# European experience on LAGs and CSOs participation in regional development

## Experiences of Austria, the Czech Republic and Latvia

**6/5/2018**

GeoWel

# Contents

# The list of abbreviations

ARSD – Advancing Regions for Sustainable Development

BMNT – Bundesministerium für Nachhaltigkeit und Tourismus (German: Federal Ministry for Sustainability and Tourism)

CAP – Common Agricultural Policy

CSO – Civil Society Organisation

ELARD – European LEADER Association for Rural Development

EU – European Union

LAG – Local Action Group

LDS – Local Development Startegy

LEADER – Liaison Entre Actions de Développement de l'Economie Rurale (French: European Union initiative for rural development)

ÖROK - Österreichische Raumordnungskonferenz (in German: Austrian Conference on Spatial Planning)

PIN – People in Need

RDP – Rural Development Programme

ToR – Terms of Reference

# Executive summary

Established in 2015 in the three municipalities of Kazbegi, Lagodekhi and Borjomi, Local Action Groups (LAGs) are novelty in Georgia. While the pilot project has expanded to 5 other municipalities, LAGs face many challenges on the road of establishing themselves as viable civil society actors. The aim of this paper is to look at the paths that have been taken in Austria, the Czech Republic and Latvia and identify the relevant experiences from which LAGs in Georgia can learn. In this report, we focus on the development of regional policy in the three EU member states, the examples of cooperation between the Civil Society Organisations (CSOs) and the government, and the evolution of the LEADER programmes and LAGs.

This research report is prepared by GeoWel for People in Need (PiN) under the framework of the Advancing Regions for Sustainable Development (ARSD) project. Methodology of this report was largely desk-based, as specified in the Terms of Reference (ToR). At the initial phase, we talked to the PiN project staff for gaining detailed understanding of the objectives of the research project, as well as collecting contact details for experts and LAG members in the three target countries: Austria, Czech Republic and Latvia. The second phase included desk-research of available data on the LEADER approach, Local Action Groups (LAG), national legislation, regional development policies, and the role of Civil Society Organisations (CSO) in Austria, Czech Republic and Latvia. Sources included academic articles, data from the LAG websites, EU and national government websites, and national laws and strategy documents.

We found that CSOs have different roles and means of influencing policies, including regional policies in the countries under study. In Austria, the number of CSOs is high. They are mostly involved in providing the so-called 'welfare services' in such sectors as education, health and social services. Austria has a strong tradition of cooperation and synergy between the government bodies and the CSOs. Since the government spending on welfare services is high, there needs to be a great degree of coordination. Government is also a primary donor for CSOs for providing various types of welfare. In contrast, the CSOs have developed natural mistrust towards the government in the Czech Republic and Latvia due to a communist past. CSOs in these countries do not so much offer welfare services as voice political, social or other interests from their communities. CSOs in these countries are more involved in advocacy type of work, and the coordination with the government at all levels is more limited than in Austria. In Latvia, particularly, influence of CSOs on regional policy is more limited than in other EU countries. There are three platforms for partnership cooperation: National Regional Development Council, Planning Region Development Council and Planning Region Co-operation Committee. In all of these councils, only representatives of the national ministries, the so-called planning regional representatives and local governments are included, but not CSOs.

LAGs are quite strong in all three countries, but the regulations are quite different. Austria has the longest history of the LEADER programmes and LAGs of the three countries and has managed 'mainstreaming' the LEADER concept. In the Czech Republic, Local Development Strategies (LDS) produced by LAGs are important tool that the regional and central government uses in allocating its resources. Not only strategies of regions are based on LDSs, but there are plans that the national Regional Development Strategy will also be based on LDS. In Latvia, by contrast, the role of LAGs and LDS is not clearly officially recognized in legislation. Thus, while important for planning regions in setting their priorities, the status of LAGs in Latvia needs more clarification.

Important lesson for Georgia from all three countries is the importance of forming a national network of LAGs which plays instrumental role in promoting the interests of LAGs on a national and international level. Even hiring well-connected professional lobbyists is often necessary to push the agenda and

increase the role and responsibilities of LAGs. In most of the regions LAGs have become so powerful that they actually are the largest and strongest CSO in the region. Another important lesson for Georgia is that in all three countries municipalities are heavily involved in working in LAGs.

Assessing the impact of the LEADER approach, we should stress that in all three countries LAGs have been very productive in developing LDSs. While it is more structured in Austria and the Czech Republic, Latvia needs more clarifications in the legislation. However, there is enough evidence that in all three countries LDS serve as important tools for the regional and central government to understand the local priorities. The LEADER approach also has helped stakeholder networking not only on local, but also on a national level by creating the networks of LAGs which is acting as locomotive in promoting the LEADER approach and also connecting all relevant and interested CSOs. Projects that LAGs finance locally vary from social infrastructure to branding of a region for marketing purposes, which in turn provide boos for local economy. LAG projects also help the two-way communication between the local communities and the government as the bottom-up approach is being extensively used.

# Methodology

The key focus for this project is compiling of evidence-based recommendations for improvement of Local Action Groups and Civil Society participation in regional/rural development strategy planning and implementation processes. The particular focus was given to the relevant experiences of Austria, the Czech Republic and Latvia. The original research lasted from April 3, 2018 to May 8, 2018. Based on the feedback from PiN, the report was updated at the end of May, 2018.

The methodology is largely desk-based, as requested in the ToR. We broke down the research process into three phases to address the project objectives. The first phase included the collection of the project related details from project staff and project documents. This allowed us to have a comprehensive understanding of the objectives of the project. Project staff also gave us initial contacts for Austria, the Czech Republic and Latvia for skype interviews.

