THE “LEADER APPROACH” - NEW DEVELOPMENT OPPORTUNITY FOR RURAL AREAS IN SLOVENIA

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Abstract
The “LEADER Approach” - New Development Opportunity for Rural Areas in Slovenia
Integrated rural development programmes, which are prepared with the active involvement of local citizens, have a long tradition in Slovenia. In the period 1991-2006, Slovenia introduced “Programmes of Integrated Rural Development and Village Renewal” and “Development Programmes for Rural Areas”, which were quite similar to the LEADER initiative in the European Union. From the 2007-2013 programming period, the LEADER approach has been mainstreamed within the overall EU rural development policy. This means that LEADER is included in national and regional rural development programmes supported by the EU, alongside a range of other rural development axes. The main emphasis of the current paper is given to the implementation of the LEADER approach and establishment of local action groups in the 2007-2013 programming period. The paper consists of three parts. The first part presents the general characteristics of the LEADER approach and the measures which are carried out in the 2007-2013 Rural Development Programme. In the second part, an analysis of 33 Local Action Groups is described. The main focus is given to spatial-demographic characteristics, the partnership structure, and the organisation of the decision making body. The paper concludes with an analysis of 33 Local Development Strategies. We analysed the extent to which the strategic goals and priority tasks of Local Development Strategies follow the economic, social and spatial-environmental component of sustainable development.

Key words
rural development, agricultural policy, LEADER approach, local action groups, structure of partnership, local development strategies

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1. Introduction

The Acronym LEADER (Laison Entre Actions de Dévelopément Rural) means the links between actions for the development of rural economy and represents an innovative approach to the implementation of rural development policy. The main objectives of the LEADER approach are the building of local capacity, new employment opportunities, diversification of activities in rural areas, stimulation of endogenous development, improvement of management in rural areas, and extension of innovation. The seven key features which distinguish the LEADER approach from classical rural development policy measures are: area based local development strategies, bottom-up approach, local public private partnerships, integrated and multisectoral actions, innovation, cooperation and networking.

From the 2007-2013 programming period on, the LEADER approach has been mainstreamed within the overall EU rural development policy. This means that LEADER is included in national and regional rural development programmes supported by the EU, alongside a range of other rural development axes. For the implementation of the “LEADER axis”, the old member states must allocate a minimum of 5% of EU funding and the new member states at least 2.5%.

2. Materials and methods

The paper briefly outlines theoretical arguments for introducing the LEADER approach and examines the implementation of different support measures in the Slovenian agricultural policy. The main objectives of the paper are:

• To present general characteristics of the LEADER approach and the measures which are carried out in the 2007-2013 Rural Development Programme.
• To analyse Local Action Groups, where the main focus is given to spatial-demographic characteristics, the structure of the partnership and the organisation of the decision making body.
• To determine whether the strategic goals and priority tasks of the Local Development Strategies follow the economic, social and spatial-environmental component of sustainable development.

The paper is based on desk research drawing from relevant literature, legislation and strategic documents and available research studies. No modelling was conducted as part of the analysis. A critical evaluation is carried out following the established and known policy evaluation techniques.

3. Results and discussion

3.1 Previous experience with rural development community based programmes

Slovenia has quite a lot of experience in the preparation of locally based rural development programmes. The programme for Integrated Rural Development and Village renewal (IRDV) in the period 1991-2002 was nationally funded with 14,600,000 Euro and available to all the rural areas in Slovenia. It provided support for the following activities: preparation phase (analyzing development needs, elaborating the development programme, establishing partnerships, organizing training workshops); promotion of rural areas; village renewal; tourist and farm infrastructure; and developing and establishing trade marks for local products. The programme was destined for municipalities selected by a public tender published by
the Ministry of Agriculture. As a result, 140 municipalities benefited from the financing of 290 projects.

