ASSESSMENT OF THE STRATEGY OF THE LOCAL ACTION GROUP „PARTNERSHIP OF REZEKNE DISTRICT COMMUNITIES”

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The paper is produced based on the authors’ research “Assessment of the Introduction of the Rural Development Programme 2007–2013 Activity “Local Development Strategy” by the Partnership of Rezekne District Communities and Proposals for its Further Development".

Research on the activity of local action groups (LAGs) and their influence on the overall development of regional territories became urgent in recent years, given the implementation of the European programme LEADER. The research object of the paper is a LAG – the Partnership of Rezekne District Communities – that is located in Latvia, Latgale region. The research aim is to assess the strategy of the local action group. The research employed the monographic and descriptive methods as well as analysis, synthesis, the graphic method, data grouping and a sociological research method – a questionnaire survey.

A survey of project submitters identified three major fields in which it is planned to submit and implement projects in the next programming period in the LAG’s territory. They are: promotion of active recreation and sports; reconstruction of the territory; and organisation of and contribution to cultural events. The surveyed residents agreed with the following assertions regarding their lifestyle: an enhanced surrounding environment and natural, cultural and other significant historical objects foster tourism; the establishment and functioning of youth centres contribute to useful spending of leisure time by youths and their communication; the availability of sport and fitness equipment and of sports grounds increases local residents’ interest and wish to practise a healthy and physically active lifestyle. Based on the data acquired and the interpretation of findings, proposals were made for the further development of the territory as well as the research methodology was explained for the purpose of carrying out analogous research studies in the future.

Keywords: local action group, strategy, residents.

INTRODUCTION

The present paper is based on the authors’ research “Assessment of the Introduction of the Rural Development Programme 2007–2013 Activity “Local Development Strategy” by the Partnership of Rezekne District Communities and Proposals for its Further Development”. The authors performed their research at the Faculty of Economics and Management, Rezekne Higher Education Institution, in cooperation with the council of the Partnership of Rezekne District Communities and project implementers.

Although the regional division policy has been implemented in Latvia for more than 10 years, research studies show that so far territorial development has not been balanced, and in the last decades one of the most urgent economic and social problems is the relatively poor condition of rural areas compared with cities. Rural areas (outside cities) occupy 93 % of Latvia’s territory. It means that from the territorial aspect, rural development in Latvia is very important (Vēvers, 2013). One of the measures set in the Regional Policy Framework of the Republic of Latvia 2013–2019 is support for rural space development (On the Regional..., 2013).

Various authors point (Saktina et al., 2006; Čingule-Vingradova, 2011) that economic and social disparities among the regions during twenty years after Latvia regained independence not only did not vanish but are still continue increasing. Disproportion is observed in the economic and social development of the regions, which determines different preconditions for the population’s opportunities and activities (Jermlaaja et al., 2009).

Local action groups (LAGs) as a new research object in scientific and practical research have become topical over recent years, as LAGs are an important element in rural development in Latvia that develop their local development strategy, which is a detailed development plan for a particular rural territory, and are responsible for the project submission and coordination process.
A LAG or partnership is an association of local organisations and rural residents, which acts in a certain rural territory with a population ranging from 5 to 65 thousand, represents the interests of this territory’s residents and cares about rural development problems at local level (Siliņa et al., 2012).

Research studies on the development of activities of local action groups are insufficient and fragmented. The research studies performed to date (Furmankiewicz et al., 2010; Ailenei et al., 2011; Lopoliti et al., 2011; Nardone et al., 2011; Siliņa et al., 2012) have analysed their activity directions, outgoing factors and the performance of processes. Besides, their research objects were the activities implemented by LAGs in various European countries with different regional policies and different overall economic activity levels, for example, a LAG as a source of finance for a region’s development (Varvažovská, 2013), a LAG as a social infrastructure institution for rural residents’ livelihood (Atkočiūnienė, 2006), LAG functioning problems from the perspective of the social capital concept (Zajda, 2014), local initiatives for rural vitality and social inclusion: some experiences from Serbia (Vujicic et al., 2013). The mentioned research studies focused on the problems and challenges that are also urgent for Latvia:

- LAG activity in territories with declining populations, i.e. underpopulated territories;
- a mentality of people with low economic activity and initiative;
- assessment of the previous performance of LAGs in the contexts of rural social infrastructure development and overall economic growth in a territory.

