

## LOCAL ACTION GROUP AS A ACTORS IN THE REGIONAL ADMINISTRATION (RESULTS OF A CASE STUDY IN THE REGION OF THE CZECH REPUBLIC)

**Pavla Varvažovská**

Czech University of Life Sciences Prague, Faculty of Economics and Management, Department of Humanities  
Kamýcká 129, 165 21 Prague 6, Czech Republic, Europe  
E-mail: varvazovska@pef.czu.cz

**Marie Prášilová**

Czech University of Life Sciences Prague, Faculty of Economics and Management, Department of Statistics  
Kamýcká 129, 165 21 Prague 6, Czech Republic, Europe  
E-mail: prasilova@pef.czu.cz

### —Abstract—

A membership in a Local Action Group (LAG) is the opportunity for getting financial means from the European program LEADER and in this way the LAG becomes an attractive partner of the regional development. Local Action Groups are established on the principle of partnership and a bottom-up principle supports the inclusion of local inhabitants into the solution of local problems and creates the space for cooperation and partnership. The aim of a theoretical part of the contribution is the Leader program introduction and the purpose of LAG. A practical part of the contribution is created by the results of a case study of a particular LAG. The paper come out from the study of documents, a secondary analysis of the data and from the outputs of non-standardized and semi-standardized interviews with the representatives of chosen state, private and entrepreneurial subjects. An investigation of knowledge of LAG activities was carried out among citizens and acquired data were statistically evaluated. On the basis of acquired knowledge, the importance of the local action group as one of the regional administration and development agents is evaluated.

**Key Words:** *Local Action Group, LEADER, regional development, microregion, non-profit organisation, strategic plan, European Union, public policy*

**JEL Classification:** R 11, R58, Z 13, Z 18

## 1. INTRODUCTION

By means of regional policy, the European Union and single member states try to reduce high differences in the standard of living among regions, to fight actively with the high unemployment, particularly by supporting economic and social structures in backward regions with unsatisfactory industry structure (Wokoun a kol., 2008:329).

In 2004, a national LEADER Czech Republic program, in which LAGs succeeded. An important year was 2005, when the LEADER + became a part of the Operational Programme "Rural Development and Multifunctional Agriculture" and the National Rural Observatory, a national network of LAGs and [www.leaderplus.cz](http://www.leaderplus.cz) web pages were founded.

The LEADER I, LEADER II and LEADER+, reinforced the local identity of the regions in which they were implemented, enhanced their natural and cultural resources, brought together for the first time local productive sectors like agriculture and tourism and revived local skills (Arabatzis, Aggelopoulos, Tsiantikoudis, 2010: 302-307). Current institutional changes, such as the availability of European Union funding for rural development and the micro-regional re-districting driven both by top-down and bottom-up processes, were structural factors that created a more promising context for participatory planning (Bodorkós, Pataki, 2009: 313-334).

LAG activity is based on the bottom – up principle. At the level of decision-making, a nonpublic sector must have at least 50% of local partnerships, the advantage is the uniformity in the representation of sectors: public - private - nonprofit. Such approaches involve enabling representatives from the state sector, social partners, community and voluntary groups to form collaborative partnership structures with competences in integrated local development in a defined geographical area (O'Keeffe, 2009: 257-269). LAG territory is connected to the territory of single municipalities and creates geographically, economically and socially integrated whole. LAG activity in smooth implementation of the Strategic Plan LEADER is provided by basic organizational structure. (Hudečková, Lošťák, 2008: 555-565).

The aim of this paper is to evaluate the importance for local action groups as one of opportunity for citizens to participate in the development of their region and their ability to benefit from European Union funds.

