

ECONOMICS*Sociology*

Paweł Chmieliński, On Community Involvement in Rural Development – a Case of Leader Programme in Poland, *Economics & Sociology*, Vol. 4, No 2, 2011, pp. 120-128.

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ON COMMUNITY INVOLVEMENT IN RURAL DEVELOPMENT – A CASE OF LEADER PROGRAMME IN POLAND¹

ABSTRACT. Basic aim of Leader axis under the Polish Rural Development Programme (RDP) 2007-2013 is activation of rural communities and enhancing of social capital at the local level. Paper investigates the rural policy measure in terms of barriers of functioning of local action groups (LAGs). Outcomes of the research, based on survey of 72 LAGs, show that at the initial stage of their operation, LAGs struggled against the formal and legal problems regarding the financing rules and lack of power in implementation of local strategy measures.

JEL Classification: Q18,
R11, R38, R58

Keywords: rural development, Polish Rural Development Programme.

Introduction

Apart from local authorities, 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. One may observe the shift from the traditional concept of a hierarchical structure of the 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 importance of 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). Local governance relies on individual and collective responsibility for the inhabited area. The development of such governance model will be fostered, in particular, by the inflow of well-educated personnel 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 (Kamiński, 2008, p. 22).

The success of such local development policies depends, to a large extent, on the level of local community participation in the socio-economic life, which entails the necessity to build social capital. According to R. Putnam (1996) and F. Fukuyama (1999), this is the capital whose value is based on the mutual social relations and personal trust, which help 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

¹ Scientific work financed by the Polish Ministry of Science and Higher Education from research funds for 2010-2011, as a research project. Agreement No. 1842/B/H03/2010/38 to application No. N N114 184238.

interpersonal relations, comes to play a critical role in building such relations (Bourdieu, 1986, p. 93).

The principles of local governance, i.e. an enhanced participation of local communities and organisations in the process of local policy-making and implementation, will also spread to rural areas, especially those which are peripheral to cities. Due 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. Also community expectations with respect to the rural areas change: apart from the economic function, its landscape and environmental values gain in importance (Sikorska *et al.*, 2009, p. 7).

Analyses of international data prove that social capital determines the future development of a country (Diagnoza..., 2009). This dependence is not revealed until a certain threshold level of development has been exceeded; in poorer countries economic growth is driven by level of human capital (e.g. education, skills) rather than by social capital (e.g. trust, networks, civic involvement). It explains why Poland's economy has been growing at a considerable rate despite very low social capital. In approx. 10 years, Poland is likely to exceed the level of wealth where further investment in human capital is no longer sufficient to maintain economic growth (Czapiński, 2008). This is, more or less, the time left for Poland to build social capital if it wishes to grow at a similar rate, and rural areas and their inhabitants are slowly becoming a particularly important factor of this growth.

The concept of the decentralisation of regional governance and a bottom-up approach to implementing economic policy in rural areas is represented by the Leader Programme, the fourth axis of the Rural Development Programme 2007-2013 in Poland. Leader method departs from a sectoral approach, i.e. separate treatment of problems of agriculture, the environmental protection, the labour market or infrastructure, towards a territorial approach, with a focus on the identification of development opportunities and threats in a small territory. It facilitates a more comprehensive determination of development factors for a given area and their interrelations. The inclusion of social (third sector) and private partners (entrepreneurs), apart from public institutions (local governments), in the local action groups established under the Leader Programme allows to take account of the needs of various social and economic operators in rural areas in the planning process. Such an approach is based on the creation of a sense of identity and responsibility of residents for their local area.

The paper aims in assessing the measures implemented as part of Leader Axis of Rural Development Programme (RDP) 2007-2013 and the functioning of the Local Action Groups (LAG) in Poland, in terms of their capacity to accumulate social capital and inclusion of rural community in local development. The analysis takes into account the programme assumptions and the institutional barriers of its successful implementation in Poland.

The studies based on programme materials, reports and data from the implementing body are supplemented with the results of the survey conducted among the employees of 72 LAGs, the purpose of which was to determine the ability to activate local communities under the Leader programme.