The performance of a LAG is the central element of LEADER; therefore it is of great importance to assess its performance and whether its strategy matches the interests of local residents.

The research object is a Latvian LAG – the association “Partnership of Rezekne District Communities”, while the research subject is the implementation of the strategy of the association “Partnership of Rezekne District Communities” in its territory.

The research aim is to assess the strategy of the local action group. To achieve the aim, the following research tasks were set:

1) to describe the territory of the association “Partnership of Rezekne District Communities”;
2) to identify the opinions and proposals of project implementers regarding the implementation of the LAG’s strategy;
3) to identify the opinions of residents on the LAG’s contribution to the territory’s development.

Hypothesis: the strategy of the local action group is urgent for the interests of local rural residents.

Research methods: the monographic and descriptive methods as well as analysis, synthesis, the graphic method, data grouping and a sociological research method – a questionnaire survey.

The paper is based on two questionnaire surveys:

1) project submitters were surveyed with questionnaires; the survey aimed to identify the opinions of project implementers on the implementation and outcomes of LEADER projects; a request to fill in a questionnaire was sent using the Google tool to all 134 project submitters; 59 filled-in questionnaires were received back;
2) residents of the LAG’s territory were also surveyed with questionnaires; the purpose of it was to identify their opinions on the LAG’s contribution to their territory’s development as well as to find out their opinions regarding the aspects and factors that can affect their actions and activity. Residents of all 29 territorial units of the LAG’s territory were involved in the survey; at least 20 questionnaires were received back from each rural territory. In total, 634 questionnaires valid for analysis were received back, employing the random selection method. Survey data were processed using the SPSS (Statistical Package for the Social Science) and Excel programs.

The present research is based on the analysis results of the LAG’s strategy, the surveys of residents and project submitters living in the LAG’s territories as well as publicly available documents.

RESEARCH RESULTS

The association “Partnership of Rezekne District Communities” was registered in January 2008. The association is one of the largest LAGs in Latvia; its territory is 2811 km² with 36.3 thousand residents.

The territory of the association “Partnership of Rezekne District Communities” consists of:

- Rezekne municipality: 25 rural territories (with a total area of 2524 km² and 29 772 residents);
- Vilani municipality: a town and 3 rural territories (with a total area of 287 km² and 6 496 residents).

Rezekne municipality borders on Vilani municipality. Both municipalities are located in the very centre of Latgale region, approximately 250 km from the capital city – Riga. The municipalities of Rezekne and Vilani are situated near the eastern border of Latvia and of the entire European Union with Russia and Belarus (Association “Partnership…, 2013; Association “Partnership…, 2015).

The association’s activity is oriented to sustainable territorial development of the municipalities of Rezekne and Vilani, contributing to raising the wellbeing of their residents based on the interests of various organisations and individuals: municipalities, education and cultural institutions, national government institutions, nongovernmental organisations and entrepreneurs.

Since 2009, eight competition rounds for projects totalling EUR ~1.35 mln have been completed under Latvia’s Rural Development Programme 2007–2013, Activity 413 “Diversifying Rural Economies and Raising the Quality of Life in the Territory of Implementation of Local Development Strategies” and Activity 411 “Raising Competitiveness in the Territory of Implementation of Local Development Strategies” in the following actions:
• support for diversifying public activities for local residents;
• availability of social services (establishment of day-care centres, laundries, Internet access points etc.);
• processing and pre-processing of agricultural products at home;
• support for local initiative groups and their activity and the creation of a favourable environment;
• provision of technical resources for off-school and lifelong learning activities;
• establishment of new clubs for youths, young mothers, families, etc.;
• establishment of children and youth centres;
• landscaping of sites being important to the rural territory through engaging local residents;
• introduction and diversification of cultural, sport and recreational opportunities;
• public infrastructure development to create a better life environment (beaches, parks, recreational and sport grounds, children’s play grounds) through engaging local residents;
• reconstruction of rural homes and homesteads (into museums) and getting cultural and historical objects into shape (Association “Partnership…, 2015).

