

## Evaluation of LEADER Program in Slovak Republic - Study of LAG "Vršatec" Case

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### Abstract

This paper analyzes and evaluates the implementation of the LEADER program in Slovak Republic. The applied methodology follows the training that the EU evaluators receive when they are requested to analyze the degree of implementation and strategy of LAGs. In a field research in LAG Vršatec, semi-structured interviews are conducted and are following the methodology applied by the European Court of Auditors. The presentation structure of the research results follow the evaluation procedure: at first, the situation analysis is described, and then the local strategy formulated by the LAG is analyzed. In the end, the projects that are submitted and selected by the LAG with all actors involved and their relationship within the partnership are presented. Considering the findings detailed in these previous sections, conclusions and recommendations are formulated to finalize the evaluation of the LAG Vršatec.

*Key words:* LEADER, CAP, EU, evaluation, Slovakia

### Introduction

#### Concise description of the area of interest

Having started its existence in 1993, the Slovak Republic belongs to the youngest countries in the world. It lies in the Central Europe, bordering with Austria, the Czech Republic, Hungary, Poland and Ukraine. Its total population is approximately 5.4 million people, and it covers the area of 49,035 km<sup>2</sup>. Rural areas form as much as 86 percent of the area, with 43 percent of population living in those areas (Milotová, 2010). Out of the total of 2881 municipalities, 2747 are considered rural. Fáziková (2005) puts forward the main characteristics of rural areas in Slovakia:

- heterogeneity of the use of their natural, human and economic potential,

- urbanization and depopulation of small municipalities up to 500 inhabitants, especially from remote areas to urban and accessible rural areas,
- lower level of accessibility due to weaker equipment with technical and social infrastructure,
- tendency to revive traditions and cultural heritages, particularly in medium-sized and larger municipalities.

As Halás and Spišiak (2006) put it, it can be stated (in a very generalized way) that some rural municipalities have better preconditions for development and increase of life quality, while these preconditions are worse in other municipalities. To make this generalized statement more clear and applicable, the authors prepared a classification of rural municipalities in Slovakia, expressing diverse primary preconditions for their development:

1. rural municipalities in suburbanized space – parts of urban municipalities with rural history and architecture and suburbanized rural municipalities,
2. rural municipalities located in lowlands and most fertile areas – dominant role of agriculture, conditions for spatial as well as functional development,
3. rural municipalities with preconditions suitable for tourism – municipalities having natural, hydrological or historical preconditions for the development of tourism,
4. rural municipalities in peripheral and marginal areas – worse accessibility to regional centres, natural or artificial barriers,
5. rural municipalities on main traffic routes – their localization brings them positive as well as negative effects like potential for development of services, accessibility, negative impact on environmental conditions,
6. rural municipalities with specific type of settlement – particularly municipalities with dispersed type of settlement.

In our paper we examine the area of LAG Vršatec. It lies in the north-western part of Slovakia, in the regions of Trenčín and Ilava, covering the area of 312.2 km<sup>2</sup>. The total population of the LAG is 33,160. It comprises of 20 municipalities, 2 of which are towns. The rural municipalities of the LAG belong mainly to groups 3, 5 and 6 according to above-mentioned classification.

According to the Integrated strategy of development, one of the biggest advantages of the LAG is its position, bordering with the Czech republic and having possibilities for close cooperation in the fields of culture, business, tourism or sport. It is also important that there has been a tradition of being involved in partnerships as the LAG is based on two older partnerships existing in the region. Next, the region has a very low unemployment rate as it is situated in Považie – one of the most prosperous and developed regions in the Slovak republic, in terms of industry, services and infrastructure. The conditions for tourism make it an attractive area, particularly the protected area Biele Karpaty, place of pilgrimage Skalka and close distance to the historical town of Trenčín.

