
PhD THESIS

Evaluation of the LEADER Program in the Northwest Development Region of Romania

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Introduction

Rural territories occupy a significant area both in Romania and at the level of the European Union (EU). They play an essential role in ensuring food security, in preserving social, cultural and environmental heritage and represent an important pillar in the transition process towards a green and climate-resilient economy. However, rural territories face some significant challenges: demographic and economic decline, development gaps compared to urbanized areas, degradation of natural and cultural heritage (Alonso & Masot, 2017). For these reasons, they are a major focus of EU policies, having been allocated a significant part of its multiannual budget. Due to emergence of these challenges there was a need for constant reforms of agricultural and rural policies. Thus, at the beginning of the 90s, in the context of such a reform, the EU launched an innovative program of rural development, based on a participatory model, called LEADER (from the French: *Liaison Entre Actions de Développement de l'Économie Rurale*). The program is based on a territorial and decentralized approach, which aims to involve local actors in the development of the territories in which they live (Alonso & Masot, 2017). The method is implemented at the local level by partnerships made up of public, private actors and NGOs called Local Action Groups (LAGs), through Rural Development Strategies.

The LEADER approach was designed both as an alternative and as a complement to traditional Common Agricultural Policy (CAP) measures, which were failing to achieve the desired results in the more isolated and less developed rural areas. They favored those municipalities near the big urban centers, which had a developed business network and greater economic, administrative and organizational capacity. The success of the innovative initiatives carried out within the program determined the successive expansion of LEADER. Thus, from 200 pilot territories, the method ended up being implemented in over 2800 territories (Hoffmann & Hoffmann 2018). This expansion also brought with it a set of stricter and more uniform rules, similar to those under traditional CAP policies. These measures reduced the freedom of local actors in developing strategies, and, in the same time, their level of innovation. Thus, similar effects to traditional policies occurred, causing a positive discrimination in favor of LAGs with a more developed business network, which managed to attract more funding compared to more isolated rural territories, and led to the increase development gaps that they were trying to reduce in the first place (Masot et al., 2019; Cañete et al., 2018;). For this reason the program has been described as a victim of its own success (Navarro et al., 2015).

The present thesis aims to verify these criticisms in the context of Romania and to identify possible solutions to reverse the previously mentioned negative trends. Thus, the research focuses on the local action groups that are based and have been active in the North-West Development Region of Romania, during the 2007-2014 and 2014-2022 programming periods. The proposed research is a global one and starts from researching how the LEADER implementation strategy was carried out and continues with researching the direct and indirect effects of its application.

The thesis is structured in two main parts: Current State of Knowledge (Chapters 1 and 2) and Personal Contribution. The first of these consists of a documentary research (**Chapter 1**) of theoretical and practical elements related to European rural development (rural development models, Union policies, etc.), and a bibliographic study of empirical research related to the LEADER program (**Chapter 2**). These analyses highlight a number of key conclusions regarding how the LEADER approach has been implemented in Europe and in Romania, as follows:

- a) Fragmentation of LEADER research: most research being carried out in a relatively small number of states.
- b) On the national level, there are no clear results to explain the success or failure of neo-endogenous rural development in Romania.
- c) The economic impact of the program is low. No solutions have been identified to address these issues.
- d) In older EU member states, LEADER fails to reduce the existing territorial disparities, but on the contrary, risks accentuating them even more strongly.
- e) Positive results in terms of social impact and non-productive projects, especially in disadvantaged areas, neglected by other development programs.
- f) Non-compliance with the fundamental principles of the LEADER approach.
- g) Failure to adapt local development strategies to territorial conditions.
- h) Designing and using local development strategies as tools of clientelism and towards local elites.
- i) The level of innovation has decreased.
- j) It led to the development of human capital, by engaging local actors in various local development initiatives.
- k) The experience of the employees and members of the partnership, as well as the economic, administrative and operational capacity of the LAGs were noted as key factors that determine the success of the implementation of the method at the local level.

Personal contribution:

At the beginning of the second part, the research directions and objectives of the thesis are presented. These were established based on the previously mentioned conclusions. Thus, the paper aims to evaluate the application and results of the LEADER Programme in the Northwest Development Region of Romania, having the following research objectives:

Objective 1: Evaluation of the quality of local development strategies.

- The influence and involvement of local actors in the development of SDL;
- The territorial approach / the way in which SDL responds to the needs and potential of the LAG territory (distribution of the budget on different rural development priorities, depending on the needs of the territory);
- The quality of the data used in the development of the LDSs.

Objective 2: Evaluation of the results of SDL implementation in the Northwest Development Region of Romania.

- The direct impact of SDL implementation
- The factors that explain the success/failure of the method;
- Territorial distribution of support;
- LEADER's contribution to the resilience of disadvantaged rural areas.

Objective 3: Determination of the multiplier effects generated as a result of the application of the method.