A number of assumptions and selected a sample of local action groups was developed for the purpose of the survey. Considering the early stage of implementation of the measures under Axis IV of the Leader programme in Poland, 122 LAGs, which participated in Scheme II of the Pilot Leader+Programme in 2004-2008, have been selected and are currently implementing the measures under Axis IV. Based on this selection, it is possible to survey those local action groups which have gained experience in implementing the Leader programme and which have a consolidated organisational structure. Taking into consideration the new call for LAGs to implement local development strategies, as well as an

early stage of implementation of Axis IV measures, mentioned selection managed to eliminate the risk of selecting the groups with an insufficient experience in implementing local development measures, in compliance with the Leader programme method, which would have a negative impact on data quality.

Surveyed local action groups covered a territory of 589 communes (*gmina*, NUTS 5 level) and over 4.5 million of rural inhabitants. The smallest LAG surveyed covered an area of one commune and 13.5 thousand residents whereas the largest one 19 communes and 147 thousand people, respectively. In total, the LAG members surveyed comprised over 5 thousand entities operating in the socio-economic sphere (public, private and non-governmental sectors).

The study also took into account the results of the surveys and the analyses conducted for the purpose of the mid-term evaluation of the RDP for 2007-2013 by a group of experts from the Institute of Agricultural and Food Economics – National Research Institute (IAFE-NRI), from the Institute of Soil Science and Plant Cultivation – National Research Institute, and Agrotec Poland (Mid-Term, 2010).

1. Social capital and the decentralisation of rural policy

Classical economists identify land, labour and physical capital (i.e. assets generating income) as three major factors behind the economic growth. In the 1960's representatives of the neoclassical economy introduced the notion of human capital,² proving that the high quality of labour force (well-educated and qualified employees) contributes to a more thorough exploitation of traditional production factors. However, current technologies, combined with high qualifications of human resources, are not the paragon of success. This is because the access to information (knowledge), its exchange and joint processing have become some of the most crucial determinants to the economic growth³. Therefore, establishing a cooperation network for the purpose of exchanging ideas and disseminating project results has become the basis for increasing the benefits, both for an individual and the whole group (organisation). Trust, cooperation and involvement in accomplishing shared objectives have come to play an increasingly significant role in this area (Woolcock, 1998, p. 154). This has a bearing on the development of both enterprises and communities. Creating a network of mutual relations, based on the views, values and standards, translates itself into the success of an individual and the whole social group, visible at the local level. An emphasis is put on the role played by local governments in establishing connections with the community members, non-governmental organisations and representatives of the economic sphere, with a view to decentralising the process of planning and implementing development policies (Warner, 2001, p. 188).

Interpersonal relations based on trust enable local communities not only to exchange information and knowledge, but also to derive benefits from the mutual trading in goods and services as barter (non-cash) transactions, thereby avoiding formal contracts and strict repayment deadlines (Warner, 1999, p. 374). High innovativeness and the ability of adjusting to the changing development conditions, based on cooperation which limits the costs and risks of joint activity, and the ability to jointly develop solutions to problems, are also the

² G. Becker (1962) was the first to enter the field of sociology from the angle of major economics, analysing the model of family as an institution regulated in contracts, as in the case of a small enterprise. He proved that trust, reciprocity, cooperation and the jointly defined system of principles and standards influence the quality of management, both in a family and enterprise, leading to the maximisation of (financial and non-financial) benefits gained by its members.

³ Exploring the correlation between human and physical capital, the scientists representing the so-called new trend of economic sociology have proven that many problems, which would traditionally fall within the domain of economy, could be currently analysed using sociological instruments (Gardawski et al., 2006, p.17).

qualities attributed to such communities. These are altogether referred to as collective intelligence, i.e. the ability to learn and adapt to local changes (Pike *et al.*, 2009, pp. 92-94).

Given the considerable differences in the level of economic development in the EU regions, the factors which influence the competitiveness of rural areas in various Member States are also varied. This makes it necessary to adjust the level of asset management to the regional and local problems and challenges. For this reason, an efficient implementation of rural development policies calls for adopting an approach based on the fiscal federalism theory, under which the public finances and the management structure are multileveled (Pietras, 2008). The measures implemented at the federal level allow us to achieve the effect of scale, with an increased efficiency of outlays. At the same time, we assume the heterogeneity of community preferences, which constitutes a premise to the financing of public assets at a decentralised level where local preferences are more homogenous.