As for the weaknesses, the region is not sufficiently equipped with the superstructure of tourism. It means that accommodation and catering capacities are

insufficient, as well as information centres or experienced people. On the other hand, tourism management and marketing is on a very low level, too. Apathy of inhabitants in connection with development issues or voluntarism is considered a weakness, too.



Fig. 1. Localization of the LAG within Slovakia  
*Локација ЛАГ-а на мапи Словачке*

(Source: Integrated strategy of development, LAG Vršatec)  
 (Извор: Интегрисана развојна стратегија, ЛАГ Вршатец)

### Rural development policy

In 2004, Slovakia became a member state of the European Union (EU). Since that time, it has been eligible for the financial help from the EU via its various instruments and policies. In the period of 2004-2006, Slovakia participated in a shortened planning period. Since 2007, it has been pursuing its objectives in the spheres of regional and rural development (besides others) through planning documents, especially National strategic reference framework and Rural Development Programme (RDP).

For the current programming period 2007-2013, there has been the Rural Development Programme of the Slovak republic containing four priority axes. The first axis, Improving the competitiveness of the agricultural and forestry sector, is oriented on modernization of farms, adding value to agriculture and forestry products, infrastructure, economic value of forests, etc. The axis 2, Improving the environment and the countryside is focused mainly on handicapped areas, Natura 2000, animal welfare, forestation of agricultural land, etc. The third axis, The quality of life in rural areas and diversification of the rural economy, is concerned with the diversification into non-agricultural activities, encouragement of rural tourism activities, training and information, basic services for rural population, village renewal and development. The fourth axis, LEADER, is a methodological axis. It means that it supports activities from the other axes, but in a different way. In Slovakia, axis LEADER supports activities from axis 3.

The aim of LEADER is to activate rural micro-regions, mobilize all stakeholders so they are able to solve the problems themselves and implement

important strategic documents in their regions. The method of the approach is based on application of bottom-up strategy. It causes linking the partners within the local action groups, accumulation of their abilities and resources of the area towards its social and economic development (Strussová & Petříková, 2009). Milotová (2011) remarks that the LEADER is a successful approach for the integrated development of rural areas. Though, in Slovak conditions, certain deficiencies limit its effects. Among these effects, those with the largest effect are depreciation of capacity building, insufficient readiness of administration bodies on national level, uncoordinated and unsystematic development of public-private partnerships and misinterpretation of the LEADER approach principles.

## Materials and methods

The goal of the research is to evaluate the implementation of the LEADER program in Slovak republic through case study of the LAG Vršatec.

Materials used for the evaluation is the strategic document of LAG Vršatec "Integrated strategy of development" and it will be evaluated following goals of Rural Development Programme of the Slovak republic 2007-2013.

Methodology consists of the desk research in the phase of preparation and field research in LAG Vršatec. During a field research in LAG Vršatec, semi-structured interviews are conducted following methodology applied by the European Court of Auditors.

Interviews were conducted with main actors on the territory of LAG Vršatec: Manager and Chairman of LAG, majors of municipalities Pruske, Skalka, Horna Suča and Tuchyna, cultural representative of municipality Nemsova, director of local museum in Nemsova, deputy director of the elementary school in Horna Suča, entrepreneurs from bakery, goat and horse farms and representatives of development NGOs V'lara i White Carpathian.

## Results and discussion

In evaluation we can observe that bottom-up approach was used for creation of SWOT analysis of LAG Vršatec. The SWOT provides general picture of the territory of the region Vršatec. There are some contradictions in concrete numbers between SWOT and situation analysis (for example, the number of health centres is 4 in SWOT and 6 in situation analysis).