In absolute numbers, the number of residents in the LAG’s territory declined by ~3 thousand in the period 2009–2014. However, the positive change in the number of economically active statistical units indicates improvements in the economic environment. The numbers of all kinds of enterprises (commercial companies, self-employed individuals, individual merchants) with the exception of farms, increased during this period. A positive trend is an increase in the numbers of funds, foundations and associations, which indicates the economic and civil activity and participation of residents in public activities in their municipalities.

One of the tasks of the survey of project implementers was to identify opinions on the actions in which projects could be implemented in the next programming period. Three key fields in which it is planned to submit and implement projects in the next programming period are as follows: promotion of active recreation and sport projects – 47%; projects of reconstruction of the territory – 45%; organisation of and contribution to cultural events – 38%.

However, there are a considerably smaller number of projects aimed at implementing activities that directly contribute to the development of entrepreneurship: foundation and development of small enterprises – 21%; establishment of tourism enterprises – 19%; pre-processing of agricultural products and home production – 10%.

The survey of project submitters revealed the key problems the project submitters faced in the process of preparing their project proposals. As noted by almost half (47%) of the survey participants, the most significant problem was the preparation of price quotation documents. In addition, in the process of preparing project proposals, there were considerable problems:

• to find adequate suppliers/service providers for implementing the project idea (this problem was noted by 37%);
• when filling in a project application form, it was problematic to determine the number of people who would use or who would have available the outcome of the project (29%);
• to technically prepare a project proposal in an Excel file (25%).

For these reasons, it is advised to the partnership to produce easy-to-understand and motivating guidelines: how to draw up price quotation documents; how to determine a potential number of people who will use or who will need the outcome of the project; how to prepare a project proposal in an Excel file; how and where to find adequate suppliers and service providers, etc.

The purpose of the survey of residents was to find out the opinion of residents on the LAG’s contribution to the territory’s development. Of all the respondents, 74.6% were women and 25.4% were men. The average age of the respondents was 47. In the beginning of 2015, the average age of Latvia’s residents was 42.4 years. According to the survey, most of the respondents (31%) were aged 41–50, followed by those aged 51–60 (28%), and those aged 30–40 (19%). The proportion of respondents with secondary professional education was 38%, with higher education – 36%, with general secondary education – 20% and with primary education – 5% (Association “Partnership…, 2015).

In the questionnaires, general questions were followed by the questions directly related to the performance and further development of the LAG. One of the questions was “With regard to the arrangement and development of your place of residence, do you agree that …”, and several reply options were offered. Each reply option had to be rated as “fully agree”, “partially agree” and “fully disagree” (Table 1).

According to Table 1 data, the residents fully agreed to the following reply options concerning their lifestyle:

• a well-arranged surrounding environment; natural, cultural and other important historical objects promote tourism development – 71.1%;
• the establishment and functioning of youth centres contributes to the useful spending of leisure time by youths and their communication – 70.5%;
• the availability of sport and fitness equipment and of sports grounds increases local residents’ interest and wish to practise a healthy and physically active lifestyle – 68.6%.

A relatively large number of the residents also noted that:

• it was important to them to have public and economic services available at their place of residence (laundries, showers, public bathhouses, hairdressers, etc.) – 65.5%;
• the population density of a rural territory depended on the availability of infrastructures (roads, the Internet, bicycle ways and walkways, etc.) – 65.0%.

A relatively insignificant number of the residents fully disagreed to the following assertions:
• an increasing number of rural residents are engaged in the production of agricultural products and their pre-processing at home – 11.7 %;  
• tourism is a significant resource in the development of a rural area’s territory – 4.7 %;  
• crafts – the best way of preserving traditional cultural values – 4.3 %.

