

## SOCIAL CAPITAL AND THE LOCAL DEVELOPMENT POLICY UNDER THE LEADER PROGRAMME IN POLAND

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### **Abstract**

*The paper presents the premises for the social capital formation in rural areas, based on the analysis of Axis IV Leader measures. Outcomes of the survey conducted among 72 local action groups members stresses the necessity to strengthen the legal power of LAGs in supporting bottom-up initiatives through implementation of measures aimed directly to local community members. This would allow for establishing the positive relations of LAGs with smaller entities, and with the local community, and increase the ability in social capital creation in rural areas.*

**Key words:** *common agricultural policy, rural development, Leader, Poland*

### **Introduction**

The prerequisite to a successful development strategy for rural areas comprises an integrated impact in the field of non-agricultural functions of rural areas, i.e. human (education) and social capital, labour market, infrastructure, and community entrepreneurship (COST 2003, p. 43). The concept of decentralising the regional development governance and the bottom-up approach to economic policies in rural areas as well as strengthening the social capital are reflected in the Leader programme which forms Axis IV of the Rural Development Programme 2007-2013 (RDP), implemented in the European Union countries.

The local public-private partnership, in the form of local action groups (LAGs), is the principal means of implementing the objectives and the basic assumption behind the Leader Programme. LAGs are, on the one hand, the authors of local development strategies for their respective activity areas and, on the other hand, beneficiaries of the support provided. They are also responsible for implementing development strategies, and for disbursing the EU funds allocated for this purpose. Leader involves developing a local development strategy by a local rural community and implementing related innovative

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projects, combining human, natural, cultural and historical resources with the knowledge and skills displayed by representatives of the public, economic and social sector. Such a bottom-up approach, oriented towards local needs and challenges, is aimed at an efficient strengthening of the consistency of local decisions, improving the management quality and contributing to the consolidation of social capital in rural communities (Warner 2001, p.188). It also acts as an incentive to apply innovative solutions in the development of a given area. Due to the fact that the residents, authorities and representatives of economic entities, operating in a given area, decide on the development in this area, the management model, the selection of instruments used to achieve the objectives, defined in detail in the local strategy, and the involvement in their implementation results in a more efficient support for rural development, compared to the one confined to the regional level (Ray 1996, p.24). However, formal and legal barriers of LAGs' functioning are considered as main problem of successful implementation of Leader programme and social capital formation in rural areas (Mid-Term..., p. 167).

### **Materials and methods**

The paper discusses the premises for the social capital formation in rural areas, based on the analysis of Axis IV measures. The opportunities to support social capital formation at the local level, by including the LAG measures implemented under the Leader Programme, are analysed through assessing the formal and legal structure of the programme, together with related problems, as well as the consequences of procedural amendments introduced by the implementing body. The studies based on programme legal documents, reports and data obtained from the implementing body have been supplemented with the results of the survey conducted in 2010 among the employees of 72 LAGs, the purpose of which was to determine their ability and measures to activate local communities. Surveyed local action groups covered a territory of 589 communes (districts, NUTS 5 level) and 4 534 thousand residents. 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 5000 entities operating in the socio-economic sphere. Numerical data were supplemented with the personal interview survey, conducted in the selected LAGs from Warmińsko-Mazurskie, Wielkopolskie and Podkarpackie Voivodeships. The opinions expressed by office workers and board members allowed us to obtain information on the legal and institutional barriers to implementing Axis IV measures, and on the opportunities to expand the scope of the Leader Programme in Poland.

Building social capital in Lerader approach means establishing a cooperation network for the purpose of exchanging ideas and disseminating project results as well as inclusion of local community in activities for the benefit of the area/village where they live (Chmielinski 2011).

### **Leader programme in Poland**

In the years 2007-2013 Leader constitutes a separate axis of the Rural Development Programme, for which 4.5% of the entire programme budget has been allocated for

Poland (Table 1). 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, formerly Community initiative in the so-called mainstream (ÖIR 2004) of rural policies reflects the increasing function of rural areas as the place of residence and consumption.

**Table 1. The RDP 2007-2013 budget in Poland by priority axis**

Priority axis	Structure of financing (in billion EUR)			Budget share
	EAFRD	State budget	Total	
Axis 1. Improving the competitiveness of the agricultural and forestry sectors	5.6	1.8	7.5	43.0
Axis 2. Improving the environment and rural areas	4.3	1.1	5.4	30.9
Axis 3. The quality of life in rural areas and diversification of rural economy	2.6	0.9	3.5	20.1
<b>Axis 4. LEADER</b>	<b>0.6</b>	<b>0.2</b>	<b>0.8</b>	<b>4.5</b>
Technical support	0.2	0.1	0.3	1.5
Total	13.4	4.0	17.4	100.0

Source: Commission Decision of 18 January 2010 approving the amendments to the Rural Development Programme for Poland for the years 2007-2013.

Three measures are implemented under Axis IV (MARD 2009a, p.296):

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).