Some regional programmes implemented under the EU cohesion policy may be viewed as an example of such measures. They contribute to the decentralisation of the management and asset allocation process, in order to achieve optimum allocations to the objectives determined by the local community. In the common agricultural policy, the assumptions behind the Leader Programme serve as a good example of decentralised actions. The experience gathered by the EU-15 countries in implementing the reference initiative, and then the RDP axis, allows us to expressly formulate the conclusion that the efficiency of various measures supporting rural development increases when their objectives are defined locally, and their implementation involves local entities and community members. The Leader Programme may, therefore, become one of the principal instruments for decentralising the process of programming, planning and implementing the rural development objectives.

2. Leader Programme in Poland

In the years 2007-2013 Leader constitutes a separate axis of the RDP, for which 4.5% of the entire programme budget has been allocated⁴. Oriented towards including local action groups in the local management system, it aims at building social capital through residents' activation, which will contribute to the creation of new jobs in rural areas and to a more efficient management of local resources. The reference to the concept of social capital results from the need to decentralise the management over local development, and to include local communities in this process. At the same time, including this Community initiative in the so-called mainstream of rural policies reflects the increasing function of rural areas as the place of residence and consumption.

Based on the programme assumptions, the local approach, closely connected with a given area of LAG activity, contributes to a more accurate identification of, and solutions to, local development problems. The implementation of innovative projects of common strategies is aimed at establishing a social network, combining human, natural, cultural and historical resources with the knowledge and skills displayed by representatives of the public, economic and social sector. Representatives of these sectors form an action group which is representative of the entire area covered by local development strategies. At the decision-making level, social and economic partners constitute at least 50% of all LAG members. The great advantage of the Leader axis, in terms of local development, stems from the fact that it is LAG that selects the projects, the implementation of which will contribute to accomplishing the objectives of a common local development strategy. Such a bottom-up

⁴ J. Rowiński (2006, pp. 19, 29) analysing the Rural Development Programme for 2007-2013, refers to the Leader axis as "supplementary" to the three "principal axes." He claims that "The financing of rural areas through the Leader Programme was expressly viewed as the necessary evil (the [budget] participation below the minimum level, when disregarding the fact that part of the Axis 3 measures will be implemented through local action groups)".

approach allows for an efficient strengthening of the consistency of local decisions, improving the management quality and contributing to the consolidation of social capital in rural communities. It also acts as an incentive to apply innovative solutions in the development of a given area. As part of the Leader approach, the support is also provided to the development of LAGs through investing in human capital, and through enhancing cooperation between various communities in Poland and in the European Union.

Three measures are implemented under Axis IV:

1. Implementing the local development strategies (measure 413);
2. Implementing the cooperation projects (measure 421);
3. Functioning of the Local Action Group, acquisition of skills and activation (measure 431).

Based on the programme assumptions, it was estimated that the number of local action groups would amount, at the end of the programming period, to around 200. In September 2008, the call for proposals under Axis IV was announced. A total of 344 applications for the LAG selection to implement the local development strategy were submitted to voivodeship Local Governments. Upon assessing the applications submitted, 338 LAGs were selected to participate in RDP 2007-2013, including 122 groups which have previously participated in the Pilot Leader+Programme⁵ and are now implementing Axis IV measures in an unmodified form (MARD, 2009).

Partial implementation of Axis III measures by action groups is a significant innovation to RDP. The local development strategy implemented by LAGs, and approved by the voivodeship Local Government, assumes that these groups will coordinate the eligible projects under Axis III, namely:

- Diversification towards non-agricultural activity,
- Establishing and development of micro-enterprises,
- Rural renewal and development,

and other projects referred to as “small projects” which are not eligible for the support under Axis III measures, but which contribute to the accomplishment of its objectives, i.e. to the improvement of the quality of life and to a higher diversification of economic activity in the area covered by the local strategy.

The consolidation of development objectives in the area of communes which fall within the LAG activity area constitutes a significant feature of LAG activity. As a result, the local development strategy may cover the area of communes located in different voivodships, related to each other through mutual cooperation under the Leader Programme and through local ventures.