In the second phase of the research, we looked at the international experience, particularly with focus on Austria, Czech Republic and Latvia. We found a number of publications on the EU website, as well as academic articles in peer-reviewed journals that helped us contextualize the idea of the LEADER and LAGs. This phase has helped us to have meaning interviews with the experts and LAG members in the three target countries.

The third phase included interviews with experts and LAG members and experts from Austria, the Czech Republic and Latvia. Setting up interviews via skype in a short period of time posed significant logistical challenges. Out of 10 attempts, we managed to interview 6 persons who gave us much valuable information and ideas for recommendations. We learned about their experience of LAGs, structure of LAGs, communication strategy, strategies for integrating CSOs/private sector and local government and financing, how national networks manage to lobby at the ministry level, how the influence of LAGs have evolved and what challenges they face currently, what is the role of Local Development Strategies (LDS).

# Introduction

## *Defining Regional policy-making*

Regional Policy, broadly defined, is 'Government's strategic investment policy that targets regions, localities, and cities in order to boost economic growth and improve people's quality of life' (Europe Strategy 2020). Good regional policy aims to support less developed regions in catching up with the more developed ones. Since regions are bound to geographic areas, 'regional policy is the spatial dimension of how a country prioritises, targets, and directs its investments and actions' (Europe Startegy 2020). At the EU level, the foundation and underlying principle of regional policy is *cohesion*: economic, social and territorial. Economic and social cohesion means 'boosting competitiveness and green economic growth in regional economies and providing people with better services, more job opportunities and a better quality of life' (interview with Marc Barrett), while territorial cohesion includes connecting regions so that they capitalise on their respective strengths and work together in new, innovative configurations to tackle common challenges (such as climate change), thus benefiting and reinforcing the EU as a whole  (interview with Marc Barrett).

For the process of designing its regional policies, the EU has Stakeholder Consultation General Principles set out in its Better Regulations Guidelines. It ensures participations of stakeholders, including CSOs and is based on the four principles: 1) **participation,** which entails adopting an inclusive approach by consulting as widely as possible; 2) **openness and accountability,** which requires making the consultation process transparent; 3) **effectiveness,** which urges consulting 'at a time where stakeholder views can still make difference'; 4) **coherence**, which requires ensuring consistency of consultation processes (EU, undated). At a national level, however, application of these principles happens differently as there regional policy-making contexts and the role and responsibilities of CSOs vary from country to country. It is important first to analyse how CSOs are different in Austria, Czech Republic and Latvia to understand how they are influencing regional policy-making in these countries.

## *Roles of functions of CSOs*

In general, the functions of CSOs can be put in three broad categories:

- **Service delivery**: i.e. 'CSOs deliver outputs that can be priced and are somehow paid for – either by the beneficiaries themselves or by some other public or private organisation' (Neumayr et al., 2009: 6).
- **Advocacy**: i.e. 'CSOs contribute to political decision-making and governance, thus to the making of collectively binding rules. There are various ways to fulfil this function; they range from formal contributions to legislation and executive processes to informal lobbying and PR-campaigns to raise public awareness on specific problems' (Neumayr et al., 2009: 7).
- **Community building**: enhancing social capital, i.e. establishing and consolidating relationships between individuals and/or organisations. This generally means either strengthening groups (in-groups, bonding social capital) or fostering social inclusion and integration (bridging social capital). Thus, the function comprises all activities that lead to generating a sense of community and to uniting individuals – either on a certain issue or on the basis of their shared locality (Neumayr et al., 2009: 7).

In high-income counties of the Western Europe, including Austria, CSOs are usually involved in providing the so-called 'welfare services', such as education, health and social services. In Central and Eastern

Europe, by contrast, recreation and culture play much more important role in the work of CSOs (Salamon et al., 2000). The sources of revenues are also different. In Austria, 50% of revenues comes from the government. Fees and dues are another principal source of income, while the share of philanthropy is negligible. In the Czech Republic, while the share of philanthropy is higher (14%), the principal source of revenues are fees and dues (47%), with only 39% of revenues coming from the government (Salamon et al., 2000). Salamon et al. do not include Latvia in their analysis of 22 countries, but the broad patterns in Central and Eastern Europe seem to be similar.

Salamon et al. propose classification of 'non-profit regimes' to be able to compare countries with each other. The classification is based on two variables: the extent of government's social spending as percentage of GDP (i.e. how big or small the government is) and the size of the CSO sector measure by the number of employees working in the 'third sector'. The United State, for example, has 'small government' but large CSO sector, and thus was fall under the 'Liberal CSO regime' category. Austria spends substantial money on social services, and also has strong CSO sector, and thus would fall under the 'social democratic CSO regime'.

Figure 1: Models of non-profit regime and the corresponding countries

| Government Social welfare spending | Non-profit scale | |
| --- | --- | --- |
| | Small | Large |
| Low | Statist (Mexico, Romania) | Liberal (United States, Australia) |
| High | Social democratic (Finland, **Austria**) | Corporatist (Netherlands, Belgium) |

Source: Salamon, L. M., Sokolowski, S. W. & Anheier, H. K. (2000) Social Origins of Civil Society: An Overview. Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project. Baltimore, The Johns Hopkins Center for Civil Society Studies

The Czech Republic is on the borderline between Statist and Social-Democratic regime, as the government spending on social programs is quite high, but the non-profit employment rate is in the middle. While Latvia was not included in the list of countries studied by Salamon et al., but as most of the Eastern European countries, the share of government's social welfare spending as percentage of GDP is quite high, while the scale of CSOs is relatively small. In countries like the Czech Republic and Latvia, there is little possibility for CSOs to provide 'welfare' services in education, health or social sectors. However, CSOs act as 'vehicles of expression of political, social or even recreational interests' (Salamon et al.,2000).