Table 1. Replies of the respondents regarding the arrangement and development of their place of residence in the LAG’s territory

<table>
<thead>
<tr>
<th>Criteria</th>
<th>fully agree</th>
<th>partially agree</th>
<th>fully disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The development of the municipality’s territory depends on the activity and initiative of local residents</td>
<td>300 47.3 %</td>
<td>320 50.5 %</td>
<td>14 2.2 %</td>
</tr>
<tr>
<td>The supply of public activities affects local residents’ satisfaction with their life environment/quality</td>
<td>316 49.8 %</td>
<td>305 48.1 %</td>
<td>13 2.1 %</td>
</tr>
<tr>
<td>The population density of a rural territory depends on the availability of infrastructures (roads, the Internet, bicycle ways and walkways, etc.)</td>
<td>412 65.0 %</td>
<td>198 31.2 %</td>
<td>24 3.8 %</td>
</tr>
<tr>
<td>A well-arranged surrounding environment – natural, cultural and other important historical objects – promote tourism development</td>
<td>451 71.1 %</td>
<td>170 26.8 %</td>
<td>13 2.1 %</td>
</tr>
<tr>
<td>Tourism is a significant resource in the development of a rural area’s territory</td>
<td>334 52.7 %</td>
<td>270 42.6 %</td>
<td>30 4.7 %</td>
</tr>
<tr>
<td>Crafts – the best way of preserving traditional cultural values</td>
<td>352 55.5 %</td>
<td>255 40.2 %</td>
<td>27 4.3 %</td>
</tr>
<tr>
<td>Leisure time spending opportunities, children’s play grounds, clubs for parents, hobbies and interest groups contribute to new families’ wish to live in a particular territory</td>
<td>379 59.8 %</td>
<td>232 36.6 %</td>
<td>23 3.6 %</td>
</tr>
<tr>
<td>The improvement/diversification of cultural life (amateur groups, open air stages, cultural events) contribute to local residents’ satisfaction with their life environment/quality</td>
<td>374 59.0 %</td>
<td>248 39.1 %</td>
<td>12 1.9 %</td>
</tr>
<tr>
<td>It is important to residents to have public and economic services available at their place of residence (laundries, showers, public bathhouses, hairdressers, etc.)</td>
<td>416 65.6 %</td>
<td>202 31.9 %</td>
<td>16 2.5 %</td>
</tr>
<tr>
<td>The availability of social care services (day-care centres, clubs for seniors, needlework groups, etc.) contributes to local residents’ engagement in various interest activities</td>
<td>362 57.1 %</td>
<td>262 41.3 %</td>
<td>10 1.6 %</td>
</tr>
<tr>
<td>The establishment and functioning of youth centres contributes to useful spending of leisure time by youths and their communication</td>
<td>447 70.5 %</td>
<td>179 28.2 %</td>
<td>8 1.3 %</td>
</tr>
<tr>
<td>The availability of sport and fitness equipment and of sports grounds increases local residents’ interest and wish to practise a healthy and physically active lifestyle</td>
<td>435 68.6 %</td>
<td>194 30.6 %</td>
<td>5 0.8 %</td>
</tr>
<tr>
<td>An increasing number of rural residents are engaged in the production of agricultural products and their pre-processing at home</td>
<td>203 32.0 %</td>
<td>357 56.3 %</td>
<td>74 11.7 %</td>
</tr>
</tbody>
</table>

Source: Association “Partnership…, 2015

The respondents’ replies indicated that only 9 % of them wished to start up their own business. The majority of the surveyed individuals did not plan to start up their own business owing to various reasons: legislative requirements and bureaucracy, low market demand/low purchasing power, limited availability of resources (labour, inputs, machinery, equipment, etc.).

An analysis of the respondents’ replies broken down by gender reveals that men (16 %) were more motivated to start up their own business than women (7 %). The residents with higher education were more motivated to start up their own business – 15 % of all the respondents with higher education – than those with secondary education as well as secondary professional education – 7 % and 5 %, respectively.

The following factors would motivate the residents to engage in business:
• economic stability/independence – 29.9 %;  
• availability of additional financing to start up a business – 24.2 %;  
• part of the residents see their family support (14.7 %) and good infrastructure (13.3 %) as motivations to start up a business (Association “Partnership…, 2015).

