local development problems. The information obtained was supplemented by Eurostat data as well as the implementing regulations of the RDPs. Furthermore, during the study, unpublished data were obtained regarding the number of applications filed, withdrawn and unsuccessful, as well as changes in the LAGs' budgets.

We compared the financial results of both LAGs: generated private expenditure, by comparing planned and implemented expenditures; type of funded activities, especially structural and services activities; design capacity index, i.e. the relationship between the planned and real funding in each of the measures; index of successful implementation of projects, which is the relationship between completed and funded projects. We also analysed the design mortality index: the ratio between the number of revocations/cancellations and the number of funded projects; the index of the satisfied applications, i.e. the ratio between the funded applications and the submitted applications.

Results

Implementation of local development strategies

The basis for determining the priorities regarding the choice of actions and the allocation of funds is the needs of the LAG area residents. In 2007-2013, EU Member States could choose to implement measures in line with their priorities from a 'menu' of actions eligible under Axis IV. These actions were determined at the central level in Poland, while in Italy, with its regional RDPs, activities were more decentralised. Therefore, in our cases, the Polish LAG implemented four measures under its LDS and the Italian LAG six (Table 2).

Although the LAG territories had similar numbers of inhabitants, their 2007-2013 LDS budgets were different. The LAG Meridaunia received nearly EUR 15 million for that period, while the LAG Dolina Soly was awarded only slightly more than EUR 3 million. In addition, the priority of the Italian LAG was for activities that encouraged tourism, for which it allocated nearly 40 per cent of the financial resources of the LDS, while the Polish LAG concentrated on infrastructure investments as part of Measure 322 (Table 2). During the period 2007-2013 (2015), the Italian LAG implemented 131 projects, and the Polish LAG 113.

In the 2007-2013 programming period, LAGs were obliged to implement pro-economic activities more focused on job creation. LAGs established mainly by the initiative of representatives of the social sector (NGOs) or the public sector have so far implemented mainly social activities focused on the integration of residents. In 2007-2013, they were entrusted with implementing Axis III (aimed at improving the competitiveness of rural areas) measures of the RDPs, in the scope of creating micro-enterprises and diversifying agricultural activities. Respondents from the Polish LAG

Table 2: Distribution of planned expenditure by measure in the Local Development Strategies of two LAGs, 2007-2013.

Measure	LAG Meridaunia (Italy)			LAG Dolina Soly (Poland)		
	Budget EUR	% total	% LDS	Budget* EUR	% total	% LDS
311: Diversification into non-agricultural activities	2,655,482	17.9	22.7	256,518	8.3	10.6
312: Support for the creation and development of micro-enterprises	320,000	2.2	2.7	384,777	12.4	15.8
313: Encouragement of tourism activities	5,850,000	39.3	50.1	-	-	-
321: Basic services for the economy and rural population	1,115,410	7.5	9.5	-	-	-
322: Village renewal and development	-	-	-	1,331,919	42.9	54.8
413: Small projects**	-	-	-	457,513	14.8	18.8
323: Protection and retraining of rural heritage	600,000	4.0	5.1	-	-	-
331: Training and information	1,145,291	7.7	9.8	-	-	-
Implementation of LDS – total	11,686,183	78.6	100.0	2,430,727	78.4	100.0
421: Development of interterritorial and transnational cooperation projects consistent with the objectives set by LDSs	496,110	3.3	-	62,864	2.0	-
431: Management, animation and acquisition of skills of LAGs	2,686,016	18.1	-	607,682	19.6	-
Total	14,868,308	100.0	-	3,101,272	100.0	-

* An exchange rate of EUR 1 = PLN 4.0543 is used in Tables 1 and 2, based on the ECB average rate for the period 2007-2015

** Projects that do not meet the conditions for granting aid under RDP Axis III measures, but which contribute to achieving the objectives of this Axis and thus implemented in Poland