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⁵ The aim of this programme, implemented as a measure of the Sectoral Operational Programme for Restructuring and modernising the agricultural sector in the years 2004-2006 was to stimulate local rural development initiatives by creating local action groups, based on a three-sector (public, private and social) partnership, to foster a more efficient exploitation of the development potential in rural areas, to improve their competitiveness as the place of residence and business activity, and to encourage the residents to cooperate.

3. Barriers of implementation of Leader measures

The programme structure and its organisational, institutional and procedural solutions were developed under the legal framework defined by the Commission. Due to this, formal and legal barriers, as well the scope of the measures implemented cause that the Leader Programme has a limited impact on building social capital in rural areas. This stems from the fact that, in many instances, the role of LAGs boils down to supervising the budget whereas the lack of decision-making powers makes it impossible to consolidate the status of an entity controlling the socio-economic life of rural residents, based on the strategy adopted.

In the opinion expressed by 91% of the LAG employees surveyed, the activity of such groups allows them to implement the objectives which, for some reason, cannot be implemented by the commune Government at its own merit (e.g. the renovation of historical buildings or the organisation of cultural events for residents). At the same time, in the opinion of the surveyed, local action groups, as part of this activity, should put more emphasis on integrating and coordinating the work of the possibly highest number of entities (institutions, non-governmental organisations and local government bodies), dealing with cultural, social and ecological activity in the area of the LAG operation. This would enable strengthening the territorial cohesion and foster an additional economic promotion of the region. 47% of respondents claim that such promotion is still insufficient.

The opportunity to function under the Leader Programme also increases the opportunity to acquire funds under other aid programmes. Over 80% of the LAGs surveyed also benefitted from other funds than the budget provided for under Axis IV. The measures under the Human Capital Operational Programme and under other regional programmes enjoyed the highest interest. The former is used by half of the general population of the LAGs surveyed whereas the measures under the latter were implemented by every fifth LAG. It should be noted that, apart from the membership fees, the LAG budgets also comprised private donations. Every tenth LAG acquired a sponsor for the measures it implemented.

The results of the survey speak in favour of constructing less formalised networks between LAGs and other entities operating in rural areas. Such relations mostly arise from the necessity to interpret the provisions and to exchange experiences. Apart from contacting the representatives of voivodeship Local Government bodies, nearly 62% of LAGs surveyed have pursued a regular cooperation with employees of the Ministry of Agriculture and Rural Development. Furthermore, various LAGs have cooperated extensively with each other through meetings and talks (60% of the population surveyed), as well as through regional networks and the National Rural Network (nearly 70%). Such contacts mainly entail the exchange of experience from an ongoing activity, the interpretation of legal provisions, and the flow of information on good practices regarding the project implementation. Most of those LAGs, which regularly exchange information, cooperate in a group of up to 5 LAGs, though the group of LAGs cooperating with a larger number of entities is also considerable (*Table 1*). Counselling units (such as Centres of Agricultural Counselling and the Agricultural Advisory Centre) also play a significant role. Nearly 50% of the LAGs surveyed have used their services.

Table 1. The scale of an informal cooperation between LAGs

LAGs with whom the regular cooperation was established (informal contacts)	Percentage of responses among LGD
No cooperation	40.3
From 1 to 5	33.3
From 6 to 10	8.3
From 11 to 20	13.9
Above 20	4.2
Total	100.0

Source: Own survey (n=72).

It should be stressed that, along with expanding their cooperation with public institutions, LAGs have attached a crucial importance to establishing relations with various entities operating at the local level. As part of the group activity, cooperation was established with local libraries, parishes, natural persons and enterprises (including agritourism farms) that do not form part of LAG. Among the surveyed, every fifth group cooperated with such entities in the process of designing new projects, aimed at activating the local community.