Integrated strategy of development of LAG Vršatec recognize key problems as follows:

- Unused resources for tourism development
- Incomplete infrastructure
- Unused and neglected cultural heritage
- Insufficient sports and cultural activities
- Unused potential of the area in the sphere of alternative energy sources

From those problems LAG Vršatec define priorities as follows:

- Utilization of endogenous resources and potential of the area
- Services for population
- Completion of infrastructure

In our evaluation, we can generally say that SWOT justifies the selected priorities, but some problems are not justified by the SWOT strongly enough. Example is the problem No. 4 „Insufficient sport and cultural activities“, even though the SWOT has the strength „presence of social facilities“, which questions this problem statement. Furthermore, problem No. 5 „Unused potential of the area in the sphere of alternative energy sources“ is also not strongly justified by the SWOT, since the „use of alternative energy sources helping the environment protection“ is mentioned as opportunity, without any weakness related to this opportunity, which would describe the absence of the alternative energy as a problem. Nevertheless, key priorities reflect the need of the territory, and they are following the vision of the LAG: „In 2025, LAG Vršatec will be a competitive area using mainly its own resources in favour of high quality of life including quality environment with neat appearance of villages, fully utilizing its natural, cultural and social potential, with established complex services for its inhabitants and visitors“.

From this vision LAG Vršatec created strategic objective „To improve standard of living of LAG Vršatec inhabitants and make it more attractive for the visitors until 2015“. Both the vision and strategic objective follow requirements of simplicity and time frame. At the first glance, we can observe that these objectives are very ambitious.

Furthermore, analysing measures used for achieving the vision and strategic objective, we can see that certain measures are included, which are a part of other strategies. On base of this, we can say that vision and strategic objective are not achievable only through the RDP measures.

Distribution of the financial plan by specific objectives is represented in Table 1.

Tab. 1. Financial allocation for accomplishing specific objectives

*Распоред финансијских средстава за испуњење специфичних циљева*

Specific objective	RDP	Total
SO 1.1. Rural Tourism	420.000 €	720.000 €
SO 1.3. Traditions and Cultural Identity	747.500 €	785.000 €
SO 2.1. Improve socio-cultural and sport activities	360.000 €	400.000 €
SO 3.1. Complete public infrastructure	551.000 €	580.000 €
Axis 3 Cooperation projects	135.000 €	135.000 €
Axis 4 Running Costs LAG	415.700 €	415.700 €
Total costs		3.035.700 €

Source: Integrated strategy of development, LAG Vršatec

*Извор: Интегрисана развојна стратегија, ЛАГ Вршатец*

On the financial plan it is easy to observe that most of the budget has been assigned to the strategic priority 1. "Utilization of endogenous resources and potential of the area" with almost equal distribution between two specific objectives (1.1 and 1.3) within this priority.

Looking at the detailed description of each measure and through the realized interviews, we can confirm that municipalities are the main beneficiaries of the program because of the lack of interest of the private sector to participate. Reasons for the low participation of private sector lays in difficulties for co-financing, and the long waiting period for the final approval by the paying agency which generates delays in the implementation of activities.

Effectiveness of the measures can be monitored and evaluated through the indicators which are generally correctly formulated and consistent with the objectives. We also observe some specific limitations which can be a problem for future evaluation:

1. A correct evaluation of the adequateness of the indicators to the objectives is undermined by the fact that the objectives are tackled with measures that are not a part of the Rural Development Program.
2. The target value of some indicators is very ambitious. For example, with a budget allocation of 580.000 €, the target value for infrastructure is 5km of constructed, reconstructed and modernized roads, 3 bridges, 130 meters of walkways, and 15 km of constructed bicycle paths, which seems unrealistic.
3. The selected indicators are not always directly linked to the achievement of an objective. For example, parks and public areas will be constructed, reconstructed or modernized to contribute to the promotion of cultural heritage and identity.
4. Indicators focus on quantitative aspects more than qualitative aspects. For example, the number of products sold and not valorising value of the products.
5. Indicators are set up more for evaluation than for monitoring. For example, in many cases the number will be the number of final beneficiaries after the project implementation.
6. Some indicators are neglecting the SWOT. In SWOT, the low level of environmental awareness is presented, but there is only 1 activity focusing on environmental protection.