LEADER programmes are one of the most important part of the EU's regional policy. However, EU member states and sub-national regional regions face different kinds of challenges, so the LEADER programmes are designed in slightly different way in each country, to correspond the local needs.

## *Evolution of the LEADER programmes*

The LEADER programmes started to emerge in the EU in 1990's as encouraging the bottom-up policies in the rural areas as it was realized that top-down approach traditionally used under the Common Agricultural Policy (CAP) was not leading to the intended results.

> 'The LEADER programme viewed local people as the principal asset of rural areas, and the distinctive characteristic of LEADER projects was the reliance placed on the people who live in rural areas, and on their ability to discover what was best suited to their environment, culture, working traditions and skills' (Shortall and Shucksmith, 1998: 78).

From 1991, the EU piloted several waves of the EU programmes, gradually expanding in coverage, budget and influence. LEADER I and II generated enormous enthusiasm and 'introduced the bottom-up approach into the minds of bureaucrats and politicians and into everyday practice of European rural development' (Nemes, 2005: 27). It also played a vital role in establishing a transnational network of regions, which became a strong lobby to promote rural development, especially focusing on underdeveloped regions.

Reference: EU publications (2012), available at https://publications.europa.eu/en/publication-detail/-/publication/d186a784-30e6-43ed-baa6-30ca4f3ba5b8/language-en (accessed on May 7, 2018).

As can be seen from the above map, LAGs have already covered most of the rural areas of EU by 2012. Moreover, the LEADER approach succeeded 'far beyond its financial importance and restructured the local society and economy by applying treatment at the root of the problems' (Nemes, 2005: 26). It  thus became a demonstrably powerful tool for inclusive, bottom-up rural development.

Not all LAGs are similarly successful, however. Various factors, such as national legislation, rural development context, geographical conditions, and economic conditions are all among important factors. In this paper, however, the focus is on the role of civil society in development of LAGs. The European experience has shown that when social capital is strong, LAGs have better chances to become true vehicles for rural development (Buller, 2000). Unlike other public funding measures, the LEADER approach values the role of social capital and focuses on the enhancement and use of its potential at the local level (Krieviņa et al, 2015).

Regions in Georgia are characterized with quite strong social capital, hence there is a good foundation upon which the LEADER LAGs can be based. However, it is crucial to explore the experiences of the EU

countries about how LAGs have managed to become strong civil actors and draw appropriate lessons for the Georgian context.

# The Austrian experience

## *Regional policy*

Austria has several distinct characteristics compared to the other countries under review. As EU's one of smaller, but most developed countries, Austria doesn't experience much regional disparities, so the focus is on nation-wide competitiveness and synergy rather than individual regions. "Regional policy" or "regional development" doesn't exist in the legal framework of Austria. What might count as regional policies are dispersed in functions of various public agencies of the Federal Government and Provinces. "Nominal spatial planning", which is regulated by specific spatial planning laws, is the responsibility of the Provinces and municipalities. In addition, there are sectoral policies (for example infrastructure, public services, subsidies) 'which are not (federal level) or not primarily (provincial level) subject to the regulations of the (provincial) regional planning laws but may nevertheless have a great impact on spatial development ("functional regional planning")' (BMNT, 2018).

## *LEADER programmes*

The line ministry which oversees the work of the LEADER programmes is the Federal Ministry for Sustainability and Tourism (BMNT), which, until 2018, has been called the Federal Ministry of Agriculture, Forestry, Environment and Water Management. One of the central areas of work of this ministry is preparation and publication of the Austrian Spatial Development Concept. The current Austrian Spatial Development Concept ("ÖREK 2011") was published in 2011 and covers a planning period of around ten years. Guided by the key theme of "Space for All", it is a strategic instrument for overall spatial development in Austria.

BMNT ensured involvement of Civil Society and all relevant potential partners while developing the ÖREK 2011 through developing the instrument of ÖREK Partnerships, which basically meant bringing together all relevant partners to work out the content in more detail and develop approaches to solutions. Tasks include creating basic planning materials for Austria's spatial development policy (e.g. "ÖROK Forecasts"). The outcome of the work of the experts were presented in the form of ÖROK Recommendations which also found acceptance at the political level (Austrian Conference on Special Planning, 2011).

LEADER approach in Austria is among one of the most developed in the EU. While most of the rural areas are now covered with LAGs, initially the approach was to specifically target underdeveloped regions. Regions which had GDP below the national average and had population below 30 thousand (interview with Stefan Niedermoser). The representatives from such municipalities were given opportunity to form LAGs and apply for grant funds to implement projects.

Austria has 9 provinces which are further ('Bundesländer') subdivided into 79 districts ('Bezirke'). The lowest level of territorial arrangement are municipalities. Each district contains 20-30 municipalities and there are 2,100 municipalities in total. Usually, LAGs are created at the district level (interview with Stefan Niedermoser).

In Austria, like in many other countries, it is obligatory for municipalities to have representatives in LAG. In contrast with Georgia, municipality mayors are usually actively participating in LAGs. Other members include regional NGOs, chambers of commerce, tourism organisations, and private individuals. The Austrian system highlights that the LEADER approach is not necessarily about agriculture (they might have few farmers in LAGs), but about broader development of rural areas.