The local development strategy implemented by LAGs, and approved by the voivodeship government, assumes that these groups will coordinate also 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 (MARD 2009b). At the end of 2010, 337 LAGs covered the area of 279 416.50 km<sup>2</sup> countrywide, which accounted for 93% of the entire rural area eligible for the support under RDP 2007-2013 (MARD 2009c).

## **Barriers to the implementation of measures under the Leader Programme**

The structure of the programme 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.

The representatives of local action groups expressly define the potential flowing from the opportunity to cooperate within such structures as very high. 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% 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.

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. They indicate 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). This will lead 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.

The support provided under the “small projects” measure may become the principal

instrument to support the process of social capital formation in rural areas. The group of beneficiaries of this measure is defined widely enough to create an opportunity to implement virtually any undertaking, falling within the co-financing limits. This allows for an unimpeded implementation of bottom-up initiatives for local community activation. The support under “small projects” entails raising the local social awareness, e.g. through organising training courses, and other educational events and workshops; improving the quality of life of the local community in the area covered by the local development strategy, e.g. through ensuring computer devices and equipment, including the devices and equipment for Internet access, organising cultural, recreational and sports events; expanding the activity of the local community, e.g. through promoting the local cultural activity based on local cultural, historical and natural heritage, cultivating local traditions, rituals and customs, practising the regional language and dialect, and cultivating the traditional occupations and craft; developing tourism or recreation in the area covered by the local development strategy; preserving, reconstructing, protecting and marking the valuable local landscape and local cultural and historical heritage.

Over 90% of 72 LAGs surveyed consider this form of the local community activation as a suitable instrument which allows for both realising interesting ideas and promoting local action groups in the implementation area of the local development strategy. As regards the following measures: “Diversification towards non-agricultural activity” and “Establishing and development of micro-enterprises,” in view of their objective, i.e. supporting micro and small entrepreneurship, the social activation prospects are considerably lower, and virtually limited to promoting the LAG activity oriented towards increasing employment in rural areas. It is stressed that these measures take place under two axes, and that LAGs have no authority to actually assess the applications submitted, which creates an unnecessary administrative burden. LAG employees indicate the necessity to resign from Axis III measures under the Leader Programme, in favour of other measures oriented towards promoting the region, activating its residents, and using the natural and historical resources in the area covered by the local development strategy.

The survey conducted reveals that the willingness to implement small projects is expressed, to a large extent, by the entities without legal personality, such as informal groups, Organization of Country Housewives<sup>2</sup>, schools, etc. The formula which allows for implementing a small project by the local community members, whether associated or non-associated within formal structures, constitutes the most efficient instrument administrated by local action groups.

Nevertheless, it is emphasised that the implementation of this instrument for supporting small social initiatives is hampered by the long<sup>3</sup> period for assessing the applications

2 Kolo Gospodyn Wiejskich (in Polish). In English also known as: Farmer’s Wives’ Associations.

3 In line with the current procedure, LAG is obliged to provide, within 45 days of the application submission deadline, the lists of selected and non-selected applications to the voivodship Local Government or to the regional division of the Agency for Restructuring and Modernisation of Agriculture, where the applications are processed within 3 (or 4) months of their submission to ARMA.

submitted as part of the call for proposals. In consequence, some of the undertakings, for which the beneficiaries seek to obtain the co-financing under this measure, may not be eventually implemented. This results especially from the character of the project, which is often based on a bottom-up initiative, serving the local community and implemented on a voluntary basis. In this event, the efficiency of a support instrument determines whether a given idea will or will not be implemented. Supporting the organisation of social and cultural events, which are usually related to a regionally significant or traditionally adopted date, or the organisation of strictly seasonal events (e.g. addressed to tourists) or activities related to seasonal agricultural work, may be viewed as a good example. Since most small projects provide for such types of events, an excessive bureaucracy may act as a negation of the entire idea of the reference measure, promoted as the most innovative Axis IV measure. Prior to signing the agreement with the voivodeship Local Government, the project is implemented at the sole risk of the applicant. Considering that the financial aid is applied for by small groups (usually made of hotheads) and rural organisations, the risk of non-implementation is high.

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.

## Conclusions

The functioning of a local action group constitutes the principal instrument of the Leader Programme, making it possible to identify and solve various ongoing problems on the local scale, and especially to activate rural residents. The Polish LAGs are still in the phase of structuring their activity under the Leader Axis and, therefore, 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.

Including the Leader Programme in the “mainstream” of the agricultural policy, 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 political 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.

Among the measures implemented under Axis IV, only the “small projects” measure is addressed directly to local communities, providing for active involvement of residents in the communes covered by the local development strategy in joint actions for the benefit of the area where they reside. In the remaining cases, the invention and efforts lie on the LAG members or employees, as a result of which the residents are 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). A similar case is with beneficiaries of other measures under the RDP axes.

We may expect that further evolution of the common agricultural policy towards the policy of sustainable and integrated development of rural areas will bring an increased number of measures, aimed at developing local communities through bottom-up measures. They will be integrated with the activities aimed at developing the non-agricultural functions of villages. This is the challenge to be faced in future research on rural development and agriculture which should put more emphasis on the complexity of local development and on the significance of its factors.

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