The second important national scheme was Development Programmes for Rural Areas in the period 1996-2006. With a budget amounting to 2.5 million Euro, it provided assistance for: establishing partnerships and the selection of managers; animation of local areas; and preparation of development strategies. Funding was available to groups of municipalities which intended to form partnerships, and this applied to all the rural areas in Slovenia which had similar development needs and opportunities. By the end of October 2006, 31 rural development strategies were developed and the same number of partnerships formed with the help of the programme, each partnership covering at least three municipalities. These partnerships represented 172 out of the existing 210 Slovenian municipalities.

Currently, these partnerships are being transformed into the Local Action Groups (LAGs). The main reason for setting up public-private partnership, known as Local Action Groups, is to identify and implement local development strategies. At the local level, it is the lack of interest and above all knowledge which stimulates the local population to take an active part with the preparation and implementation of local development strategies.

LAGs are set up in homogenous, socially cohesive rural territory with common historical and natural characteristics. The chosen area must have enough critical mass in terms of human, financial and economic resources for an efficient implementation of a local development strategy. The population of a LAG area must be between 5,000 and 150,000. The LAGs could be established on the whole territory of the country, with the exemption of settlements with over 10,000 inhabitants.

The LAGs operate on the basis of tripartite partnership. The partnership consists of representatives from public institutions, the economic sector and the interested civil society. The representatives of the economic sector and the civil society must have at least 50% of votes at the decision making level.

3.1 Measures under axis 4 of 2007-2013 Rural Development Programme

The main objective of the LEADER approach, or the 4th axis of 2007-2013 RDP, is comprehensive rural development on a local level. There are very different programmes and instruments for achieving this objective:

- Building of capacity.
- Creation of new employment opportunities.
- Diversification of activities in rural areas.
- Stimulation of endogenous development.
- Improving the management in rural areas.
- Extension of innovation.

Under axis 4 of the Rural Development programme (LEADER), Slovenia implements the following three measures:

- Running local action groups, acquisition of skills and animating the territory.
- Implementing local development strategies.
- Promoting inter-territorial and transnational cooperation.
The first measure – Running local action groups, acquisition of skills and animating the territory aims at encouraging the rural population to join the local action groups and to acquire qualification for running local action groups. The animation activity aims at promoting the LEADER approach, the local action groups, and the local development strategies in the selected area. The maximum aid rate for running LAGs, skills acquisition and animation of the territory amounts to 50 percent maximum of the eligible costs and may not exceed 20% of the total public expenditure of the local development strategy.

The second measure – Implementing local development strategies aims at the implementation of projects under the LEADER principles based on the local development potentials and reflects the needs of the local population. Additionally, it contributes to an improved quality of life and job creation in the countryside. Innovative projects which are compliant with the local development strategy, implemented in the areas with an operating local action group, should be selected. Local development strategies which were confirmed in a public tender are eligible for support under this measure. Only a LAG with a confirmed local development strategy can sign a contract with the MAFF, setting out mutual relations and indicative resources for all purposes of the measures under axis 4. Projects based on their own standards and criteria set by the LAG or its decision-making body are selected and submitted to the LEADER Office for confirmation.

The LEADER Office checks whether the selected projects are compliant with the local development strategy and within the amount of allocated financial resources for each LAG. The projects must contribute to at least one of the priorities of the 2007-2013 RDP. In addition to that, the implementation and financing of the projects must involve also private partners. Eligible costs consist of material costs, costs for obtaining the documentation and approvals, project promotion costs and other general costs directly related to the preparation and implementation of projects.

Promoting inter-territorial and transnational cooperation is the last measure under axis 4 and aims at grouping rural areas with similar development opportunities and needs to jointly implement development projects, exchange knowledge and experience and thus contribute to a more effective implementation of the local development strategies. Eligible costs consist of material costs arising in the implementation of the cooperation projects, as well as in the exchange of experience and information actions between the cooperating LAGs. Support is granted only for expenses related to the areas within the Community.