Based on an assumption that part of the residents will wish to start up a business in the future, as well as those who are already doing business were asked a question about the factors affecting economic activity. Their opinions would allow designing better future strategies for the partnership for next periods.
Table 2. Replies of the respondents regarding the factors affecting economic activity to be stimulated in the LAG’s territory

<table>
<thead>
<tr>
<th>Factors affecting economic activity</th>
<th>very important</th>
<th>important</th>
<th>little important</th>
<th>unimportant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>number</td>
<td>%</td>
<td>number</td>
<td>%</td>
</tr>
<tr>
<td>Popularisation of the territory on a wider scale (for example, sport days, cultural events)</td>
<td>166</td>
<td>26.2</td>
<td>359</td>
<td>56.6</td>
</tr>
<tr>
<td>Availability of the Internet</td>
<td>341</td>
<td>53.8</td>
<td>243</td>
<td>38.3</td>
</tr>
<tr>
<td>Quality of roads (access for customers, delivery of goods)</td>
<td>468</td>
<td>73.8</td>
<td>158</td>
<td>24.9</td>
</tr>
<tr>
<td>Availability of consultative and support centres in business matters</td>
<td>181</td>
<td>28.5</td>
<td>347</td>
<td>54.7</td>
</tr>
<tr>
<td>Regularly held home producer and craftsmen fairs</td>
<td>269</td>
<td>42.4</td>
<td>281</td>
<td>44.3</td>
</tr>
<tr>
<td>Availability of labour</td>
<td>128</td>
<td>20.2</td>
<td>347</td>
<td>54.7</td>
</tr>
<tr>
<td>Qualifications, knowledge and skills of labour</td>
<td>281</td>
<td>44.3</td>
<td>305</td>
<td>48.1</td>
</tr>
<tr>
<td>Availability of financial resources, including loans</td>
<td>313</td>
<td>49.4</td>
<td>273</td>
<td>43.1</td>
</tr>
<tr>
<td>Population density (number of residents)</td>
<td>287</td>
<td>45.3</td>
<td>307</td>
<td>48.4</td>
</tr>
<tr>
<td>Premises for production purposes, warehouses, land resources</td>
<td>238</td>
<td>37.5</td>
<td>333</td>
<td>52.5</td>
</tr>
<tr>
<td>Mutual assistance and cooperation (neighbours, friends, partners, etc.)</td>
<td>239</td>
<td>37.7</td>
<td>350</td>
<td>55.2</td>
</tr>
<tr>
<td>Informative stands, road pointers (about tourism objects, museums, organisations, etc.)</td>
<td>145</td>
<td>22.9</td>
<td>364</td>
<td>57.4</td>
</tr>
</tbody>
</table>

Source: Association “Partnership…., 2015

Basically, a large part of the factors were rated as important (Table 2). The residents rated the following factors as very important: quality of roads (access for customers, delivery of goods) – 73.8 %; availability of the Internet – 53.8 %; availability of financial resources, including bank loans – 49.4 %.

The residents replied that sometimes the Internet was available, but they could not use it because of the lack of finances, particularly in rural territories. The following factors were rated as little important: availability of labour – 22.6 %; informative stands, road pointers (about tourism objects, museums, organisations, etc.) – 16.9 %; popularisation of the territory on a wider scale (for example, sport days, cultural events) – 15.0 %.

Legislative requirements and bureaucracy were mentioned as the key obstacles for the expansion of production, processing and services, including home production.

Besides, significant obstacles for the expansion of production, processing and services, including home production, according to the respondents, were as follows: low market demand/low purchasing power – 26.7 %; limited availability of resources (labour, inputs, machinery, equipment, etc.) – 18.6 %; lack of knowledge of entrepreneurship – 17.1 %.

Poor cooperation with existing/potential partners was an obstacle of little importance (3.5 %). The residents could express their opinions too on this matter, and the most important obstacles, according to them, were as follows: lack of initiative and activity; lack of municipal support; the tax burden and financial reports; lack of motivation; no government interest in it; unpredictable political positions by the government; insufficient financial resources (Association “Partnership…., 2015).

The residents living in the partnership’s territory undoubtedly are the most important, and their satisfaction with their life quality and their job opportunities in the region will be crucial for not leaving rural areas. It is important to reduce the obstacles that hinder the expansion of production, processing and services, including home production. The reduction of many obstacles is possible only at national level. The municipalities of Rezekne and Vilani have to seek to ensure a level of services and opportunities to earn revenue that prevent residents from leaving their rural places of residence and to enhance the assortment of economic services, particularly: roads and other essential infrastructure objects, various services such as public transport, medical services and to provide employment assistance in order to maintain the rural environment, etc.