- Identifying the main multiplier effects (direct and indirect) generated by LAGs;
- Determining the factors that explain the success/failure of the GAL;
- Identifying methods by which LAGs can generate such effects in their territories.

Objective 4: Determining the level of sustainability of the LAGs and their governance process.

- Determining the capacity of the LAGs to deal with the transition periods between two programming periods;
- Evaluation of the main risks faced by the LAGs;
- Determining how to involve stakeholders in the LAG activities.

Each of these objectives is the subject of a published scientific article. Each paper is translated, adapted (to eliminate some repetitive elements, such as the explanation of the acronym LEADER) and presented as a chapter in the Results section.

Chapter 4, Environmental peculiarities of the experimental site, presents in detail the chosen research area. Thus, the analyzed territory is the one of the 31 LAGs that are activating predominantly (and have their headquarters) in the North-West Development Region of Romania. The study area was chosen based on several considerations, such as:

- the location of the region allows it to be representative of the states that joined after 2004
- the similarity of the region with other areas in the scope of the LEADER research
- the existence of territories with a relatively low population density, characterized by demographic decline
- similar size to other research areas.

Chapter 5 corresponds to the first objective of the thesis, and consists in an evaluation of the quality of the local development strategies developed by the 31 LAGs from the Northwest Development Region of Romania. In this sense, the territorial characteristics of the LAGs, the needs and opportunities identified within the strategy and the answers formulated for them were analyzed. The results suggest that although

the existing gaps and opportunities are correctly identified in the strategies, the LAGs did not always take them into account in the allocation of resources.

Chapter 6 corresponds to the second objective and aims to identify the most important characteristics of LAGs that can counterbalance the existing economic disparities in rural regions. In this sense, the research was conducted around three hypotheses: H1 implementation LEADER is strongly dependent on the territorial characteristics of the LAGs; H2 the economic and administrative capacities of LAGs are factors that explain the success of implementation; H3 LAGs are not fully able to respond to existing economic disparities in rural regions and demographic problems. Within this subchapter a principal component analysis and cluster analysis were used to test the three hypotheses. The results confirm the major role that territorial features have in determining the territorial distribution of LEADER grants and the inability of the program to reduce existing territorial disparities.

Within **chapter 7** (corresponding to objective 3), the most important tangible direct (non-LEADER funding sources) and indirect (innovation, cooperation, networking) multiplier effects of Romanian LAGs were researched. Another objective was the identification of factors that can better maximize such multiplier effects in future LEADER. The research was conducted using both quantitative data, such as the performance indicators of the LAGs, but also qualitative data, from interviews with the managers of the partnerships in the North-West Development Region. The results highlight the role that the experience of partnerships and human resources have in the successful implementation of the method.

Finally, the fourth objective was addressed in **chapter 8** The work that makes up this sub-chapter is based on a qualitative approach (structured interviews with the managers of the organizations), through which the determination of the degree of sustainability of the LAGs, the level of involvement of the partners and their relationship with the financing institutions was followed.

General conclusions and recommendations (Chapter 9)

The analysis of the local development strategies of the LAGs from the Northwest Development Region of Romania indicates a positive correlation between their territorial characteristics and the elements identified in the SWOT analyses, which suggests a correct understanding of the needs and opportunities in the territory. At the same time, they are only occasionally correlated with actual budget allocations. Thus, although in the SWOT analysis were identified needs and opportunities related to the transition towards a climate resilient economy, and the importance of knowledge transfer was emphasized, very few of the organizations allocated budgets within these priorities. The largest part of the budget of the LAGs (55%) was allocated to the specific measures of priority P6 – rural development, because they have the highest success rate. Not at all surprising is the correlation between this aspect and the degree of urbanization, a fact that confirms the previously mentioned concerns

regarding the increase of development gaps between them and disadvantaged areas. This aspect is contrary to the basic objective of LEADER, to support the more isolated territories by means of innovative solutions. Other explanations for the results of the present research refer to the small operating budgets, which do not allow the hiring of sufficient technical staff to design truly innovative measures (Ballesteros & Hernández, 2018) and the influences exerted by public actors in an attempt to obtain larger budget allocations.

Chapters 6 and 7 emphasize the importance of human capital in implementing the method. Thus, the number of employees, their experience and professional training, the degree of involvement of the partnership members and the age of the LAG are essential factors that determine the success of the Programme. In both cases the worst performances are recorded by LAGs with less experience, with a reduced number of employees, the opposite being true for more consolidated organizations. The latter managed not only to achieve better results, but also to stimulate the involvement of partners and the community in decision-making and the development of the territory. This aspect is all the more significant in the context of a reduced sustainability of LAGs, as reported in chapter 8. Practically, many of the organizations cease their activity during the transition period between LEADER editions, having to recruit a new team at the start the next appointment.