3.3 Main characteristics of Local Action Groups (LAGs)

The first Tender for Selection and Confirmation of Local Action Groups Eligible for Implementation of the LEADER Approach was published at the end of February 2008 and 14 Local Action Groups with elaborated Local Development Strategies already applied by the end of May 2008. The second tender was published in September 2008 and it closed with the confirmation of another 19 LAGs. The final number of LAGs in Slovenia in the 2007–2013 programming period is thus 33 and they cover an area of 19,739 km² with 1,900,748 inhabitants within 199 municipalities, which is almost 95% of all the Slovenian municipalities. The number of municipalities in LAGs varies from 1 to 14.

The average size of the Local Action Groups is 598 km² with 57,600 inhabitants. The
biggest LAG covers 1,812 km², which is almost 27 times more than the smallest LAG covering an area of 65 km².

The legal forms of LAGs vary. The most frequent form is Association and Public Institute. Other legal forms are non-profit Private Company, Cooperative, Societies and Task Force Group.

The structure of partnership of LAGs varies widely. The average partnership consists of 33% members from the public sector, 29% from the economic sector and 39% from the private sector. The number of partners is between 14 and 129. Municipalities still have a predominant role in the public sector (50%). Among other institutions from the public sector are the Agricultural Extension Service, development agencies, schools, Social Work Centres etc. Agricultural enterprises and farms represent 40% of the partners from the economic sector. The other 60% consist of different companies that are active in the area of the LAGs. The private sector is the most heterogeneous. It combines individuals, different associations and nongovernmental organizations (NGOs). The most common groups are Farm Women Associations, Rural Youth Associations and different tourist and cultural associations.

The composition of the decision making body (Administrative Board) differs among LAGs. It is important that private partners and associations have at least 50% of the votes at the decision-making level. In some LAGs this share is even higher.

3.4 Financial resources for the LEADER programme in Slovenia

Nearly 34 million Euros of public funds will be spent for the implementation of the LEADER measures in the 2007-2013 programming period. 20% of the funds are devoted to the running of Local Action Groups and 80% to the implementation of the projects. Annual financial resources for the running of Local Action Groups are distributed among the LAGs on the basis of the area size and the number of inhabitants of the LAG area. Resources for the implementation of the projects of each LAG are distributed as follows:

- 40% based on the assessment of local development strategies.
- 30% based on the area size (km²).
- 30% based on the number of inhabitants.

The resources are adjusted using the Development Deficiency Index (DDI) of the region, which is a type of financial adjustment factor for differentiating LAGs according to their regional allocation. It takes into account the regional characteristics and socio-economic situation of the Slovenian regions and is used as the basis for funding direct and indirect regional incentives. It was introduced to Slovenia’s regional policy as part of the National Regional Development Strategy adopted in 2001.

Fig. 1 shows the DDI in Slovenian statistical regions. There is only one region (Central Slovenia) where the DDI is lower than 50. The majority of regions are classified as DDI 2 and DDI 3 regions (index between 50 and 150), and only in one region (Pomurska) the DDI is higher than 150.

The LAGs in Slovenia are classified in four groups or classes. Among 33 Local Action Groups, 14 are classified as class 3, 13 as class 2, 4 as class 4 and 3 as class 1.
The Development Deficiency Index also gives some basic economic, social and environmental information about the developmental level of the regions where LAGs are situated. Namely, it is a kind of composite index consisting of eleven indicators which belong to one of the following three groups:

- Indicators of development (GDP/capita, taxable earnings per capita, value added of commercial companies per employee and employment-population ratio).
- Indicators of deficiency (registered unemployment rate, ageing index, share of population using the public sewer system).
- Indicators of developmental opportunities (number of years of formal education, share of NATURA 2000 areas in the total area, density of settlement and labour migration index).

Among the indicators of development, GDP per capita is the most frequent indicator for the assessment of development. The regional distribution of GDP per capita (2006) shows great development differences between LAGs in different DDI groups. The LAGs with DDI 1 have a GDP per capita significantly above the national average (144%). They are more urbanised and have an above average share of the services sector in the structure of the GDP. The least developed are LAGs in the DDI 4 region with only 2/3 of the Slovenian average GDP per capita.