The LAG Vršatec selected 19 projects and all of them are supporting some of the goals and objectives of the strategy. Out of those, 5 projects are contributing to the specific objective 1.1. focusing on rural tourism, and 7 others are contributing to specific objective 2.1. and provide basic services for economy and people in rural areas. Last 7 projects are contributing to specific objective 3.1. and their aim is to complete the infrastructure.

Analyzing all approved projects, we can conclude that they are equally distributed for all 3 specific objectives which are contributing to achieving the strategic objective and that this distribution is done in accordance with the strategy.

The LAG Vršatec has a very wide membership that includes municipalities, business sector and civil society organizations, but the role of mayors are central and dominant. This can be considered both positive and negative: positive, because there is a strong recognition of mayors as leaders of the territory, and negative because of low involvement of other stakeholders.

## Conclusion

The previous findings about the LAG Vršatec allow the following conclusions regarding the integrated local development strategy:

- 1st conclusion: So far, the added value achieved through LEADER seems very low and not reflecting the full potential of the LAG. In period of our research there have not been any ongoing projects financed from the LEADER program and, besides LAG responsibility, there is also a responsibility on paying agency which did not confirm projects approved by LAG.
- 2nd conclusion: The Specific objectives of the local strategy are aligned with the National Rural Development Plan 2007-2013.
- 3rd conclusion: The local strategy takes into account other measures besides LEADER, but the LAG management has no control over it. LAGs are obliged to represent measures from other programs in their strategy, even if they are not capable to control them. We think this should be changed, to make evaluation possible in the future.
- 4th conclusion: The LAG Vršatec adopted procedures that ensure fairness and transparency. Division of tasks ensures balance between the stakeholders involved. There is no conflict of interest between the selection committee and the selected projects.

## Recommendations

In the end, we would like to give our recommendations which can help to improve the effectiveness and the efficiency of LAG local development strategy:

- 1st recommendation: completion of the SWOT and problem analysis. Problems in the region should be logically derived from a properly done SWOT analysis.
- 2nd recommendation: higher support to the activities generating added value. There has been only one implemented measure which generated added value, and we think that more resources should go in this direction.
- 3rd recommendation: offering the advice service for LAG members. In our opinion, the LAG should provide advice for the application of other programs, whose contribution is fundamental for achieving goals of the RDP.
- 4th recommendation: improve monitoring and evaluation. There have not been any approved projects yet, so there has not been any monitoring and evaluation. There is a commission responsible for this, but we think that they will face a lot of difficulties because of elected indicators and it would be good if they prepare additional indicators, not the only one from RDP.

5<sup>th</sup> recommendation: increase participation of private sector. We could see that very high proportion of the budget is going to the municipalities and we would recommend to the LAG to try to involve the private sector more. Moreover, this will probably contribute to the second recommendation (increase of the added value generating activities), since entrepreneurs will be stimulated to increase investment in profit making activities.

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# Евалуација *LEADER* програма у Републици Словачкој - студија случаја *LAG*-а "Вршатец"

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## Сажетак

Овај рад анализира и евалуира имплементацију "*LEADER*" програма у Републици Словачкој. Методологија примјењена у изради рада је у складу са тренингом за евалуаторе Европске Уније коју они користе при анализирању степена имплементације стратегије од стране *LAG*-ова. У теренском истраживању у *LAG*-у Вршатец су кориштени полу-структурирани интервјуи који прате методологију примјењену од Европског суда за ревизију. Структура презентовања резултата рада прати евалуацијску процедуру: прво је представљена анализа стања, а затим је анализирана локална стратегија *LAG*-а. На крају су представљени пројекти који су предложени и изабрани од стране *LAG*-а са свим учесницима укљученим у те пројекте. Разматрајући резултате из претходних дјелова донесени су закључци и формулисани предлози на крају евалуације *LAG*-а Вршатец.

*Кључне ријечи: LEADER, ЗАП, ЕУ, евалуација, Словачка*

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