Data sources: official and unpublished data of LAGs

recounted the fears that accompanied this process. Of particular concern was that the evaluation of applications of rural residents within these activities was entrusted to an external, regional-level institution, the Agency for Restructuring and Modernisation of Agriculture (ARMA). The LAG Dolina Soly budget allocated a smaller share of the funds for the implementation of activities related to farmers' diversification into non-agricultural activities (311) compared to LAG Meridaunia (Table 2). As ARMA acted as the paying agency also for many other activities directed to farmers, farmers were well aware of its existence, but the agency was little known in the wider local community. The LAG could not compete in the local community with twin actions under the RDP (Agrotec, 2010). This reflects the fears of the Polish LAG representatives, expressed during the interviews, about the interest of rural residents in this activity – competitive actions were also implemented by ARMA under Axis III of the RDPs – as well as the efficiency of implementation of this measure based on the decision-making engagement of an external institution.

Table 3: Distribution of expenditures on the implementation of the Local Development Strategies of two LAGs, 2007 and 2015.

Expenditure	Public funds		Private funds		Total
	EUR	%	EUR	%	
<i>LAG Meridaunia (Italy)</i>					
Planned (2007)	11,686,183	62.8	6,914,334	37.2	18,600,517
Implemented (2015)	7,364,720	50.0	7,254,242	50.0	14,618,962
Change (2015 cf. 2007)	4,321,463	-12.8	-339,908	12.8	3,981,555
<i>LAG Dolina Soly (Poland)</i>					
Planned (2007)	2,430,727	65.5	1,281,345	34.5	3,712,072
Implemented (2015)	1,758,063	60.4	1,152,684	39.6	2,910,747
Change (2015 cf. 2007)	672,664	-5.1	128,661	5.1	801,325

Data sources: official and unpublished data of LAGs

Table 4: Planned and actual implementation of projects and funds according to the Local Development Strategy of the LAG Dolina Soly, Poland.

Indicator	Measure			
	311	312	322	413
Design capacity index (planned/real expenditure per measure)	5.0	2.5	1.5	1.3
Number of applications submitted	10	42	33	151
<i>Number of completed projects</i>	2	10	24	77
<i>Number of financed projects</i>	2	10	24	77
Index of successful implementation	1.00	1.00	1.00	1.00
<i>Number of revocations/ cancellations</i>	8	18	8	36
<i>Number of financed projects</i>	2	10	24	77
Design mortality index	4.00	1.80	0.33	0.47
<i>Number of financed projects</i>	2	10	24	77
<i>Number of applications submitted</i>	10	42	33	151
Index of satisfied applications	0.20	0.24	0.73	0.51

Data sources: official documents and unpublished data of the LAG Dolina Soly

The first source of information regarding the extent to which the planned activities were carried out in accordance with the intention of the LAGs is the relationship between the budget for the implementation of the LDS and the actual expenditure. Neither LAG managed to spend the planned amount of money (Table 3), but both managed to activate more private funding than they had planned in 2007-2008, at the beginning of the strategy implementation. This information signals that the LAGs have the potential to achieve local (private) capital integration. In the case of the LAG Meridaunia, the share of private funds in the implemented projects was more than 12 percentage points higher than expected, for the LAG Dolina Soly the figure was 5 percentage points. Nevertheless, both groups managed to spend a similar share of the planned budget: 78 per cent in the case of the Meridaunia LAG and 79 per cent in the case of the Dolina Soly LAG.

We analysed some simple indicators that illustrate the progress in the implementation of the LDSs. In the case of the LAG Dolina Soly, the planned activities were not divided into detailed actions and remained in line with the measures proposed by the European Commission. The LAG Meridaunia, on the other hand, divided the measures into detailed actions (sub-measures) which, because they were the subject of separate calls for applications organised by LAGs, can be analysed separately. This is the reason why the results are presented according to measures in Table 4, and by sub-measures (actions) in Table 5.

The efficiency capacity of the planning process at the stage of resource allocation is demonstrated by the design capacity index (DCI): the lower the value, the more properly planned were the projects. In the case of the LAG Dolina Soly, it turned out that measure 413 (small projects⁶) was the activity where payments were completed closest to those planned, and additionally the interest in the operation was the largest (Table 4). The respondents' opinions expressed during the interviews were confirmed in this analysis of the DCI. Measures aimed at diversification of agricultural activity and creation of enterprises turned out to difficult to implement: for measures 311 and 312 the relationship between the planned and used funding was unfavourable in the case of the Polish LAG.