Tab. 1: Indicators of development according to DDI regions.

<table>
<thead>
<tr>
<th></th>
<th>GDP/capita (USA $)</th>
<th>Taxable earnings per capita (%)</th>
<th>Labour productivity (%)</th>
<th>Employment rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slovenia - total</td>
<td>15,446</td>
<td>100.0</td>
<td>100.0</td>
<td>60.4</td>
</tr>
<tr>
<td>LAGs in DDI 1</td>
<td>22,286</td>
<td>121.5</td>
<td>114.5</td>
<td>63.0</td>
</tr>
<tr>
<td>LAGs in DDI 2</td>
<td>14,177</td>
<td>98.0</td>
<td>93.5</td>
<td>60.6</td>
</tr>
<tr>
<td>LAGs in DDI 3</td>
<td>12,638</td>
<td>93.7</td>
<td>101.7</td>
<td>61.0</td>
</tr>
<tr>
<td>LAGs in DDI 4</td>
<td>10,223</td>
<td>75.5</td>
<td>71.2</td>
<td>55.4</td>
</tr>
</tbody>
</table>

Source: UMAR (Institute of Macroeconomic Analyses and Development of RS) 2006.
Taxable earnings per capita are based on all taxable earnings of the population and indicate the economic strength of the area rather than its economy. It is mainly dependent on the registered salaries and pensions of the selected area. This indicator is indirectly related to the degree of unemployment and the share of rural population. Taxable earnings per capita have not changed significantly in the regions in the recent years. An above average income tax is noted only in LAGs with DDI 1. According to the data from 2006, LAGs with DDI 4 have only 75.5% of the Slovenian average taxable income per capita.

Value added of commercial companies per employee is an indicator which shows labour productivity of the companies. In the year 2007 it was the highest in Central and South Eastern Slovenia. Labour productivity is the lowest in the LAGs with DDI 4 amounting to 71.2% of the Slovenian average.

The employment-population ratio or employment rate represents the share of working population which is employed. Full employment is the goal of different strategic documents and a generator of development. This is the reason why it is one of the indicators for the calculation of the DDI. According to the data for 2007, LAGs with DDI 1 have the highest employment population ratios, and LAGs with DDI 4 have the lowest population ratios.

The second group of indicators represents indicators of deficiency. The first indicator is the registered unemployment rate. Together with the GDP per capita, this is the most frequently used indicator, which shows underdevelopment and structural problems of the regions. In 2007, the registered unemployment rate was the highest in LAGs with DDI 4 and at 15.7% exceeded the Slovenian average by 74%.

The second indicator within this group is the ageing index. This index represents the ratio between the old population (65 years and older) and the young population (0-14 years). Due to increased life expectancy and lower birth rates, the number of the old population is increasing. In 2003, the average aging index in Slovenia exceeded 100 for the first time, which means that the number of older people was bigger than the number of young people. According to the data for 2007, the ageing index was above 100 in all the Slovenian regions. It was the lowest in the LAGs with DDI 1 and the highest in the LAGs with DDI 4.

Tab. 2: Indicators of deficiency according to DDI regions.

<table>
<thead>
<tr>
<th></th>
<th>Registered unemployment rate (%)</th>
<th>Ageing index (%)</th>
<th>Connection to the public sewer system (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slovenia - total</td>
<td>9.4</td>
<td>115.1</td>
<td>49.9</td>
</tr>
<tr>
<td>LAGs in DDI 1</td>
<td>7.2</td>
<td>110.1</td>
<td>66.9</td>
</tr>
<tr>
<td>LAGs in DDI 2</td>
<td>8.9</td>
<td>118.1</td>
<td>46.3</td>
</tr>
<tr>
<td>LAGs in DDI 3</td>
<td>9.3</td>
<td>114.9</td>
<td>42.4</td>
</tr>
<tr>
<td>LAGs in DDI 4</td>
<td>15.7</td>
<td>121.2</td>
<td>31.2</td>
</tr>
</tbody>
</table>

Source: UMAR (Institute of Macroeconomic Analyses and Development of RS) 2006.