In the first period of LAG operation, these entities had to undertake a lot of actions for mitigating the restrictions flowing from faulty regulations regarding the models of financing and work organisation. Therefore, the institutional barriers and bureaucracy proved to be the biggest obstacle in the process of social capital formation in rural areas. As a result, the LAG representatives surveyed indicated the necessity to reorganise the principles and scope of the Leader Programme. The LAG impact on the project selection ends with defining the criteria and budget for individual operations, and upon qualifying a given project for the co-financing, LAG virtually ceases to act as the beneficiary's partner, and its role is overtaken by the regional government body. This poses a threat to the LAG role as the factor for social capital formation at the local level, since the potential beneficiaries, implementing their projects, do not need to cooperate with LAGs. In the opinion of LAG members, this also inhibits the promotion of LAG in the local community, as its activity is viewed by the local community members as limited, apart from the project eligibility assessment, to administrative procedures.

The lack of the sufficient decision-making powers of LAGs in the process of implementing the local development strategy amounts to the violation of the principle of the decision-making autonomy of LAGs, which constitutes one of bases of the Leader Programme. The strategy planned assumes the accomplishment of the set objectives, which is important and often specific to a given territory. However, the substantive assessment of the applications submitted, is conducted at the regional level by the employees of the Agency for Restructuring and Modernisation of Agriculture or voivodeship Local Governments. LAGs are only responsible for announcing the call for proposals, for the eligibility assessment in line with the local development strategy, and for the technical organisation of the beneficiary acquisition process.

Strengthening the LAG status in the project assessment process would, however, require expanding the accreditation procedure so as to include LAGs, which would, in turn, call for amending the legislation at the supra-national level. Moreover, in view of the initial implementation period of the Leader Programme measures, a large number of LAGs do not have the sufficient implementation experience to properly supervise all the project implementation stages. A modified model could, nevertheless, be applied to those LAGs, which have a sufficient personnel potential and competences, and which are ready to undergo

the accreditation procedure. This would allow for establishing the positive relations of LAGs with smaller entities and with the local community, as well as for gathering good practices for the remaining groups, which would be involved in the future local strategy management process. The obligatory inclusion of LAG in the substantive assessment process for all applications would also contribute to solving the problem related to the long application processing period (which is especially significant in the case of small innovative projects), discharging the Local Governments from some of their obligations. As regards the construction of networks for local development under the Leader Programme, the competences of public bodies at the regional level should be limited to the cooperation with LAGs and to the substantive assessment of the implementation process of the local development strategies, in terms of their compliance with the provisions of the regional development policy.

Conclusions

The evolution of the bottom-up approach to rural development, represented by the Leader Programme, from one in four Community initiatives to one in four axes of the RDP in the years of 2007 – 2013, reflects an enormous significance attached to such instruments for supporting rural development. On the one hand, distinguishing Leader as the separate axis implemented by Member States, emphasises the importance of bottom-up measures at the EU level. On the other hand, the outlays on the reference programme axis have remained insignificant, in relation to the outlays on other axes, though they are proportionate to the scope and target group. Identifying the Leader Programme as a separate axis, instead of including it into the axis of actions aimed at rural development, also reflects a considerable diversity in the functioning of this instrument, compared to the measures implemented under the remaining priority axes.

The Polish LAGs are still in the phase of structuring their activity under the Leader Axis and, therefore, their attempts are focused on the tasks related to implementing the local development strategy. At the initial stage of their operation, LAGs struggled against the formal and legal problems regarding the financing rules and the call for proposals, as part of the local development strategy, as well as with the difficulties of maintaining financial liquidity of their ongoing administrative costs. A good basis for social capital building make the cooperation between LAGs in many regions and establishing the regional LAG networks which, to a large extent, serve as the forum to exchange ideas and experience (the transfer of knowledge), and to implement joint ventures in the region.

Including the Leader Programme in the rural and agricultural mainstreaming (ÖIR, 2004) as a priority axis of the Rural Development Programmes in the EU countries, can be viewed as adding an additional element, i.e. “social capital,” to the model of agricultural policy-making, based on the key support priorities: “agriculture – environment – rural areas.” From the policy point of view, social capital is connected with rural residents’ activation and with a bottom-up approach to the process of programming and implementing rural policies at the local level. Non-economic factors play a vital role where traditional resources are limited, as well as where planning, building and strengthening social bonds are significant to development strategies. The quality of social capital can, therefore, constitute the source of an advantage in the regional and local development.

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