A similar situation occurred with the Italian LAG, where the DCI indicator also illustrates low utilisation of expenditure in measures 312 and 313, related to creation and development of micro-enterprises and tourism activities. This result can be associated with the still low level of awareness among rural residents of knowledge about available funds, and the continuing problems associated with the effective application for assistance funds, as indicated by the number of applications submitted and the number of completed projects (Table 5).

The data for index of successful implementation, in which unity means full implementation of projects that were selected for funding and received funds, show that both LAGs were effective in selecting projects that had the best chance of success. However, the relationship between the number of revocations/cancellations and the number of financed projects shows how many projects were poorly pre-

⁶ Small grants for implementing original ideas by the local community members, whether associated or non-associated within any formal structure (natural or legal person, NGOs, and any organisational unit without legal personality).

Table 5: Planned and actual implementation of projects and funds according to the Local Development Strategy of the LAG Meridaunia.

	Measure and sub-measure												
	311				312				313		323		321
	1	2	3	5	1	3	4	5	1	1a	1b	1c	
Design capacity index	4.7	2.4	2.4	-	25.4	4	4	15	6	1	4.2	2	
Number of applications submitted	17	9	2	-	25	10	7	63	2	1	7	2	
<i>Number of completed projects</i>	<i>15</i>	<i>6</i>	<i>2</i>	<i>0</i>	<i>20</i>	<i>10</i>	<i>6</i>	<i>36</i>	<i>1</i>	<i>1</i>	<i>7</i>	<i>1</i>	
<i>Number of financed projects</i>	<i>15</i>	<i>6</i>	<i>2</i>	<i>1</i>	<i>20</i>	<i>10</i>	<i>6</i>	<i>36</i>	<i>1</i>	<i>1</i>	<i>7</i>	<i>1</i>	
Index of successful implementation	1.00	1.00	1.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
<i>Number of revocations/cancellations</i>	<i>1</i>	<i>3</i>	<i>0</i>	<i>4</i>	<i>5</i>	<i>0</i>	<i>1</i>	<i>10</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>1</i>	
<i>Number of financed projects</i>	<i>15</i>	<i>6</i>	<i>2</i>	<i>1</i>	<i>20</i>	<i>10</i>	<i>6</i>	<i>36</i>	<i>1</i>	<i>1</i>	<i>7</i>	<i>2</i>	
Design mortality index	0.07	0.50	0.00	4.00	0.25	0.00	0.17	0.28	1.00	0.00	0.00	0.50	
<i>Number of financed projects</i>	<i>15</i>	<i>6</i>	<i>2</i>	<i>1</i>	<i>20</i>	<i>10</i>	<i>6</i>	<i>36</i>	<i>1</i>	<i>1</i>	<i>7</i>	<i>1</i>	
<i>Number of applications submitted</i>	<i>17</i>	<i>9</i>	<i>2</i>	<i>5</i>	<i>25</i>	<i>10</i>	<i>7</i>	<i>63</i>	<i>2</i>	<i>1</i>	<i>7</i>	<i>2</i>	
Index of satisfied applications	0.88	0.67	1.00	0.20	0.80	1.00	0.86	0.57	0.50	1.00	1.00	0.50	

Data sources: official documents and unpublished data of the LAG Meridaunia

pared (Tables 4 and 5). The higher the value of the design mortality index, the more unfavourable is the relationship between the number of projects that passed the assessment but were subsequently cancelled and those that were successfully completed. Therefore, this indicator refers to the mortality of initiatives because of poor policy design, especially of implementing regulations.

Similar conclusions can be drawn based on the analysis of the index of satisfied applications, which shows how much the demand for financial support from the local community was met. In the case of the LAG Dolina Soły, measures 311 and 312 again proved to be the most difficult to implement, and potential beneficiaries most often did not receive financing for their idea. As regards the LAG Meridaunia, the level of meeting the demand for payments was relatively low for measure 311 (LAG Meridaunia, 2015).