The population’s connection to the public sewer system is the third indicator, which shows the ratio between the total population and the population connected to the public sewer system. According to the data available from the 2002 census, the lowest ratio is again found in the LAGs with DDI 4, and the highest in the LAGs with DDI 1.
The third group consists of Indicators of developmental opportunities. The first indicator within this group is the number of years dedicated to schooling, which is the most comprehensive indicator showing the educational level of the population. It is available only for the census years, which is its greatest disadvantage. The educational level of the population, measured by the average number of years dedicated to schooling, is quite uniform between the LAGs. It is the highest in LAGs with DDI 1 in the Central Slovenia (11.3 years), and the lowest in the LAGs with DDI 4 (10.0 years), which is 94% of the Slovenian average.

Tab. 3: Indicators of development according to DDI regions.

<table>
<thead>
<tr>
<th></th>
<th>Years of formal education</th>
<th>Share of NATURA 2000 areas (%)</th>
<th>Population density</th>
<th>Labour migration index (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slovenia - total</td>
<td>10.6</td>
<td>35.5</td>
<td>99.1</td>
<td>100.0</td>
</tr>
<tr>
<td>LAGs in DDI 1</td>
<td>11.3</td>
<td>21.6</td>
<td>196.9</td>
<td>121.7</td>
</tr>
<tr>
<td>LAGs in DDI 2</td>
<td>10.5</td>
<td>32.8</td>
<td>91.7</td>
<td>95.8</td>
</tr>
<tr>
<td>LAGs in DDI 3</td>
<td>10.2</td>
<td>38.1</td>
<td>77.8</td>
<td>83.9</td>
</tr>
<tr>
<td>LAGs in DDI 4</td>
<td>10.0</td>
<td>43.5</td>
<td>91.2</td>
<td>90.3</td>
</tr>
</tbody>
</table>

Source: UMAR (Institute of Macroeconomic Analyses and Development of RS) 2006.

The indicator “Share of NATURA 2000 areas in the total area” shows the ratio of NATURA 2000 areas between the regions. Slovenia has designated 286 NATURA 2000 sites; 260 according to the Habitats Directive and 26 according to the Wild Birds Directive. The sites in total encompass 36% of the country, which is the highest rate in the EU. According to this indicator, the situation is quite the opposite, as the LAGs with DDI 4 have the highest share and the LAGs with DDI 1 the lowest.

The population density is an indicator which shows under-population or overpopulation in the LAGs. Some LAGs have sparsely inhabited areas, which require large investments in public infrastructure to ensure quality housing conditions. According to the data from 2006, Slovenia has 99.6 inhabitants/ per km². The most sparsely inhabited regions are some LAGs in the Inland-Karst region (DDI 3). The only LAGs with twice the Slovenian average density are in the Central Slovenia region (DDI 1) with 196 inhabitants/ km².

The labour migration index is the last index used for the calculation of the Development Deficiency Index. The labour migration index represents the number of persons in paid employment in a certain territorial unit by workplace as a proportion (%) of the number of persons in paid employment in the same territorial unit by residence. According to the data for 2007, the LAGs with DDI 1 have the highest labour migration index at 121.5%. In all the other LAGs the labour migration index is below the average, which means that there are less working places compared to the working population.

3.5 Local development strategy, strategic goals and priority tasks of LAGs

The local development strategy (LDS) is based on the endogenous development potentials of the selected area. The main goal of the strategy is to create long term development policies (at least for the whole 2007-2013 programming period). In the LDS, development problems and potentials which are based on detailed analysis of the situation in the area must be clearly identified. Every LDS must contain:
• Characteristics of the area (geographic, economic, demographic, sociological, and description of previous actions).
• SWOT analysis (development potential of the area).
• Development vision of the area (chosen theme and goals, priorities, target groups, expected results).
• Operating strategy (bottom-up approach, time schedule, innovative actions, transferability of actions and activities, sustainability of the strategy).
• Harmonisation with other development programmes.