**Figure 3: The evolution of LEADER programmes in Austria**

| Programme | Period | EU money | National money | Sum |
|---|---|---|---|---|
| LEADER II | 1995-1999 | 25 million? | 24 | 49 |
| LEADER + | 2000-2006 | 77 | 30 | 107 |
| LEADER 07-13 (mainstreaming) | 2007-2013 | 214 | 209 | 423 |
| LEADER 14-20 | 2014-2020 | 196 | 51 | 247 |

Source: Niedermoser (2017), PowerPoint presentation 'Association of LAGs in Austria' available at http://nssmas.eu/wp-content/uploads/2017/06/asociacia_mas_v_rakusku_stefan_niedermoser.pdf

Since 2015, around 2800 projects were financed in Austria. LAGs are obliged to put every project online on their own webpage. Moreover, the national association of LAGs also provides data on every individual project funded by LAGs. This data is useful not only for national-level analysis, but in itself it is also a great tool for showcasing the work under the LEADER project and highlighting the impact that the program makes. The scope of projects can be wide-ranging. Community projects, for example, can include promoting local region a brand for increasing its economic competitiveness, arranging sports and tourism infrastructure, such as rock climbing or bike parkour sites, or supporting educational and social facilities such as kindergarten. Detailed description of projects can be found at the website of the The Austrian Rural Network "Netzwerk Zukunftsraum Land" (https://www.zukunftsraumland.at/

**Box 1: Examples of LAGs in Austria**

**LEADER region Wachau-Dunkelsteinerwald** http://www.wachau-dunkelsteinerwald.at/region/leader-region-wachau-dunkelsteinerwald/

In 2002, 12 municipalities (out of 13) of Wachau region formed LEADER region for LEADER + period. In 2007 it was enlarged buy 5 communities from Dunkelsteinerwald region.

In the current LEADER period (2014-2020), this leader region consists of 17 municipalities with total area of 475.21 km² and 51,143 inhabitants.

The two sub-regions are granted the necessary degree of autonomy in regional development, which addresses the different objectives and requirements of both regions. The project selection committee was set for the period of 2015-2023 years for the purposes to:
- Verification of the compliance of Leader projects with the Local Development Strategy
- Decision on approval or rejection of submitted Leader projects
- Determination of the amount of support
- Forwarding of the funding application to the funding body for the formal examination
- Management of the allocated LAG budget
- Control and quality assurance in the implementation of the Local Development Strategy.

The composition of the project selection committee is regulated in the statutes of the Leader association. It consists of 17 representatives of the regional communities and 18 representatives of civil society. In total, at least 1/3 of the sum of all community representatives and civil society representatives must be female. Valid decisions are only possible if the civil society quota (1 vote more than community representatives) and the women quota (at least one third of the voting rights are women) are complied with.

The project selection committee meets 4 times per calendar year. Priority will be given to the submitted project applications in these sessions, but each participant will be given the right to request a resolution of their project by e-mail once a calendar year.

One of the projects funded by this LAG was the Qualification Initiative Demography which was aimed at guesthouses of the region. Over the next three years, Gästering Donau NÖ will be organizing a comprehensive package of qualification measures with training, workshops and excursions in a LEADER cooperation project for the companies in the Wachau and Nibelungengau. The landlords should be trained entrepreneurially and prepared for future challenges in the private room rental. The changing needs of the guests due to the demographic change are to be recognized and the offer of holidays to the farm businesses, wine growers and private landlords to be adjusted.


**LAG National Park Upper Austria Kalkalpen -** http://www.leader-kalkalpen.at/region/nationalparkregion/

The LEADER Region Nationalpark Oö. Kalkalpen emerged in 2007 from the merger of 22 municipalities. With an area of 1,617.73 km 2 , it is currently the largest LEADER region in Upper Austria. More than 44,000 people live in the three subregions Ennstal, Steyrtal and Pyhrn-Priel. It not only combines the common cultural heritage of the Iron Road, but also the tradition of craftsmanship, which together with tourism and agriculture and forestry make up this rural economic area. In the middle of the region lies the green heart of the area - the 20,850 hectare Oö National Park, Limestone Alps.

One of the projects that the LAG has funded is the 'Steyrtal-Radwe cycling route.' The Steyr Valley Cycle Route, which is easy to master, was to be re-designed in order to convey the history of the surrounding region better, and to increase the experience of the bike path. On the one hand, this had to be achieved by a continuous signage, on the other hand, several viewing platforms along the bike path had to be arranged to make the beauty of Steyr valley experience. The project achieved three goals:
- Raising Attractiveness and better marketing opportunities for the Steyr Valley Cycle Route
- Achieving complete integration into the route network of the Radregion Nationalpark Oö. Limestone Alps
- Underlining the character of the family-friendly bike path even more

LDS developed by LAG is part of the regional development planning process in Austria. The system is arranged in such a way that LAGs measure a known set of indicators in their respective communities and report to their line ministry on yearly basis to show the impact of the LAG projects.

The formation of the association of LAGs in Austria happened relatively late. While some of the LAG managers have been touch-basing with each other informally since 2008 to discuss issues related to the

LEADER approach and their respective LAGs. In two years, this group of volunteer LAG managers succeeded in setting up annual informal meeting with the line ministry. A logical next step was creating a more structure alliance of LAGs that would be able to become a stronger civil society actor and lobby the LAG interests. A survey of LAGs was conducted to document the ideas and needs of individual LAGs before creating the association. However, the attempt to create a formal network failed. In the new programmatic period of 2014-2020 LAGs were more successful in creating such alliance and the LEADER Forum was registered. All 77 LAGs became members of this network (Niedermoser, 2017). Such entity creates good opportunity to have permanent representation of LAG interests at the national and international levels, such as participating in various working group or committee discussions.

## *CSO sector*

As we have already highlighted, Austria has a very strong civil society with history of active coordination and cooperation with the state. There are roughly 122 thousand CSOs in the country and almost all of them are registered as CSOs. The CSO sector comprises a few large, established organizations that have close links to political parties and are highly relevant in economic terms, as well as a large number of small associations that are particularly important to social life in communities. In terms of social services, the largest and the most important NGOs are Caritas, Diakonie, Flüchtlinge Willkommen. In terms of advocacy, are Caritas, Diakonie  and Train of Hope (Neumayr et al., 2017).