Our analysis showed that both LAGs struggled with the problem of effective implementation of the planned activities. In both cases, the most difficult measures to be implemented were those related to creating non-agricultural jobs which were planned under Axis III and implemented by the LAG. In the case of the Polish LAG, among the measures implemented under Axis IV, only measure 413 (small projects) was addressed directly to local communities. In the remaining cases, the invention and efforts relied on the LAG members or employees, as a result of which the residents were often reduced to the role of beneficiaries of the support provided by LAGs (participation in training sessions and calls for proposals to establish micro- and small enterprises). With the Italian LAG, efficient implementation of the strategy was inhibited by the formal and legal problem related to the preparation of the application and getting it through the formal evaluation. While the level of interest was satisfactory, many local ideas remain difficult to implement due to various formal restrictions.

The relatively good performance of the Polish LAG may also be associated with changes in the structure of members involved in their activity, and above all by the change in structure of the LAG's Council, the body that assessed the applications and business plans of potential beneficiaries (Table 6). Previous analyses (Agrotec, 2010) pointed to the problem of overrepresentation of the public sector in the LAG structure in Poland, which negatively affected

Table 6: Member structure of the LAG Dolina Soły in 2007 and 2015.

Year	Total	Social sector	Economic sector	Public sector
	Number			
<i>LAG members</i>				
2007	72	45	17	10
2015	78	32	35	11
<i>Members of the LAG's Council</i>				
2007	24	12	6	6
2015	15	5	7	3

Data source: unpublished data of the LAG Dolina Soły

the implementation of the Leader approach, in accordance with the original idea of a three-sector partnership. This was due to the lack of understanding of the Leader idea in local authority circles: which in the case of the LAG, where it had decision-making power, it treated the implementation of the LDS as an additional instrument for the implementation of local government policy. Some improvements in this respect occurred in the LAG Dolina Soły in the period 2007-2015, where a substantial increase (in both categories) in the number of people associated with the economic sector may be noted. This introduced an improved balance in the decision-making forces in the LAG's functioning process. In addition, representatives of local organisations, residents (the social sector) and representatives of entrepreneurs accounted for 80 per cent of the members of the LAG's Council (the decision-making body) in 2015. This is a symptom of the maturation of the private actors with regards to their social role in local development, and helped to overcome the oft-recognised problem of an 'inferiority complex' with respect to public actors who often dominated the early stages of Leader and LAG development (Granberg and Andersson, 2016).

Discussion

The current activity related to the implementation of Local Development Strategy assumptions is assessed well or even very well by all interviewees from both LAGs. Designing a LDS with active participation of the local community

should allow for a careful anticipation of the implementation of the strategy, including potential interest in activities and the size of support, by local companies, cultural institutions, schools etc. Our interviewees identified relatively positive effects of implementing the LDSs by both LAGs. Despite covering regions struggling with structural problems, the LAGs managed to plan a LDS and to spend 80 per cent of the allocated funding, while at the same time creating interest in their actions among local residents. For some of the measures, this interest exceeded the capacity of the LAGs to finance projects, as evidenced by the analysis of the index of satisfied applications. Moreover, in most cases, approved projects were successfully implemented.

The analysis of the LAG Dolina Soly in 2007-2013 shows that in the first full period of implementation of the Leader approach in Poland, the newly-formed associations of this type implemented the main objective of this programme, which is building social capital in the local community. The activities of the LAG Dolina Soly contributed to improving communication between the authorities of neighbouring communes, and supported projects with a high level of public utility (such as the construction/modernisation of cultural facilities, sports facilities, support for the creation and operation of cultural houses, publications on local traditions, or investments in playgrounds and libraries).

The results of the implementation of some of the measures of the RDP III axes by the LAGs were well predicted, while the ones of the measures for the development of entrepreneurship and diversification of agricultural activity were to a lesser extent correctly forecast.