CONCLUSIONS AND DISCUSSION

The survey findings indicate the contribution of the association “Partnership of Rezekne District Communities” to the implementation of the current local development strategy and the positive effects of use of funding on the objectives set for the LAG’s territory as well as highlight the problems and issues to be addressed, defining further activity pathways in designing and implementing the local development strategy for the next annual planning period.
The research findings show that the hypothesis was only partially proved, as the implemented projects in the particular actions within the strategy did not fully cover the interests of local residents, which was shown by the survey findings on the factors affecting economic performance that should be promoted in the partnership’s territory.

The positive change in the number of economically active statistical units indicates improvements in the economic environment. A positive trend is an increase in the numbers of funds, foundations and associations, which indicates the economic and civil activity and participation of residents in public activities in their municipalities.

The residents agreed with the following assertions regarding their lifestyle: an enhanced surrounding environment and natural, cultural and other significant historical objects foster tourism; the establishment and functioning of youth centres contribute to useful spending of leisure time by youths and their communication; the availability of sport and fitness equipment and of sports grounds increases local residents’ interest and wish to practise a healthy and physically active lifestyle.

A relatively large number of the residents also noted that it was important to them to have public and economic services available at their place of residence; the population density of a rural territory depended on the availability of infrastructures (roads, the Internet, bicycle ways and walkways, etc.).

The survey of project submitters revealed the key problems the project submitters faced in the process of preparing their project proposals. As noted by almost half of the survey participants, the most significant problem was the preparation of price quotation documents. In addition, in the process of preparing project proposals, there were considerable problems to find adequate suppliers/service providers; to fill in a project application form; to determine the number of people who would use or who would have available the outcome of the project; to technically prepare a project proposal in an Excel file.

Therefore, it is advised to the partnership to produce easy-to-understand and motivating guidelines: how to draw up price quotation documents; how to determine a potential number of people who will use or who will need the outcome of the project; how to prepare a project proposal in an Excel file; how and where to find adequate suppliers and service providers, etc.

If assessing the economic state of residents from a general assumption – the higher the education level, the greater opportunities in the labour market and the more residents get encouraged to become employers or self-employed individuals – one can conclude that both higher and secondary professional education are equally important.

The low purchasing power of residents limits the revenue and profit of enterprises, including home producers, in their territory. A solution to it is to enter the market in other regions and the markets outside Latvia.

For the sustainable development of the territory, the formation of public opinion among youths and young people has to be promoted by raising their self-confidence, by a positive way of thinking and by shaping mutual relations in the community (rural territories) oriented to mutual understanding.

To contribute to the potential of entrepreneurship, certain support activities that the LAG could implement in the next period and integrate in its new strategy were suggested:

- rural entrepreneurs and associations would need financial assistance to hold experience exchange trips abroad;
- an idea on creating a common brand for home producers of the territory;
- one of the future project ideas is training in the use of social portals such as Facebook and Twitter, as it is an opportunity for free-of-charge advertising;
- an opportunity to raise funds for educational projects may be positively viewed, as “the individual buys a story”; therefore, it is important to know how to offer a good in order to attract potential buyers in a long-term;
- the region’s residents’ mentality features some shyness, whereas successful entrepreneurship requires ambitiousness; a solution to this problem has to be sought;
- an additional option to sell one’s products is the opportunity to hold tours for tourists to production facilities of producers and craftsmen; tourists are an additional source of income; however, the poor quality of roads is still a pressing problem in the region.
- The problems requiring discussion and solutions at national level:
  - the legislation, including the tax policy, which causes instability and reduces entrepreneurial ability, needs amendments;
  - the large number of controlling institutions, which cause the senses of insecurity and underestimation in existing and potential entrepreneurs;
  - the deteriorating demographic situation, i.e. decreases in the population and in the population density in the territory;
  - uneven development of the country’s territory and labour migration to other regions and abroad.

REFERENCES