## 2. DATA AND METHODOLOGY

Activities of LAG focus on the potential of the environment and tourism. The paper is largely drawing on the study of the documents, secondary data analysis, sample survey about awareness of population of LAG activities and outputs of both non-standardized interviews and semi-standardized interview with representatives of selected national, non-governmental and business entities, who have been involved in successful projects. The questions in the survey among general public were related to the knowledge of the LAG activities (CHANCE IN NATURE –LAG), possibility of active participation in the LAG activities, funds drawing through the submission of projects and general support activity of the LAG as a coordinator of the active involvement of citizens in public politics. Field investigations were carried out and subsequently evaluated using appropriate statistical methods. A relationship between the qualitative statistical data may be called an association or the contingency. Association refers to a relationship between alternative statistical variables assuming two only values (varieties). Contingency analyzes a relationship between qualitative attributes of which at least one is of a multiple (non-alternative) nature. When relationships between the qualitative statistical attributes are being examined, data available usually come from sampling. It is good to find out then, whether they are related and whether generalization of the results obtained from the sample upon the original population is possible. Such questions can be answered using testing procedures where statistical significance of the relationship between two qualitative attributes under study is verified. In the present solution  $\chi^2$  test has been used. The test is based on null hypothesis assuming independence of the two attributes. The test criterion is defined in general by:

$$\chi^2 = \sum_{i=1}^k \sum_{j=1}^m \frac{(n_{ij} - o_{ij})^2}{o_{ij}} \quad (2.1)$$

where,  $n_{ij}$  .....observed frequency,  
 $o_{ij}$  .....expected (theoretical) frequency,  
 $i = 1, 2, \dots, k$ , where  $k$  is the number of varieties of one attribute,

$j = 1, 2, \dots, m$ , where  $m$  is the number of varieties of the other attribute.

Theoretical frequencies are obtained as product of the corresponding marginal frequencies over the total population size. The  $\chi^2$  test criterion has  $\chi^2$  distribution at  $[(k-1)(m-1)]$  degrees of freedom. In case,  $\chi^2$  test criterion value obtained exceeds the  $\chi^2_{\alpha}$  critical value at  $\alpha$  significance level and  $[(k-1)(m-1)]$  degrees of freedom, null hypothesis of independence between the two attributes can be rejected at  $\alpha$  level of significance or, alternative hypothesis assuming a significant relationship (correlation) between the two attributes can be supported. Probability of the assumed correlation then is  $(1-\alpha)$ .

Measurement of the degree of a statistical dependence between qualitative statistical attributes can be performed using either  $\chi^2$  coefficients or the prediction measures. Considering nature of the survey and its organisation the analytical part of research has used measures based on the  $\chi^2$  method. In order to measure the degree of relationship in the association table, V coefficient of association (Cramér V coefficient) has been used :

$$V = \sqrt{\frac{\chi^2}{n}} \quad (2.2)$$

where the  $\chi^2$  coefficient is defined from (2.1) and  $n$  is the sample size.

The coefficient of association has identical properties as the coefficient of correlation. It assumes values within the  $(-1; 1)$  limits and in case of a total dependence it is equal to  $\pm 1$ , in case of independence it is equal to 0.

In general contingency tables the degree of the relationship is assessed using the coefficient of mean square contingency C (Pearson contingency coefficient):

$$C = \sqrt{\frac{\chi^2}{n + \chi^2}} \quad (2.3)$$

where the  $\chi^2$  quantity is again defined by (2.1) and  $n$  is the sample size.

The Pearson coefficient of contingency assumes zero value in case of a total independence between two qualitative statistical attributes, and it approaches the unity limit in case of a total dependence.

### **3. RESULTS**

#### **3.1. Characteristics of the territory and Civic Association CHANCE IN NATURE – LAG**

The region of Local Action Group CHANCE IN NATURE - LAG is located in the southwest part of South Bohemia. A regional territory occupies an area of 458.82 square kilometers, with nearly 27,000 inhabitants.

LEADER Strategic Plan 2007 - 2013 and the fiche belong among the basic documents of CHANCE IN NATURE - LAG and their knowledge is needed for the successful support from LEADER program. For the period 2007 - 2013 CHANCE IN NATURE - LAG has processed six fiches (Cooperation in the development of new products, processes and technologies in agriculture, improvement in technical and transport infrastructure and municipalities structure, civic amenities and services, facilities for social, cultural, and religious activity, reconstruction and evaluation of rural heritage).