Recent developments include legal changes aiming to enhance the number and impact of charitable foundations as well as expansions of the law on the tax deductibility of donations. The essential legal basis for civic engagement in Austria includes the right of free assembly and the freedom of association; both were established as fundamental rights in the Constitution of 1867. The right of association allows citizens to group without any administrative effort, funding requirements, or formal permission (Neumayr et al., 2017).

CSOs have strong relations with the government at all levels, but the regional (provincial) government are the largest donor, accounting for 45% of all public funding, followed by local governments (23%) and the federal government (23%) (Neumayr et al., 2017).

There have been many cases when CSO have managed to mobilise and make important changes in the legislative and policy making processes of the country. For example, the Austrian Fundraising Association (FVA), a platform representing large part of CSOs of the country, managed to lobby improving regulations for fund-raising. The resulting changes significantly improved the law on charities in 2016 (Neumayr et al., 2017).

# The Czech experience

## *Regional policy*

The territorial arrangement of the Czech Republic is slightly different from many other countries. The country consists of 14 regions ('kraje'), including the capital city of Prague.  There are also 76 districts which still exist but most of the competencies were transferred to the 204 *municipalities with extended competence* as a result of the 2003 territorial arrangement reform. At the lowest level, there are over 6,000 *municipalities with commissioned local authority* (or the second level municipalities). LAGs usually

include several second level municipalities. Thus, unlike Austria, LAGs do not strictly follow the district boundaries in the Czech Republic.

Due to the communist past, the lack of opportunities and traditions to participate in public affairs and the political process in the Czech Republic might be responsible for the lower importance of public advocacy for Czech CSOs: "Czech politicians generally are unwilling to acknowledge the third sector's political role. Despite institutional and legal guarantees … they resist CSOs' involvement in decision making and are still unwilling to provide information on public matters" (Salamon et al., 2000).

The main national level document on regional policy is the Regional Development Strategy of the Czech Republic (Ministry for Regional Development of the Czech Republic, 2006).  Among other things, it provides the analysis of the status of the regional development as well as strategic objectives of the regional development of the Czech Republic. As in most of other EU member states, the regional development strategy is based on the Strategy for Sustainable Development. Another national level document is the Territorial Development Policy which includes 'the national territorial planning priorities to safeguard sustainable territorial development and will define the areas with increased requirements for changes in the territory due to the concentration of activities of the international, national and supra-regional importance. This document will also define areas which possess specific values and which face specific problems, as well as corridors and areas of transport and technical infrastructure of the international, national and supra-regional importance, and will determine the criteria and conditions of the development of the defined areas, corridors and spaces' (Ministry for Regional Development of the Czech Republic, 2006).

## *LEADER programmes*

The LEADER approach in the Czech Republic started in 2004, during the LEADER+ phase of the programme. As the LEADER I and LEADER II programmes have already proven successful in the EU, the LEADER approach started to quickly spread. Mayors and other representatives of local and regional governments were attending trainings provided by the central government and the EU. The trainings provided practical guidance about the essence of the LEADER approach and ways of setting up LAGs. Shortly after the trainings, many municipality mayors took initiative in forming LAGs. To this date, involvement of local municipalities in the Czech Republic is very strong. Other members include NGOs and business, as well as several representatives of small and large farms. Representatives from the agricultural sector rarely exceed 10% of the composition of LAGs (interview with Gusta Charouzek).

The creating of the network of LAGs was extremely important in the Czech context. It was established soon after the LEADER approach was formally introduced in the country. In 2005, the network start to operate in formally and in 2007 it became a formal entity. One of the main tasks was to ensure the participation of the network in systematic platform and mechanisms that would allow LAGs to have direct communication with the government. In the last 4 years that task has largely been achieved. The network had hired an experienced lobbyist with not only a good understanding of how LAGs work, but also the right connections with the government. Currently, the head of the regional development ministry is member of one of the LAGs, which also raises the profile and visibility of LAGs.

LAGs are usually the largest and strongest civil society actor in their respective geographical areas. While in the beginning there has been struggle for earning recognition and reputation in the public, now other NGOs usually come to work under the LAG platform. In the Czech Republic, at least, LAG have achieved

such level that they do not need to form strategic partnership with other national or regional CSOs to promote their agenda (interview with Gusta Charouzek).

**Box 2: Examples of LAGs in the Czech Republic**

**LAG Znojemské vinařství, zs -** https://www.znojemskevinarstvi.cz/o-nas-menu
Territorial scope of the LAG Znojmo viticulture, zs is currently comprised of 43 municipalities. All municipalities are located in the South Moravian Region, Znojmo district. Most municipalities represent the traditional type of compact village settlement.

One of the most important tasks of the LAG is to obtain and distribute funds directly in the region according to the LDS that it has developed. Tasks of the LAG include

- Searching grants for its members, helping to process LAG projects and LAG members' projects
- Training members of the LAG
- Performing project selections (with clear evaluation criteria and clear procedures of the Selection Board)
- Verifying the acceptability of the applicant, the acceptability of his / her project, financial health
- Checking the progress of implementation before, during and after the project
- Approving projects at the level of its own managing authority; when selecting projects to be implemented, their order and further implementation must be determined.

LEADER work is not limited by the list of activities - this method assumes innovative and creative practices. It presupposes a constant "search" and, on the other hand, systematic and responsible work in favor of rural development. The LAG council consists of 5 members, review committee of 3 members, there are 9 members in review committee.

