

# EFFECTIVENESS, EFFICIENCY AND SUSTAINABILITY IN LOCAL RURAL DEVELOPMENT PARTNERSHIPS

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**Abstract:** Due to the ever-increasing role the LEADER approach is playing in realizing rural development policy, Local Action Groups (LAGs) have become key actors in the institutional system of rural development. Through their activity in supporting and improving local development, they represent a spatial organizing force in rural regions. Their operation can effectively contribute to the competitive and sustainable development of their local area, within the framework of European rural development policy. Compliance with this role requires the active and conscientious work of the LAGs, both in the process of programming and implementation. In this paper, we aim to present the impact mechanism of the operation of LAGs and its determinant factors. Based on expert evaluations, we investigate the experiences of the implementation of the LEADER approach for rural development from the viewpoints of effectiveness, efficiency and sustainability

**Keywords:** local partnerships, LEADER approach, effectiveness, efficiency, sustainability

## Introduction

During the 1980s, throughout Western Europe, the need for the new approach to rural development was raised, in order to counterbalance the unfavourable effects of the significant socio-economic changes, to meet the new challenges and to answer the specific development needs of rural areas. As a result, in the EU's rural development policy, the emphasis was put on the application of endogenous development, which was introduced into the practice of rural development in the framework of the LEADER programme.

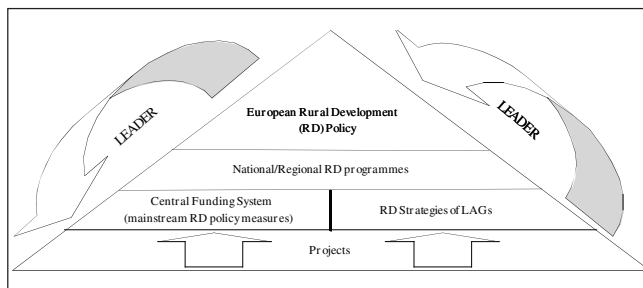
Due to the ever-increasing role the LEADER approach has played in realizing rural development policy, Local Action Groups (LAGs) have become crucial to the institutional system of rural development. Through their activity in supporting and improving the local development, they represent a spatial organizing force in rural regions. Their operation can effectively contribute to the competitive and sustainable development of their local area, within the framework of European rural development policy. The timeliness and importance of this topic is supported by the fact that the significance of applying the LEADER method in rural development is on the increase within the EU. On 18 November 2010, Dacian Cioloş, EU Commissioner for Agriculture and Rural Development, presented the Commission Communication on the future of the CAP post 2013, and stressed that the new CAP will integrate the LEADER approach to an even greater extent (EC, 2010).

## Endogenous development and the LEADER approach

Earlier, decision makers considered rural regions as homogenous areas, where the same factors and possibilities determined development. As the European Spatial Development Perspective (EC, 1999) indicated, this attitude does not correspond to the realities of the EU, as the characteristic of the European countryside is varied and diverse, as reflected in the diversity of its peoples and communities, as well as nature, landscapes and activities. Consequently, development possibilities and trends of rural areas represent significant differences. All this diversity makes it necessary for development programmes and measures to take local features and specificities into consideration. Thus, different means and different policies must be applied for their development. According to SZÖRENYINÉ KUKORELLI (2005), high levels of differentiation in rural areas contributed to the evolution of the characteristically European model of rural development, promoting local developments by introducing bottom-up policies during the 1990s, as mentioned above. Consequently, sustainable rural development based on local consensus can only be realized by strengthening local society and by increasing its ability to assert interests; therefore, solutions and strategies to boost these must be implemented. An innovative solution for this is provided by the LEADER programme called into life by the European Commission, the

principal feature of which is an approach of so-called endogenous development, based on internal resources and local communities in a bottom-up arrangement. According to Barke and Newton (1997), endogenous development implies a process of local social mobilisation and requires an organizational structure which brings together different interests to achieve common goals, a locally agreed strategic planning process and an agreed allocation of resources with the specific purpose of developing local capacity in terms of skills and competencies.