Social organisations and economic entities play an increasing role in determining the course of action, specific measures and the distribution of funds for implementation of local development policy. A shift may be observed from the traditional concept of a hierarchical structure of local government to the notion of local governance, i.e. the involvement of many institutions in policy making and implementation, the fragmentation of the structure of the local administration, a greater role for horizontal networks of entities cooperating in a given area (social organisations and representatives of the private sector as partners for local governments), as well as regional and international cooperation (Bukve, 2008, Chmieliński, 2011). Local governance relies on individual and collective responsibility for the territory. The development of such governance models can be fostered, in particular, by the inflow of well-educated persons from urban areas, for which it will be of utmost importance to preserve the high settlement values of rural areas, and thus their cultural heritage and landscape values (Pike *et al.*, 2009).

However, in both LAGs, interviewees pointed to a formal problem as a reason for difficulties in implementing the strategy. With the Polish LAG, it was the transfer of the evaluation role from the LAG to the regional institution ARMA, whose officials, having nothing to do with local specificity and local needs, had problems with correct and timely evaluation of applications. Their assessments were based solely on the statement of compliance with formal requirements, and the beneficiary was assessed without any context, the specifics of social and economic life in the LAG, and hence the 'local' economy. On the one hand, the LAG did not have the power to change

this situation, on the other, the proper implementation of the tasks planned in the local development strategy was at stake.

For the Italian LAG, the problem was the over-formalisation of the rules for requesting assistance. The LAGs' lack of influence on the assessment of applications was a crucial problem in the implementation of Axis IV measures. The LAGs were responsible only for the announcement of a call, assessment of compliance with the LDS and technical implementation of the recruitment. Although potential beneficiaries submitted their application for the measure Micro-enterprises creation and development and diversification towards non-agricultural activities, formal requirements were often considered too difficult to meet by the beneficiaries, which led to the resignation of the project implementation, especially in the Italian LAG. As a result, in both LAG territories the main barrier to the implementation of the LDS were the difficulties associated with the duration of individual stages and the work of officials.

Thus, we conclude that, in line with the published literature (e.g. Chmieliński, 2011; Chevalier *et al.*, 2012, Contò *et al.*, 2012), although partnerships, networks and collaborations among stakeholders and consultations with the local population are the crucial drivers of the Leader approach, financing rules and lack of power in implementation of local strategy measures have been sources of weakness. LAGs are not vested with enough decision-making power to implement LDSs at all stages. In Poland the assignment of key competences (to evaluate the applications) to the regional units (*voivodeship* government and ARMA) had a negative impact on the LAG-centred integration process of local communities. Moreover, in the opinion of LAG representatives, the inclusion of Axis III (investment-oriented) activities for implementation as part of the Axis IV Leader approach proved to be an obstacle to the effective implementation of development strategies, as programmed in LAGs. LAG members indicated the necessity to strengthen the role of their respective units in supporting bottom-up initiatives (small projects) and in integrating local communities (aimed at establishing interregional and supra-national cooperation, and at promoting tradition and regional products). Such activity leads to promoting the region, as well as to shaping local identity, which has a direct influence on the social capital formation process at the local level (Chmieliński, 2011).

The analysis of programme assumptions and the status of implementation of Axis IV measures may lead to a general conclusion that its bottom-up approach allowed for effective implementation of local development objectives based on a more accurate diagnosis of local needs and capabilities. An example of this is the very clear response of LAGs in the case of the implementation of measure 413 (small projects) in Poland and the LAG's response to emerging barriers. In 2007-2013, LAGs were already trying to develop the most effective ways of implementing the Leader approach with the simplification of the rules as far as possible to allow for developing new solutions during the implementation of RDPs that could be used in the 2014-2020 programming period. Therefore, LAGs can represent, in the long term, an effective planning tool for local development (Spada *et al.*, 2016).

The study has its limitations resulting from the technical approach to the assessment of LDS activities and budget.

The next step in the research should be a deeper examination of the type and size of submitted projects, their impact on local development, residents' recognition of LAG activities, or changes carried out in the LAGs' strategies for 2014-2020 and their relationship with experience acquired in 2007-2013. However, this can only be achieved after the end of the 2014-2020 programming period.

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