REVIEW PAPER

The LEADER approach in rural development

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Abstract

The LEADER is a part of the EU’s wider rural development policy. Mission of the LEADER approach is to increase action, networking activity and cooperation among local citizens in the form of creation of partnership of civil, business and public sector in rural micro-region which is manifested by better functionality of local action groups - LAG area in economic, social, environment, cultural and every other policy. Croatia started with the process of implementation of LEADER measures in 2008. The aim of this paper is to explore potential threats emanating from the implementation of the LEADER approach in Croatia. In the shortage of rural researches we want to emphasize the importance of Leader implementation in Croatia according to the level of rurality based on LQ quotient. In Croatia predominate the most rural municipalities, almost 70,7% of 553 Croatian settlements in total (cities and municipalities); there are around 17,3% or 96 in total of the intermediate rural regions, usually small towns areas; further, most urban regions count only for 12% or 66 in total. According to our classification in the range from most rural to most urban counties, presentation shows a significant correspondence with same counties distribution according GDP per capita and education levels. However, Croatia has not achieved a level of democracy necessary for LEADER “bottom up” initiatives, and there are great territorial differences and development disparities, while it is predominately rural by definition. These are the reasons why we are suggesting the strengthening of intensity of rural area researches. It is necessary to establish objective local indicators in process of local strategy development as well as to determine their roles in recognising weaknesses in the LEADER implementation process.

Key words: LEADER approach, LAG area, LQ quotient,

Introduction

From the year 2007 onwards, Croatia has the possibility of using pre-accession support through IPA fund. In the framework of the action plan for the implementation of IPA Programme for support of rural development-IPARD, which was adopted by the European Commission on February 25 in 2008, and it was the first time that directives for implementation of LEADER measures were defined at State level in Croatia.

In Croatia, there are not systematic large-scale rural researches at national level. On the other hand, there are regular statistical reports at County level, corresponding to the NUTS 3 according to EU’s classification of regions, only for a small number of indicators. According to the recommendations for implementation of LEADER approach, it is necessary to create functional micro-regions/LAGs, on the basis of geographical, economic, social, and political and every other linkage. The size of these regions can cover the area from 5.000 (ex. islands) to 100.000 inhabitants. A lack of available statistical
indicators at the level of municipalities, cities and counties, makes research efforts in defining potential LAG areas and their development strategies more difficult.

**Material and methods**

The aim of this paper is not to define theoretical concepts and models adequate for development of micro-regions, that we can see from the projects such as RUREMPLO and New Rural Economy (NRE), and that are based on objective indicators (Terluin, 2001), but to explore potential threats emanating from the implementation of the LEADER approach in Croatia. In line with this, the importance of LEADER approach has been explained on the basis of researching the relevant literature. By analysing available sources of information and by calculating the LQ quotient, counties and individual settlements in the Republic of Croatia were grouped in three categories, according to the level of rurality: most rural, intermediate and most urban areas, which represents an impetus for further research and analyses of potential LAG areas. Furthermore, in order to present quality conclusions regarding the assessment of the importance of LEADER approach for rural development in general, a short overview of multi-annual experiences of LEADER in Poland has been made.

**Results and discussion**

**Importance of LEADER approach**

The importance of implementation of the LEADER approach in Croatia arises from the following LEADER principles:

1. Area-based local development strategies
2. Bottom-up approach in the local strategies creation process and the priorities choice-making
3. Public-Private Partnerships and establishing the Local Action Groups (LAGs)
4. Facilitating innovation - stimulating new and innovative approaches
5. Integrated and multi-sectoral actions, integrating several sectors of activity
6. Networking
7. Co-operation at inter-territorial and transnational level

In October 2008, the process of implementation of LEADER in Croatia officially started through TAIEX, under the auspices of the EC, the Ministry of Agronomy, Fishery and Rural Development, and the Ministry of Regional Development, Forestry and Water Management. Croatian rural policy was generally defined by adoption of the Plan for agronomy and rural development in the framework of the IPARD Programme for the period 2007-2013. That act offers Croatia the possibility of implementation of LEADER approach which will in the future surely accelerate democratisation and development processes. Nevertheless, one should have in mind that the implementation of LEADER is primarily based on the „bottom-up“ approach, networking and cooperation, which gives advantage to the areas with high level of democratisation and decentralisation, because of significantly higher level of social capital at their disposal. In other words, there is a realistic danger of giving advantage to the already advanced areas, i.e. a danger of suffering of the areas with low potential characterised primarily by scarcity of human capital, by political antagonism at local level etc.

In the context of perceiving these dangers, there is an increasing need for encouraging researches on the basis of which „bottom-down“ measures could be proposed, aimed at overcoming unfavourable situations in terms of creation of premises for the „bottom-up“
implementation of LEADER and LAGs. It is in this sense that our research interests are directed to.