Accordingly, the main objective of the LEADER programme is to build on the internal resources of rural regions and to support the population living there in considering their long-term development opportunities and implementing plans designed through collaboration. In conformity with the principle of subsidiarity, a development programme is to be designed and managed by development groups (LAGs) established at the sub-regional (micro-regional) level, coordinating the representatives of entrepreneurs, NGOs and the public sector by involving the local population. Thus, LEADER breaks away from centralized, centrally managed, top-down support systems, one of the specificities of which is that local problems, opportunities and solutions are not known at a central level; therefore, in many cases, centralized systems do not offer real roads for development, as they do not enable the implementation of development programmes based on local needs.



Source: Own presentation

**Figure 1.** The 3P triangle of Rural Development (Levels of Realization of the Rural Development Policy)

Note: The share of the “Rural Development Strategies of Local Action Groups” is not proportional with the financial contribution of the Rural Development Fund, which represents 5.5% in Hungary and around 6% at EU level.

As a result, application of the endogenous development or the LEADER approach has become an organic part of European rural development policy (Figure 1). The multi-level interpretation, as shown by the figure above, makes integration possible at each level (the 3P refers to the first letter of policy, programme and project), since realization of the rural development policy can be interpreted as a purpose-means type realization of the levels built on each other; the important part of which is the application of the LEADER approach. This latter element is proved by the fact that, since the 1991 introduction of the LEADER programme as a

Community Initiative, the programme has become the most important element of mainstream rural development policy due to the success of the programme started as an experimental form of local rural development. However, LEADER is not only a successful form or way of rural development, but also a concept; a model that pervades and embraces the entire process of programming and execution of rural development from the policy level to the implementation of projects.

### The role of local partnerships in rural development

In the framework of the LEADER programme, important elements of the institutional system enforcing rural development policies include LAGs (organizations for development established in rural areas throughout Europe), which are intended to elaborate and implement strategies for sustainable development. Consequently, LAGs play an important role in the implementation of rural policy objectives in local level. However, in conjunction with strategy implementation, the role of LAGs in the efficient use of funds does not end with planning local development strategies. As funds are used, specific activities are realized at a project level, local players’ capacity building and ability to act must be boosted in order to provide a basis for the successful and efficient use of development funds. Thus, efficient strategy implementation and the further development of a given rural area requires on-going efforts, in the course of which LAGs must become real organizing forces in the development of their area.

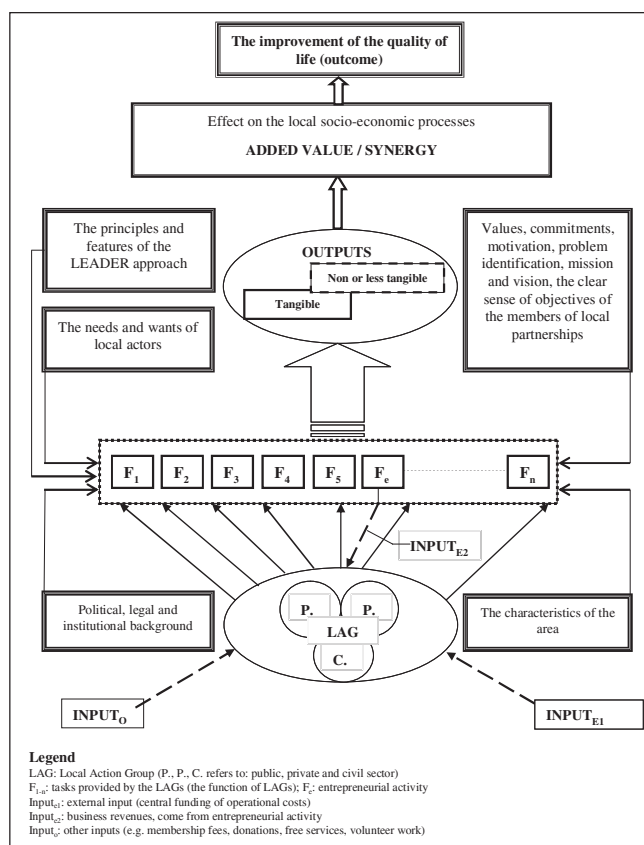
The role of action groups in the implementation of Local Rural Development Strategies cannot be restricted only to the distribution of the development funds they coordinate: their operation spans over a much wider range of activities, in which the mobilization of local communities, partnership building, generation of cooperations, skills development, promotion of sustainable development and endeavours to interlink developments for complexity should appear as important aspects. Actually, efficient strategy implementation requires an increase in the ability and cooperation of local players, necessitating the completion of a variety of tasks.