In the SWOT analysis axes CHANCE IN NATURE - LAG the method of community planning has been used. The environment has strengths in environmental quality in the LAG, in the tradition of environmental education and in the solved Waste Management. Weakness is the emigration of skilled labor from agriculture, in unsolved wastewater treatment. Cultural and historical potential of the region ranks among the opportunities, as well as promoting ecological ways of heating, protection of natural resources. Threat, by contrast, is the environmental pollution due to local heating with solid fuels, or the possibility of land degradation as a result of the collapse of the farms.

#### **3.2. LAG in the LEADER program**

From the information gathered during interviews with managers of LAG it has been found that in the period 2007 - 2013 there were announced four calls for proposals and subsequent control of the formal relevancy and the acceptability.

In the program period 2007 - 2013 grants were already allocated in the amount of CZK 13, 181, 874.00 \*. In each round, the call has been divided for more than 3 million CZK (Table 1). Most of the funds were allocated to projects to develop facilities for social, cultural, and religious activities, to improve technical and transport infrastructure and municipalities character, as well as to promote businesses establishing and their development (Web - CHANCE IN NATURE - LAG).

Table 1: Survey of financial means drawing in single fiches of a program period 2007 – 2013

FICHE no.	NAME OF THE FICHE	NUMBER OF PROJECTS	SUBSIDY AMOUNT (CZK) *	%
1	Cooperation in developing new products, procedures and technologies (innovations) in agriculture	0	0.00	0
2	Support of businesses establishment and their development	12	2,306,519.00	17.50
3	Improving technical and transport infrastructure and municipalities character	7	2,950,246.00	22.38
4	Civic facilities and services	3	2,211,301.00	16.78
5	Background for social, cultural, association and religious activities	13	3,634,751.00	27.57
6	Reviving and appreciating of cultural heritage of the country	4	2,079,057.00	15.77
Total drawing in 1st – 3rd call (4 th call is not yet closed)		39	13,181,874.00	100

Source: Processed according to the information materials of CHANCE IN NATURE – LAG

\* k 30.6.2012, 1 EUR = 25,64 CZK

The development potential of the resolved region and its further use is focused on the development options of municipalities, civic associations, natural persons and legal entities. Representatives of these groups were among the most successful implementers of projects of the first call. The current investigation was focused on the recipients of financial assistance from European funds. Applicants continuously monitor the activities of local action groups, whether it concerns the current call for applications for grants through the publication on the website [www.chanceinnature.cz](http://www.chanceinnature.cz) and through printed material or other activities contributing to the development of the region.

### 3.3 Sample survey among the public

Questionnaire survey was conducted among residents aged 18+ of the target region by interviewing them during the month of January and February 2012. 292 respondents with parity division into three designated age groups were asked. A total of 241 respondents participated in the survey (131 men and 128 women). The return was 82,6 %. Following tables represent the classification of respondents according the age, educational attainment and employment sectors (Table 2, 3, 4).

Table 2: Classification of respondents according to age

AGE	NUMBER OF RESPONDENTS	% OF RESPONDENTS
18 - 29	41	17,01
30 - 45	124	51,45
46 a vice	76	31,54
Total	241	100,00

Source: Questionnaire survey

Table 3: Classification of respondents according to educational attainment

EDUCATIONAL ATTAINMENT	NUMBER OF RESPONDENTS	% OF RESPONDENTS
Primary	17	7,05
Trained	70	29,05
Secondary	82	34,02
Higher professional/University	72	29,88
Total	241	100,00

Source: Questionnaire survey

Table 4: Classification of respondents according to employment in sector

EMPLOYMENT ACCORDING TO SECTOR	NUMBER OF RESPONDENTS	% OF RESPONDENTS
Work activity without	13	5,39
Public sector	54	22,41
Nonprofit sector	50	20,75
Private sector (entrepreneur)	124	51,45
Total	241	100,00

Source: Questionnaire survey

For the mapping of the region's population awareness of the existence and activities of civic associations CHANCE IN NATURE - LAG was formulated five hypotheses, that were reflected in the survey questions. The results can be summarized as:

- For the question whether respondents know the civic association CHANCE IN NATURE - LAG and what is the scope of its activities, 185 citizens responded positively (76,76 %). However, 56 respondents (23,24 %) feel insufficiently informed about events in the region.