One of the projects of the LAG, in cooperation with the City of Znojmo was "Hidden Beauty of Znojmo". As part of the project, the LAG aimed at popularizing the region with the hidden and neglected natural and historical beauties of Znojmo. In the first phase of the project, a calendar was published with photos from the given locations, provided with GPS coordinates. In the second phase, the LAG published a launched the "Hidden Beauty of Znojmo" app which allows users putting selected on public platform This app is free to download.

LDSs that are formed by LAGs are part of the regional planning process. No municipality of any level produces its own development strategy as they can rely on LDS. Regional development strategies of the 13 provinces (excluding the Prague) are largely based on LDS. For this to happen, it is important that data collection for LDS is uniform and consistent across LAGs. There has been much training to equip the LAG members with necessary data collection and report writing skills. It is estimated that about 90% of LDS are produced with exclusively own staff, while 10% might have used services of consultants (interview with Gusta Charouzek). Once LDS is produced, the Ministry of Regional Development review the document and then provides the funding. Out of 178 LAGs in the Czech Republic, 177 LAGs were funded based on their LDS. Such high number indicates that LAGs are fully independent in setting priorities within the established framework and unless something extraordinary happens, the government ensures funding. The money is allocated to LAG based on a set of criteria, such as population size, geography, employment rate and 20 or so other indicators.

A challenge that Czech LAGs meet is that, they might set priorities in their LDS which fall under five different ministries. In such case, monitoring and reporting procedures of all these ministries kick in separately, ramping up bureaucratic chores for LAGs. This is a big challenge for LAGs as their staff capacity is quite limited and budget funds for personnel are limited. In some regions, however, regional governments provide additional financing for LAGs to pay salaries of administrative staff for ensuring sustainability of the LAG. Both Central and local government, evidently, see much value in keeping LAGs.

## *CSO sector*

One of the defining features of Czech civil society is its relationship to the state. On the one hand, the state represents the most important source of funding for CSOs, both from grant schemes and contracts for the delivery of services. On the other hand, most of the CSOs view the state authorities as suspicious and potentially dangerous (Navratil & Pejcal, 2017).

There are nearly 127 thousand CSOs in the Czech republic. NGOs are able to register and operaty easity (USAID, 2017). To increase the transparency of the CSO sector, the government created a CSO public registry in 2014, which makes founding documents and statutes available to the public (Civil Code, 2014).

There is no general legal definition of civil society or civil society organizations in the Czech Republic. But the political and social rights are dispersed in numerous acts and regulations:  the Constitution of the Czech Republic (Act No. 1/1993), the Charter of Basic Human Rights and Freedoms (Act No. 2/1993), the Act on the Right to Associate (Act No. 84/1990), the Act on the Right to Petition (Act No. 85/1990), the Law on the Public Defender of Rights (Act No. 349/1999), the Act on Religious Freedoms and the Role of Religious Groups and Churches (Act No. 3/2002), the Civil Code (Act No. 89/2012), Act No. 248/1995 on Public Benefit Companies, and Act No. 111/1998 on Universities (Navratil & Pejcal, 2017).

There are 13 legal forms of nonprofit organizations, including foundation; philanthropic fund (foundation without endowment); public-benefit company; public university; school corporation; church, and others (Czech Statistical Office 2015). 90% of these are associations, however.

One of the most important formal institutions for Czech civil society is the Government Council for Non-Governmental Nonprofit Organizations. This is the advisory, consultative and coordinating body of the government dealing with issues related to the nonprofit sector, with 50% of its members representing the nonprofit sector and 50% the executive branch of government. The platform enables selected civil society representatives to participate in and comment on legislative drafts and legal regulations, to take part in the discourse on the coordination of public policies and to assess them, to obtain information about the government's future steps, to inform the government about the current state and needs of CSOs, and to influence and monitor the state's administrative measures relating to CSOs (Navratil & Pejcal, 2017).

On the local and regional level, mostly local and regional authorities play key roles in shaping civil society and, most importantly, the provision of services by civil society organizations. As local and regional authorities distribute the bulk of public resources for securing public goods (especially in the areas of social affairs, health care, education and transportation), they provide a key economic opportunity structure for nonprofit organizations providing services (Navratil & Pejcal, 2017).

In terms of the most important CSOs, the largest and most important social services providers include People in Need, Caritas, Superděti.cz, and Diaconia of the Evangelical Church of the Czech Brethren. For advocacy type of work, the most noteworthy organisations are People in Need, Amnesty International, Frank Bold and Nesehnutí.

One interesting trend is the emergence of new grassroots organisations. During the recent migration crisis, when freshly established civic initiatives succeeded both in advocating for refugees in the public sphere and against xenophobic claims, and in organizing service provision for refugees, in contrast to established and professionalized NGOs.

# The Latvian experience

## *Regional policy*

Latvia has almost the same territorial area as Georgia. Unlike Austria and the Czech Republic, Latvia doesn't officially have regions as form of government, although there are five 'planning regions.' Latvia has 110 municipalities.

Latvia also faces challenges in rural areas. In recent years population in rural areas is decreasing, leading to limited availability of services: the distance to the places where services are provided increases, government funding for healthcare, transportation and education infrastructure is reduced, and rural areas are subject to unbalanced and uneven development. In this context, LEADER LAGs in rural area gain critical importance.

## *LEADER programmes*

The LEADER approach was introduced in Latvia in 2000 and became available for all of the country in 2007. The maximum number of LAGs was during the 2006-2013 programmatic year when it reached 40, but the current number is 35. As is usually case, it was difficult in the beginning to raise the visibility of the LAGs.

> 'In the beginning, people knew nothing about LAGs, it was hard work. We needed to reach each person to explain what LAG was and what LEADER meant. We explained about funds ideas and projects. Now it is different, now people know that they can get money to finance their ideas. To increase awareness about LAGs we started working with municipalities, they knew active individuals and we started working with these active people. We distributed ideas and information about LEADER, we conducted seminars, and we had information meetings. Initially individual persons were active, now entrepreneurs are more active' (Interview with Eva Haberkorne-Vimba).