Within rural development, local development is a process of identifying a set of objectives that can be realized. Hereby, the process itself is at least as important in the course of the implementation of the LEADER programme as measurable and quantifiable results.

The previously mentioned support, in case of the LEADER programme, is characterized by participation, cooperation, partnership and community initiatives, community development and capacity building (formation and development of abilities). This support should by necessity precede or complement the actual implementation of local development strategies. Since it is necessary to

assure broad participation, people and organizations should be involved in the process of development; communities, cooperations and partnerships should be formed and strengthened and then make the community able to form their own future, to manage their life. Only after this is it expected that the local development will work effectively and efficiently serve the fulfillment of needs and the improvement of quality of life of local people. At the heart of the LEADER philosophy is the belief in local communities that they are able to solve their problems at the community level. For this, it is necessary to build communities apt to act in the establishment of which community development and capacity building can assist.

In the following, by means of Figure 2, we illustrate the impact mechanism of the operation of LAGs and the factors which determine their activities.



Source: Kis, 2011

Figure 2. The impact mechanism and determinations of the operation of LAGs

In the case of rural areas, it is typical that they have to face many challenges and they have to find the path for development that suits their particular conditions. In this process the local governments, civil organizations, enterprises and their partnerships based on efficient relationships between them have a decisive role. The one of the significant insitutionalized forms of this type of cooperations are the LAGs formed within the LEADER programme. The LAGs can use various inputs for their activities, and several factor determine the scope of their

tasks to be performed, which can be divided in five main groups according to their nature: 1) principles and features of the LEADER approach; 2) needs and wants of the local actors; 3) characteristics of the area; 4) features/quality of the LAGs' members (values, commitment, motivations, problem recognition, mission, objective orientation of the members of the local partnership); 5) political, legal and institutional background.

Naturally, the specific tasks are realized locally, since endowments of the area, development needs and the make-up of the LAGs' members vary by settlement and region. Thus, it is difficult to describe them specifically. The operation of LAGs and thus the success of the application of the LEADER approach are considerably influenced by the role of legislation, cooperation and coordination of the managing authority responsible for the implementation of the rural development programme and the organizations involved in this process. Yet, we can say that the success of the LEADER programme depends considerably on the capacity of the local community to act and assert its interests; therefore, it is necessary to improve them, a process in which the LAGs have a prominent role. The proactive operations of LAGs, their activities to organize local society make it possible and greatly contribute to achieve that social changes assist the realization of economic objectives, enabling more effective and efficient development work.

Through their activities, tasks and functions the LAGs induce a synergy effect which is actually the positive contribution of the LAGs to shaping territorial processes. In this way, synergy is the added value of their operation; a joint effect coming from the improvement of the relations between the stakeholders. The added value is certainly not equal to the resource distribution role of the LAGs; it is more than that. This surplus or synergistic effect can be created only with community development and capacity building. Synergy results in new structures, puts new mechanisms in place which, due to their favourable effects on socio-economic processes, lead to an improvement of the quality of life. Consequently, through their role in local development, LAGs represent a significant community organizing force, as they are important institutions of local development and the implementation of rural development.

### Focusing on the effectiveness, efficiency and sustainability of local rural development

Below, we examine the experiences of the application of the LEADER approach in practice, from the viewpoints of effectiveness, efficiency and sustainability, using the relevant analyses published on this subject. First of all, we consider it necessary to clarify several concepts and connections.