- Interest in funding from the LEADER program has the most people from the private sector in the position of entrepreneurs ages of 30 to 45 years. From the total number of 124 inhabitants ages of 30 to 45, were interested in subsidies 77 respondents (62,10 %). The performed survey showed, that 132 respondents (from the total number of 142 respondents) are interested in subsidy from the LEADER program, that is 54,77 % respondents.
- From the total number of 132 respondents with a positive reaction were 50 respondents with primary education or trained workers, i.e. 37,88 %. 82 respondents with higher education (secondary and university) represent 61,12 % then. The chance of obtaining grant with support of local action group is more interesting for the people with higher education (high school, university).
- According to the survey, 132 respondents are interested in funding from LEADER program. 29 respondents, i.e. 21,96 % claimed they have already experience with grant application from another sources. Other 103 respondents, i.e. 78,4 % , have no previous experience with the similar applications.

Respondents are most interested in receiving funds for the projects from the area “Support of the development of small and medium business in the area of interest of local action group”. This priority has 107 respondents, i.e. 44,4 % from the over all of number of 241 respondents.

In the next phase of the investigation there were processed the answers of respondents from the target group (entrepreneurs aged 30 to 45 years) in two stages. Contingency tables created in this way were statistically evaluated using the equations 2.1 - 2.3. There was performed analysis of dependency of interest in providing funds for projects from the area “Support the development of small and medium business in the area of interest of local action group” by application and by education entrepreneur and analysis of the relationship between the respondent’s previous practical experience with applying for grants and the current interest in its other activity for obtain a new project. Results of calculation are shown in table 5.

Table 5: Statistical evaluation of dependence in selected relationship

Relationship	$\chi^2$ - test	p-value	C	V
Interest in the application and education entrepreneur	10.95880	0.00417	0.2849	0.2973
Interest in the application and respondent's previous practical experience with applying for grants	21.36090	0.00000	0.3833	0.4150

Source: Questionnaire survey

Both relations expressed in tab. 5 are statistically interesting and they show middle dependence.

#### 4. CONCLUSION

In conclusion, it is necessary to stress the importance of local action group activities leading to support developments projects and the development of the region through funding from the European Union. Within its activities, the association communicates with the natural persons and legal entities, civic associations, municipalities and microregions, which in turn leads to long-term mutual cooperation in other important ways in the development of the region. Local subjects must be persuaded about the importance of their approach. The local development strategy is successful in reviving the activities of the region, supporting the local economy, services, cultural and social life.

The field survey in territory of CHANCE IN NATURE - LAG resulting in the summary that most of the respondents (76.76%) knows this civic association and knows about its work. Also the investigation proves expected issues that there is mostly interest in subsidies on the part of citizens with higher education reached and citizens aged 30 - 45 years. These facts lead to introduction of a new objective – inform also people with a lower level of education and others age categories about obtaining support from EU. From the four priorities of the local action group is for local residents the most important support priority “Development of small and medium business in the area of interest of local action group”, which confirm the interest in subsidy from the ranks of small businessmen and traders.

More and more important is the membership in the National network of LAG Czech Republic because it is possible to collaborate and communicate with other bodies dealing with rural issues and the LEADER method. Membership also gives the possibility of reciprocal transfer of knowledge and experience at the level of

cooperation between EU member states and their LAGs and spread this idea to other countries where they want to use this method in rural areas. The principle Leader could be integrated into all programs of the European Union, because that was filled with one of its basic principles - the principle of subsidiarity.

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