Establishment of the network of LAGs, the Rural Forum, became an important milestone for Latvia's rural development.

> 'they are "like our mommy and daddy", they do not operate like LAG; they go to ministries; read regulations and inform LAGs about them; help us with communication; lobbying. The organization is well established and their operations are about LAGs. They see the bigger picture' (Interview with Daiga Krūmiņa).

The quote clearly show the added value of a network type of organisation that will be able to deal will policy level issues and will be able to represent the voices of LAGs in various national level forums. The Rural Forum Latvia also coordinates the online weekly Monday meetings. This local level cross-LAG

communication ensures flow of information and consistency. Together with a website where LAGs can openly express interest in applying to external projects, it is also a good platform for cooperation and collaboration (interview with Zane Gusta).

**Box 3: Examples of LAGs in Latvia**

**LAG Lauku partnerība „Sēlija"** - http://www.partneribalielupe.lv/index.php/par-mums

Association Rural partnership "Lielupe" was founded in 2005, with participation of the municipalities of Jelgava district, entrepreneurs and non-governmental organizations. The association is involved in the implementation of the LEADER program (EAFRD funding) in Jelgava and Ozolnieki districts. The rural partnership "Lielupe" provides the opportunity for the rural population to attract EU funding for business development, organization of the territory and diversification of public activities. The association promotes the activities of local initiative groups and the involvement of rural people in international projects.

The partnership territory is Jelgava and Ozolnieki. The total area of the territory is 1604 sq.km, population – around 37 thousand.  In the territory of the Rural Partnership,  there are 13 communities from  Jelgava Ozolnieki district. General assembly consists of 54 members, out of which 15 are represented in decision making council. There are 2 individuals in executive body of the LAG.

"The LAG has established aims to promote sustainable development in the rural areas of Jelgava and Ozolnieki, representing the public interest in its development.
Specific objectives include:
- promoting a public initiative aimed at the development of rural areas:
- developing strategies for sustainable rural development and ensuring their implementation through the principles of public participation
- finding opportunities to organize educational seminars in rural areas
- promoting the education of members in Latvia and abroad
- forming working groups and coalitions for addressing rural development issues at local, regional, national and international levels
- coordinating and attract financial, material, intellectual and other resources for the purpose of the Partnership;
- developing cooperation with state, local government and non-governmental organizations, companies and other institutions in Latvia and abroad, promoting the development of Jelgava and Ozolnieki districts.

One of the projects that the LAG has funded is "Shitake mushroom growing and processing." The purpose of the project was to purchase the necessary equipment and to create an additional branch of ZS Trubenieki for the operation of mushroom processing - by drying and milling it in powder, creating a new rural tourism site. The project involved the purchase of a mushroom cutter, a dried product mill and a drying machine. As well as renovated flooring, a canopy and an arbor - a soup kitchen. Around EUR 21 thousand was allocated for the project.

Local Development Strategies that are developed by LAGs should coincide with regional development strategies. The Ministry of Agriculture monitors that LDSs have a vision, priorities and concrete actions

towards facilitating development of rural areas, promoting innovation, strengthening the rural economics, providing quality of life to rural population. The local population and a variety of stakeholders should be involved in the development of LDS, and at the same time they should be coordinated with other planning documents binding on the LAG territory (Krieviņa et al, 2015).

However, LDS shouldn't be perceived as territorial development planning document. Rather, it should be perceived as parallel to other regional and local territorial planning documents, 'contributing to attaining their goals' (Krieviņa et al, 2015: 147). Krievina et al (2015) provide three main reasons why this is the case:

> In Latvia, a strictly regulated territorial development planning system is in place, comprising policies and development planning and assuring their linking with financial planning as well as coherence and hierarchy of the decisions made by central and local government authorities. Given the requirements set out for the LDS contents, it can be perceived as a medium-term territorial development planning document. However, this is not so from the legal aspect, since 1) LAG, as public-private partnerships, are not subjects of the Development Planning System Law, 2) there is no place allotted to LDS in the Latvian territory development planning system hierarchy, 3) according to the Territorial Development Planning Law the local level development planning documents shall be drafted only by local governments (Krieviņa et al, 2015: 147).

Neither the planning region nor the local government development documents specify the role of the LDS towards reaching of strategic goals, defined either on regional or local level, although in practice local governments take active part in the implementation of LEADER projects).

## *CSO sector*

Latvia has the smallest number of CSOs from the three countries under study – up to 22 thousand. However, the population of the country is also significantly smaller. CSO registration is relatively easy and can be completed by submitting documents in person, by mail, or by email. A minimum of two persons is needed to establish an association, while one person can establish a foundation. Latvia has created a portal for almost all e-services provided by the state. Beginning in 2016, all legal entities are required to be listed in the Register of Enterprises of Latvia, and to have an email address to ensure that all communications can be conducted electronically. Compliance with this regulation has not caused any difficulties for CSOs (USAID, 2017).

CSOs are governed primarily by two laws – the Law on Associations and Foundations and the Public Benefit Law. In 2016, amendments were adopted to the Law on Associations and Foundations that aim to ensure that CSOs are not formed to create conflict or instability in society. These amendments give the State Revenue Service the right to ask for more detailed financial reports if an organization is promoting instability, radicalization or conflict in society with funds from anonymous sources. In addition, the Latvian Security police can now request that organizational bank accounts be frozen if they suspect that an organization is planning to engage in unconstitutional initiatives. CSOs engaged actively to ensure that these regulations do not violate the freedom of speech, association, and assembly (USAID, 2017). Another important regulation is the Law on Volunteering which came into force in 2016. The Law regulates relationships between volunteers and employer organizations, including CSOs as well as state and municipal institutions.