In general, effectiveness can be described as the achievement of the objective set. We can say that something is effective when it has realized the objective set, i.e. achieved the set result. Thus, effectiveness is the measure of

the achievement of the planned result or the expression of how much it was successful in transforming objectives into results. In this present case, effectiveness can be defined so if it was successful, or how much it was successful, in realizing the objectives set in the Local Rural Development Strategy. Of course, in case of the LEADER approach, effectiveness cannot be separated from the added value coming from the successful adaptation of the method put into practice. Since LEADER does not strive only to implement a project, to simply realize the objectives or to achieve tangible results. It is clear from the previously mentioned that the further aim of implementing the LEADER approach is to gain more or less tangible results, to create a kind of surplus or a joint effect, which is not possible with other types of development interventions.

Efficiency always means a relationship between a certain output and a certain input category, which in case of evaluation of spatial development programmes the indicators of output, result and effect are related to resource (input) indicators (NÁBRÁDI ET AL., 2008, 2009). These definitions can be found in the EU's financial regulation, as well, which specifies that the Union's budget shall be used with regard in particular to the principles of efficiency and effectiveness. According to the regulation, efficiency is concerned with the best relationship between resources employed and results achieved, while effectiveness is concerned with attaining the specific objectives set and achieving the intended results (EC, 2002).

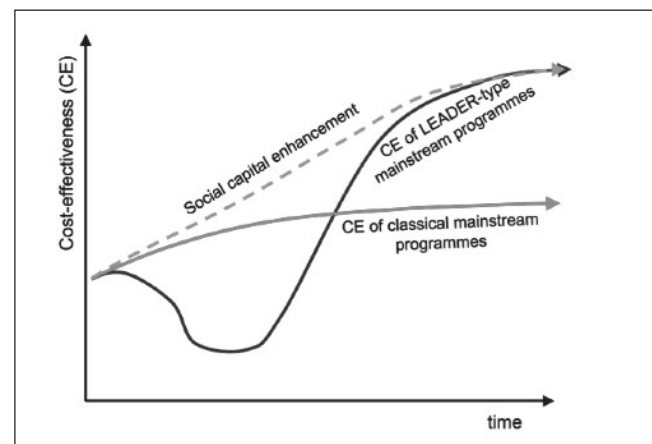
The concept of sustainability and sustainable development – stressing the coordination of economic, social and environmental considerations – is an indispensable basic principle of all developments in the 21st century, including rural development. According to the definition published in the famous Brundtland Report the sustainable development is a form of development "...which meets the needs of the present generation without endangering the chance of the future generations to be able to meet their own needs" (CSETE AND LÁNG, 2005). If the objective is sustainability, the sustainable development means the way there to the realization of which the local development provides the best solution (MOSELEY, 2003).

The basic conception behind the LEADER approach is that local strategies carried out according to the basic principles and features of the programme make a more effective and efficient development possible and contribute to a greater extent to the sustainable local development than the traditional, top-down type of development (EC, 2006). Thus, the success of the programme depends on how and to what extent the basic principles and features are put into practice.

Below, we examine the application of the LEADER method in local rural development from the viewpoints of effectiveness, efficiency and sustainability, based on the evaluation of the last two LEADER programmes – LEADER II (ÖIR, 2003) and LEADER+ (ECA, 2010). Experts' evaluations examining the adaptation of the LEADER approach called the attention to the fact that there are many

factors which affect the successful adoption of the method and indicates that it cannot be adopted by putting its principles and features into practice at every time and every place. According to the examined viewpoints, Table 1 shows the factors which helped or hindered the positive effect of the LEADER method in local development. It can be seen from the table that there is a significant difference between the findings of two expert analyses, which is food for thought.

Summing up the results, it can be stated that according to the analysis carried out by the Österreichisches Institut für Raumplanung (ÖIR, 2003), it has been sufficiently proven that the implementation of the LEADER method considerably contributed to the effectiveness, efficiency and sustainability of rural development processes and measures and to the creation of added value. However, the report of the European Court of Auditors (ECA, 2010) found that there is little evidence on the effectiveness of LEADER programme in achieving rural development objectives or the added value of the LEADER approach.