It is important that strategic goals contribute to the solution of the development problems of the LAG area. The strategic goals must be sustainably oriented, which means that they need to follow economic, social and spatial-environmental aspects of development.

As can be seen in Fig. 2, the economic aspects of development are the most represented. Nearly half of the goals are oriented predominantly towards promoting economic development. More than 70% of the strategies follow all the goals of sustainable development, and the other 30% follow only some of them.

The development vision of the local development strategy which is defined in the strategic goals is also reflected in the priority tasks of the LAGs. The priority tasks should cover all the economic sectors. They have to be well balanced and long term oriented.

Nearly 60% of the priority tasks are oriented towards the three most important economic sectors of rural areas: agriculture, tourism and small enterprises. As can be seen from Fig. 3, the most important priority tasks are increasing of production and marketing of local products.

**4. Conclusions**

We may conclude that the established Local Action Groups in Slovenia are very heterogeneous as regards their size, structure of partnership and administrative
structure. All the LAGs strictly follow a “bottom-up approach”. Municipalities still represent the majority of public institutions in partnerships, which is not surprising, for they have gained a lot of experience with similar programmes in the previous years.

![Priority tasks of the Local Development Strategies.](image)

The local development strategies in most cases consider all the aspects of sustainable development. It needs to be stressed that, with regard to priority tasks, more attention should be given to social and spatial issues. The building of local capacity, the increased funds for the implementation of Local Development Strategies and the inter-sectoral partnerships represent development opportunities for rural areas in Slovenia.

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THE “LEADER APPROACH” - NEW DEVELOPMENT OPPORTUNITY FOR RURAL AREAS IN SLOVENIA

Summary

The LEADER approach, which is implemented in the framework of the Rural Development Programme of the Republic of Slovenia 2007-2013 (RDP), represents some kind of novelty in the Slovenian agricultural policy. From 2007 on, the LEADER approach has been mainstreamed within the overall EU rural development policy. This means that LEADER is included in national and regional rural development programmes supported by the EU, alongside a range of other rural development axes.

The main objective of the LEADER approach, or the 4th axis in 2007-2013 RDP, is comprehensive rural development on a local level. 33 Local Action Groups have been formed, which cover an area of 19.739 km² with 1.900.748 inhabitants in 199 municipalities, which is almost 95% of all the municipalities in Slovenia. Nearly 34 million Euros of public funds will be spent for the implementation of the LEADER measures in the 2007-2013 programming period. 20% of the funds are devoted to the running of Local Action Groups and 80% to the implementation of projects.

The established Local Action Groups in Slovenia are very heterogeneous as regards their economic, social and environmental dimensions. The analyses of DDI on the level of LAGs show significant differences between the most and the least developed LAGs and relatively smaller differences among other LAGs. LAGs in Central Slovenia are strongly in the lead, while the LAGs in the Pomurska region lag far behind those with the highest DDI. Other LAGs can be classified in two groups, the first one having a DDI lower than 100 and the second one having an index higher than 100. This classification of LAGs according to the DDI is useful in practice for classification purposes and as a criterion for the allocation of development funds.

The local development strategy (LDS) is based on the endogenous development potentials of the selected area. The main goal of the strategy is to create long term development policies (at least for the whole 2007-2013 programming period). In the LDS, development problems and potentials which are based on detailed analysis of the situation in the area must be clearly identified. The strategic goals must be sustainably oriented, which means that they need to follow economic, social and spatial-environmental aspects of development.

Nearly half of the strategic goals in the 33 analysed local development strategies are directed predominantly towards promoting economic development. More than 70% of the strategies follow all the goals of sustainable development and the other 30% follow only some of them.

The development vision of the local development strategy which is defined in the strategic goals is also reflected in the priority tasks of the LAGs. Nearly 60% of the priority tasks are oriented towards the three most important economic sectors of rural areas: agriculture, tourism and small enterprises. It needs to be stressed that, with reference to priority tasks, more attention should be given to social and spatial issues.