Level of rurality of Croatian counties according LQ quotient

Three-dimensional Counties distribution (Graph 1) was made according the modified LQ quotient scale (according by Feletar methodology, Feletar 2002) which in comparison takes the number of employees and the number of residents, and in the same time it puts every single unit in the rank of relation according to the Croatian average. A detailed description shows a predomination of most rural municipalities, almost 70,7% of 553 Croatian settlements in total (cities and municipalities); there are around 17,3% or 96 in total of the intermediate rural regions, usually small towns areas; further, most urban regions count only for 12% or 66 in total. According to our classification in the range from most rural to most urban counties, presentation shows a significant correspondence with same counties distribution according GDP per capita and education levels (Tolić, 2007). In addition to this, if we take into account some new variables like peripheral position and political antagonism at local level, there are very serious problems in several, mostly the poorest counties.

Graph 1: Distribution of Croatian counties according LQ quotient

Analysed values show next, Vukovar-Srijem and Brod-Posavina counties proved to be on the bottom of development possibilities. Zagreb County, the third ranked according to the LQ-quotient is given a certain advantage in comparison to Šibenik-Knin and Zadar counties, because of the close vicinity of the City of Zagreb, as the most developed region, and vicinity of Slovenian/EU border. Croatia is on the way of adopting the Law on regional development, which will serve as a basis for adoption of regional operative programmes, county strategies and LAG strategies. Adoption of these documents should be substantiated by scientific researches.

According to one examination in the most rural regions, by comparison with a huge number of job-seekers the chance to quickly job-finding are extremely insufficient. Therefore, the big hopes are deposited in the development and realization of the entrepreneurial programs in the function of self-employment, supported by local and government institutions. In this scheme, the poorly used resources of agricultural production and complementary activity potentials in control of small and medium sized family farms must be in focus, because of the huge army of under-employed people in
these households, and because of potential income deprivation too (Tolić, Lončarić, 2006). Today the LEADER approach advances these chances.

**Importance of the interdependence between participatory democracy and local community capacity-building for LEADER approach implementation**

LEADER approach promotes participation of every social partner in process of rural development. Social scientists are almost unanimous in the assessment that sustainable economic and political development of certain community, whether local, national or global, depends upon four types of capital: financial, physical, human and social capital. While the impact of physical, financial and human capital on sustainable development has been largely acknowledged since the very beginning of economic activity, social capital is rather new and less tangible factor of economic growth and development.

The concept, as it is used in nowadays studies, was introduced by Robert Putnam (Putnam, 1995) who defined it as “features of social organization, such as trust, norms, and networks, which can improve the efficiency of society by facilitating coordinated actions”. Hereby elements of trust, trustworthiness and concerted action in the achievement of common goals are major elements of social capital as a driving force of sustainable development, as they facilitate information-flow, encourage transactions and incite building of collective identity which leads to solidarity. A number of studies conducted by leading scientists such as Krishna, 2002; Coleman, 1988; Barro, 1991; present empirical findings that support the argument of causality between the level of social capital and economic performance in terms of direct investment, investment prices and government expenditures. The indicators of the level of social capital used in these surveys were mainly civic community, organizational density, voting and citizens’ subjective satisfaction with regional governments, i.e. a political confidence indicator. These research findings lead to the conclusion that social capital incites economic development primarily by facilitating transactions between individuals, households and different groups of population. This incitement is threefold: Firstly, the increased individual participation in social networks facilitates the access to information and lowers its price; secondly, participation in local networks and mutual trust facilitates decision-making and collective action; and lastly, social pressure has positive influence on individuals to behave in accordance with social expectations in terms of acting for the benefit of community.

The core element of social capital whose relevance for economic performance is largely acknowledged is the element of trust. In the early 1970s, the Nobel laureate Kenneth Arrow remarked that “virtually every commercial transaction has within itself an element of trust” and went on to suggest that “much of the economic backwardness in the world can be explained by the lack of mutual confidence” (Arrow, 1972). Both demand and supply mechanisms, therefore, depend upon trust, in terms of trust being closely linked to quality of policy-making that, in turn, is an important determinant of growth. On the opposite, distrust and apathy have high economic, political, and social price.

In line with the latter arguments, it is important to raise social capital in order to improve the overall community development. It primarily refers to creating both formal and informal links between individuals and groups of population, to developing professional and cross-sectoral networks, and to establishing multi-stakeholder policy-making and decision-making structures. Nevertheless, establishing participatory democracy does not in itself contribute to development of social capital and the related sustainable development. In order to make best out of social capital, it is crucial to invest in human capital, i.e. in education and intellectual capital. Only skilled and educated leaders can bring about a quality social capital and positive input in community development. In this respect, the
LEADER approach represents a suitable model for integrating both democratisation and capacity-building into community development.

Conclusions
The LEADER approach is a new approach that ensures pluralism of interests in adoption and implementation of rural development strategies. Territorially, Croatia is a country with considerable disparities in rural resources and economic power. In this respect, it is recommendable to encourage further scientific researches that would serve to make a diagnosis of crucial weaknesses of individual micro-regions, and to define development priorities based on objective indicators resulting from scientific researches. For better technical assistance in the implementation of the LEADER in Croatia, we recommend a combination of “bottom-up” and “top-down” approaches, in order to avoid the situation in which the micro-regions that are not able to organise LAGs lag behind in the implementation of the EU measures of rural policies. Further enhancement of the process of democratisation of society, and the use of foreign experiences will accelerate the above-mentioned development processes.

References