Source: ÖIR, 2004

Figure 3. Social capital and cost-effectiveness in LEADER-type programmes

In another study of ÖIR, on the basis of the impact assessment of the implementation of the LEADER approach, it was concluded that in certain areas, as a result of participation, partnership and cooperation, the social capital has obviously strengthened, which had a positive effect on the efficiency and sustainability of developments. The results obtained from the analysis are shown in Figure 3, which illustrates that the early phase of classical (mainstream) programmes can be implemented with better cost efficiency, but as a result of participation, partnership and capacity building, social capital is increased. This enrichment of social capital leads to an increase in efficiency in programme implementation, thus in a longer term the cost efficiency of the LEADER-type programme exceeds the similar index of the mainstream programmes (ÖIR, 2004).

The ECA report states that LAGs did not achieve the full advantages of the LEADER approach and did not make efforts of their own accord to increase the efficiency and effectiveness of programme implementation. The report has

Table 1. The impact of the implementation of the Leader features on effectiveness, efficiency and sustainability

Success factors	Hindering factors
Effectiveness	
*Adaptability to every rural socio-economic and governance context	*A too short implementation time
*Capacity to bring local actors, administrations, and support structures closer together	*A disempowering administrative environment
*Ability to mobilise additional efforts of committed local actors	*The prior existence of similar initiatives at the local level
*Responsiveness to small-scale activities and projects	**Overly bureaucratic implementation, lengthy procedures (long and detailed grant application forms required, delays of payments)
	**The lack of measurable objectives, specific to the area in the strategies, that can be achieved by the Leader approach; more intention and less about the situation it aims to achieve
	**Conflict of interest – LAGs providing grants to its own members
	**Monitoring focusing on detailed information about projects rather than on achieving objectives and adding value
	**Local strategy objectives were not a determining factor in project selection
	**Award grants to independent projects and supporting promoters in their normal activities
	**Deadweight effect (e.g. funding already completed projects)
	**Insufficient capacity building, animation and stimulation
	**The lack of focus on achieving local strategy objectives
	**The selection of weak strategies with non-specific objectives and a lack of clear intervention logic
	**Poor or non-existent provision for monitoring and evaluation of the strategies
	**Most of the strategies contained few concrete details about how the Leader approach would be implemented
Efficiency	
*The closing of the gap between a top-down programme and local needs / aspirations	*A too short implementation time
*A mentality change from passive to active attitude	*A disregard of the bottom-up approach
*The responsibility conveyed to local partnerships	*A weak and unrepresentative local partnership
*Direct and indirect effects on strategic issues (e.g. job creation and new investments in key sectors, diversification)	**Less effort to maximise the efficiency of the grant expenditure (e.g. the objective is to spend the maximum amount possible, rather than to achieve the maximum results possible)
	**Deadweight effect (e.g. funding already completed projects)
	**Monitoring focusing on detailed information about projects rather than on achieving objectives and adding value
	**Conflict of interest – LAGs providing grants to its own members
	**Insufficient capacity building, animation and stimulation
	**Overly bureaucratic implementation, Inflexible, lengthy procedures (long and detailed grant application forms required, delays of payments)
Sustainability	
*New avenues for creating added value or synergies between existing value added chains	*The disruption of the local partnership and of technical assistance by cutting funds abruptly at the end of the period
*Capacity building at the local level around partnership	*High fluctuation rate of key actors
*Increased public-private co-operation	*The continued dominance of a single sector or of public actors in the local partnership
*Integration of environmental concerns	*The relatively small size and impact of the intervention compared to other influence factors
*The programme provided the European, yet global perspective how to implement local development	**Insufficient capacity building, animation and stimulation

Source: Own presentation based on \*ÖIR (2003) and \*\*ECA (2010)

shown that in case of LEADER, the added value and the efficient and effective implementation of local strategies cannot be taken for granted. It is the Court's opinion that it is absolutely necessary to respect and observe the basic principles of the LEADER approach in order to realize the expected results and added value, when implementing LEADER-type local rural development. The report, on the whole, is critical and damning; although it mentions that there are examples where the programme is working well and has lived up to expectations (ECA, 2010).

On the basis of the ÖIR study, it is clear that the successful adaptation of the LEADER approach benefits rural areas, the key element of which is the creation and strengthening of social capital. However, the ECA report points out that the expected benefits of the LEADER approach does not follow automatically its application to the local rural development. What should be done? How can the result of the LEADER be improved?