Among the most important factors that explain the success of the LEADER implementation are also certain territorial characteristics, such as the size, the distance between them and the large urban centres or the presence of a business network already developed on their territory. The presence of a business networks in the territory or in its proximity offers greater economic, organizational and administrative capacity. They have greater know-how and easier access to credit, an important aspect in project co-financing. The mentioned results confirm the concerns regarding the perpetuation of the gaps in the development of rural areas. Without a decisive focus on its basic principles, the implementation of the program fails to significantly reduce existing territorial imbalances, but, on the contrary, risks accentuating them even more strongly (Cejudo et al., 2020).

Following the highlighted results, an important recommendation refers to reforming the program by focusing on the more isolated and disadvantaged rural areas. These territories do not have the necessary resources to effectively animate the territory and hire the necessary technical staff. A possible solution in this sense is to focus on non-productive projects that serve the entire territory. These can take the form of cooperation projects, partnerships with universities to facilitate the transfer of knowledge, the creation of local brands, tourism strategies, the protection of natural and cultural heritage, the development of hubs that serve the entire community, etc. This type of projects can develop the infrastructure and context necessary for the organic development of territories, elements that are currently missing. This can be achieved by changing the selection criteria and the way innovation is understood,

which should have more of a social, cultural character, based especially on the development of human and knowledge capital (Navarro et al., 2018).

The results show that, despite some progress recorded since the last edition of LEADER, the Romanian LAGs still risk facing significant difficulties during the next transition period. Partnerships encounter difficulties in identifying alternative financial solutions outside of those specific to LEADER, suggesting a low level of sustainability. Most of the respondents admit the inability to continue the activity in the absence of LEADER funding. They also record a relatively low level of involvement from non-public partners, contrary to the principles of community-led local development. The results should help highlight the challenges that LAGs are facing, and enable them to better prepare for the next period of transition and implementation. These aspects raise important questions regarding the level of sustainability of the LAGs and underline the need for reform in the way the program is delivered. Equally, it is recommended that the LAGs identify and access other funding to complete the activity, strengthen the operational capacity and increase their level of sustainability.

The results are based on the interim reports of the LAGs and do not take into account the entire programming period, which is still ongoing at the time of writing this paper. An analysis of how the local population perceives the impact of the program is also needed. Thus, an important direction for further research is the investigation of the relationships between the direct and indirect beneficiaries of the program and the local action group.

Original contributions

Through this comprehensive and multidimensional research, the author aimed to provide a valuable contribution to the understanding of LEADER implementation in Romania and to identify relevant aspects that can support the sustainable development of rural areas in this region. Thus, the results of the thesis contribute to the completion of the specialized literature with the following aspects:

1. It provides a global picture of how LEADER has been implemented in Romania and the new member states. Strategic implementation was analyzed through document analysis and the literature review. This allowed the identification of trends and objectives pursued in the design of the program. At the local level, the creation and implementation of strategies, as well as the effective governance of partnerships, were researched. The results obtained materialize in the form of practical recommendations, aimed at maximizing the success of the method.
2. The research helps to confirm in the case of Romania the assumptions regarding the inability of the Program, in its current form, to counterbalance the existing development gaps in the rural territories. This aspect calls for a reform of the program implementation framework, with a focus on the return

of the fundamental principles of LEADER, such as innovation, cooperation and the development of human capital in the territory.

3. At the same time, the results highlight a series of factors and characteristics, which explain and through which the success of the Program can be maximized in Romania and the states that joined after 2004. In this case, experience and organizational and administrative capacity proved to be crucial elements for the successful implementation of the program.
4. Starting from the premises highlighted in the previous point, the research carried out for the first time in Romania an assessment of the level of sustainability of the LAGs. The results indicate the dependence of partnerships on LEADER funding, the loss of experience capital during transition periods and their inability to identify additional sources of funding.
5. A novel contribution of this work is represented by the analysis of the multiplying effects that the LEADER program generates in the rural territories. The work is based on the premise that the impact of LAGs is not limited to the implementation of local development strategies, but brings with it a series of additional benefits, such as familiarizing the community with the concept of European funds, the involvement of the local community in the process of creating the strategies, the development of joint projects and initiatives, cooperation activities and the implementation of non-productive projects, financed from various sources, apart from those specific to LEADER. These projects implemented by LAGs constitute an area little explored in previous research and therefore represent an important milestone in understanding the real impact of the LEADER programme. Through these projects, LAGs can play a crucial role in the community, contributing to improving the quality of life of rural residents and creating opportunities for sustainable development. Moreover, they provide LAGs with the necessary financial resources to hire additional staff or to retain existing staff, thus improving the implementation capacity and sustainability of partnerships. Analysis of multiplier results is essential to understand the long-term impact of the LEADER program on rural communities. The identification of these indirect effects and the additional benefits brought by the activity of LAGs can contribute to the optimization of local development strategies and to the improvement of implementation frameworks. It also provides a broader perspective on how the resources invested in the program can have an extensive and sustainable impact on the development of rural territories.

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