CSOs have direct lines of communication with policy makers, and procedures for advocacy and lobbying are very developed. Each ministry has a consultative council, and parliamentary commissions invite CSO

representatives to participate in their meetings and provide input. However, CSO representatives have noted an increasing number of cases in which CSOs were not engaged in the decision-making process, leading to protests after decisions are made (USAID, 2017).

The influence of CSOs on regional policy is more limited in Latvia than in other EU countries. There are three platforms for partnership cooperation: National Regional Development Council, Planning Region Development Council and Planning Region Co-operation Committee. In all of these councils, only representatives of the national ministries, the so-called planning regional representatives and local governments are included, but not CSOs.

An example of civil society achieving important changes is the opposition the government's proposed law on increasing the taxation of microbusinesses. CSOs have managed to mobilize a great number of people in front of the parliament and, eventually, the government repealed its initiative in December, 2016 (USAID, 2017).

# Recommendations

**For LAGs**
- Creation of the LAG network in Georgia is underway. In all three countries that we have explored this institution proved to be pivotal as they can develop into a strong nation-wide CSO and have direct communication with the government.
- Within the framework of the national LAG network, it is important to have a platform for LAGs to cooperate with each other, both nationally and internationally. This can happen through various mechanisms, such as a website or weekly online/skype meetings.
- The network should hire an experienced coordinator/lobbyist, preferably someone senior who can have direct communication with the government.
- It is important that LDSs are incorporated in the official regional development planning process. This should be clearly prescribed in the legislation. Demonstrational presentations about usefulness of LDS, as well as international practice, should be effectively communicated to the line ministries.
- The experience also shows that ownership and active involvement from the municipalities is important. Stronger participation from municipalities should be ensured b the government.
- It is useful to create an integrated database of projects funded under LAGs. This can become a powerful tool in lobbying the promotion LAGs and increasing visibility. It would also allow macro-level analysis that would lead modifications based on the context in Georgia
- Some countries have experienced the risk power-grabbing by local elites. Such risk should be proactively acknowledged in Georgia and measures need to be taken to mitigate such fear among local population where LAGs operate.

**For the CSO sector**
- All three countries showed that it is important to have a nation-wide platform for CSOs which would allow them to effectively communicate with the government, be involved in policy-making processes (including the regional policy), and lobby the issues of interests.
- As a safeguard mechanism, the government of Georgia might consider making amendments to the law which would increase the transparency of the CSO sector. This can be done in two ways. First, a registry of CSOs with access to statutes and founding documents should be available. Second, the government should be able to easily request financial information if an organization is promoting instability, radicalization or conflict in society with funds from anonymous sources. This is only relevant for cases where such CSOs are funded by the country with which Georgia is currently at war.
- Austria provides good example of volunteerism and civic participation. Legislative amendments can be made to make steps in that direction.
- It is important to make it obligatory for each ministry to have consultative platforms with relevant CSOs. Some ministries already use such mechanisms, but it is not yet widespread in the country.

# Annex 1: Discussion guide for skype interviews

**About the LAG (for LAG members)**
- Brief description of LAG activities;
- Functions of LAGs;
- Role of LAGs as players in local and regional development;
- What was learnt from the experience (Georgia is new to this and such insights might help);
- Anything else you can suggest for new LAGs and to the country new to LEADER approach.

**Evolution of the LEADER programmes**
- How was LEADER approach introduced in Latvia?
- When did it start? (2000?) Before EU membership how did LAGs operate?
- How many piloting LAGs were created? How many are now?
- What was attitude towards LEADER in society during beginning stages and how did it change?
- How did it gain popularity?
- How many waves of LEADER projects were there in total and what were the differences (developments)?
- Since the introduction of the LEADER approach what changes were in the structure of LAGs?

**General Information**
- How many LAGs are there in the Country?
- What is the coverage? is the whole territory covered?
- What are priority directions of LAG operations?
- Are people aware of LAG activities? What percentage?
- What is involvement rate?
- How many projects are financed and implemented annually? Is there any data we can access on the projects?
- Can you describe LAG? Who are members and how they are selected? Who are involved? Are there restrictions on who can and who cannot be a LAG member?
- Do LAGs have permanent staff? Is it mainly dependent on volunteering?
- What measures are, or can be taken for sustainability?

**Finances**
- What are the sources of Funding?
- How much is allocated from each above mention sources annually?
- How are this fund spent on projects?
- What kinds of projects are funded? (priorities)

**Legal Environment**
- Do LAGs have any legal status?
- What laws regulate their functioning?
- Are LDS integrated in official documents?

- What is the role and place of LDS prepared by LAGs in local development?

**Communication Channels**
- What communication channels are used to communicate and cooperate with:
- Local Business
- Local CSOs
- Local governments
- National government
- EU

**Network**
- Is there national network of LAGs? How was it formed? What does it do? How does it operate? What benefits does it bring to individual LAGs?
- Can you talk about ELARD? How does it operate?

# Annex 2: The list of interviews

Anita Seļicka, Executive Director of Latvian Rural Forum

Daiga Krūmiņa, LAG Administrative Manager in Latvia

Eva Haberkorne-Vimba, LAG manager and main partner in Latvian Network of LAGs

Giorgi Santuryan, PiN, Programme Manager

Gusta Charouzek, Manager of the Kralovska_stezka LAG in the Czech Republic

Marc Barrett, GIZ expert on EU's Regional Policy

Salome Bakashvili, PiN, Programme Manager of the Kazbegi LAG

Stefan Niedermoser, LAG manager in Austria, Regionalmanagement Regio

Zane Gusta, LAG international Projects Manager in Latvia

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