To improve the effectiveness and efficiency of the programme and its impact on sustainability, first of all, it is necessary to strengthen and maintain the factors of success, secondly, to transform and to avoid the factors which hinder or reduce the successful adaptation of the LEADER method. The following should be mentioned in this context.

The basis of the success of the LEADER approach is the attitude which is appropriate to the conception and ideas of the method. Acceptance of the principles and values of the LEADER and identification with them are of great importance in it. It is important to stress that rural development, local development is a process as a result of which the objectives set can be realized. Capacity building and community development are its important elements that help to form and strengthen skills and abilities by which communities become able to manage local development, to realize their common goals effectively and in a sustainable way. A basic component of the LEADER philosophy is trust in local communities that they can solve their own problems in a community arrangement. However, this necessitates capacity building in the population and organizations of the area to enable them to do so, thereby being able to work towards helping themselves to improve the quality of their lives. Capacity building can include a variety of activities, such as training for participants and stakeholders, assisting the flow of information between them, improving communication, encouraging connections, encouraging thinking differently, establishing norms and values, presenting on the advantages and opportunities of cooperation, etc. As a result of capacity building, local communities become more active, effective and efficient in the processes of programming, strategy development, and implementation as well. The capacity building, the essence of which lies in the creation and development of social capital that could benefit the whole community, is a process which should necessarily precede and complement the design and implementation of local development strategies. It is a means to achieve that social changes assist the realization of the objectives set out in the strategy, enabling more effective and efficient development work and contributing to sustainable

local rural development. It is important to emphasize that it can take several years to enhance the capacity of local communities to take action according to the local circumstances.

Although, the LAGs are primarily responsible for implementing LEADER approach and they are who can create the expected added value through their activities, we think it is important to stress that the success of local development work is highly influenced by the horizontal and vertical relationships between the stakeholders. In this regard, the decentralization along the management chain in accordance with the principles of subsidiarity, the cooperation and coordination between the different actors can be highlighted. Effective and efficient planning and implementation of local strategies for sustainable development requires that the central power, guided by clear principles and values, should form a well-defined, transparent regulation, financial and institutional structure. Establish a system of monitoring and evaluation is an essential part of it, which provides guidance for the LAGs and allows measuring and monitoring their performance. The LAGs should therefore recognize their mission, and from the financial and regulatory side, they must be enabled to fulfill the tasks and functions expected from them.

## Conclusion

In the 1980s, the EU's rural development policy shifted towards endogenous development, as introduced into the practice of rural development in the framework of the LEADER programme. The LEADER as the new model of rural development policy, the new paradigm of development focuses on participation, cooperation and utilization of the local resources.

The basic institutions of implementation of the LEADER programme are the LAGs, which play a key role in local development with their proactive operation. In our opinion, the most important task of the LAGs is to improve the social capital available in their areas of operation, the utilization of which as a real resource is based on the cooperation of local actors. Cooperation enables the inclusion of social capital – as a resource to support action – in spatial processes, thus creating a new combination of resources which may greatly contribute to the success of the LEADER programme and to the development of settlements and areas affected by LAGs on the basis of local resources.

Community development and capacity building provide assistance in creating and developing social capital, as a result of which relationships as usable resources, i.e. functional communities are created. In order to become real organizing forces in their areas, LAGs should play a catalyst role, which can create synergy, resulting in the improvement of the quality of life through its positive impact on socio-economic processes.

The impact assessment of the implementation of the LEADER approach showed that in spite of several positive examples, there are many factors which hinder the wide

adoption of the features of the programme into practice, thus realization of results and impacts expected from it in the process of local development. Therefore, it is necessary to maintain and strengthen the factors of success and to avoid factors which weaken or hinder the effective adaptation of the method. In this regard, the key challenge is that LAGs should recognize their mission; the central power should be supported from the financial and regulatory sides allowing them to fulfill their expected tasks. Thereby, it can be hoped that the possibilities provided by the LEADER approach can be utilized in local rural development.

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