

Study “Impact of the „LEADER program“, a measure of 2014-2020 Lithuanian Rural Development Programme, on social inclusion, poverty reduction and rural economic development in 2014-2020”

Summary

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The study “Impact of the “LEADER program”, a measure of 2014–2020 Lithuanian Rural Development Programme, on social inclusion, poverty reduction and rural economic development in 2014–2020” aimed at evaluating (1) the implementation mechanism of the LEADER program, (2) an efficiency, effectiveness and contribution of the program action areas to the implementation of the RDP focus areas and (3) the added value of the LEADER method.

Research object. The analyzed period covered the period from the start of LDS implementation till the end of 2020. The research covered all 4 action areas of the LEADER program, 49 LAGs / LDSs, 1535 approved local projects, of which 877 were completed during the analyzed period (875 local projects were financed by the EAFRD and 2 local projects – by the EMFF) and 25 approved cooperation projects, 8 of which were completed (1 inter-territorial cooperation project and 7 transnational cooperation projects).

Given the wide scope and the limited time for the research, the main focus of the research was on the evaluation of the implementation of LEADER principles at the local level and the contribution of local projects to the implementation of RDP focus areas.

Research methods. The main research methods were analysis of relevant legal acts and secondary sources (researches conducted in Lithuania and other countries), analysis of LDS content and content of annual LDS implementation reports, analysis of project level administrative and monitoring data¹, surveys of LAG members and administration staff², LAG case studies and interviews. During the research, more than 15 interviews were conducted, detailed case studies of three LDS / LAGs (Alytus district – Birštonas LAG / LDS, Kaunas district LAG / LDS and Šilutė district LAG / LDS) and two mini case studies (at the level of LAG cooperation projects).

In order to compare the implementation of each LEADER principle at the local level, quantitative effectiveness and efficiency criteria were applied. The effectiveness of the implementation of the LEADER principles was based on 12 evaluation criteria, 5 of which were calculated for all LAGs and 7 of which - only for the LAGs selected for the case studies. The effectiveness of the implementation of LEADER principles was based on 9 evaluation criteria, 3 of which were calculated for all LAGs.

A methodological innovation is a LEADER principles performance index, which allows quantified comparison of the results of the implementation of each LEADER principle specifically and LEADER method in general at the LAG level (for more details see Annex 6). In the future, with improved gathering of data used for the index calculations, this quantitative assessment of the implementation of the LEADER principles could be carried out for all LAGs. It is recommended that evaluations of the implementation of the LEADER principles to be carried out at least twice during the period of LDS implementation in order to compare progress and changes in each LAG, to identify and to disseminate good practices and to ensure improvements in the implementation of the LEADER approach.

Evaluation of implementation of LEADER principles at local level

LEADER method is based on 7 principles that distinguish this method from other interventions and ensure the added value of the LEADER method. The 7 LEADER principles applied in Lithuania are:

- 1) area-based approach;
- 2) bottom-up approach;
- 3) partnership approach;
- 4) innovation;
- 5) integrated approach;

¹ Data of local projects and cooperation projects.

² For more details on the surveys see Annex 11 of this report.

- 6) networking and cooperation;
- 7) local financing and management.

There are differences between the list of the LEADER principles on EU level and the list of LEADER principles applied in Lithuania. The European Commission documents indicate networking and cooperation as two distinct principles, whereas in Lithuania, networking and cooperation are merged into one principle and principle of local financing and management was added to the list. This report is based on the list of LEADER principles applied in Lithuania.

LDS contains measures for the application of LEADER principles during the both processes: LDS preparation process and LDS implementation process. The application of the LEADER principles at the local level was assessed by analysing administrative data, data from the survey of LAG members and LAG administration personnel, and by conducting case studies at LAG / LDS level. The case studies were based on clearly defined criteria and indicators. The results of these case studies revealed the effectiveness and efficiency of the application of LEADER principles in LAG territory. The results of the case studies are summarized in Annexes 8 and 9 of this report.

The practical application of the area-based approach is assessed according to 3 criteria: 1) the territorial coverage of local projects at the level of LAG territory wards (local administrative units); 2) use of local specific advantages and local identity in local projects, and 3) the opinion of LAG representatives on gathering and updating data about local needs and local resources.

Assessment of the application of the “bottom-up” approach is based on a level of participation of LAG members in the process of LDS implementation, the degree of local population activeness (involvement) in the local development process and the costs of local development animation.

Practical application of the partnership approach is based on the level of attendance in the general meetings of the LAG and in the meetings of the collegial management body of the LAG and on the proportions of sectoral representation in decision-making process during each meeting of the collegial management body of the LAG. Additionally, the efficiency of the application of the partnership principle is based on valuation of trust between the local development partners and the contribution of the LAG and the LEADER method to partnerships between different sectors at local level.

Practical application of the innovation principle is based on the share of local projects with innovation, on the share of the EU and national support invested in these innovations. Also, type of the innovations (i. e. product innovation, technological innovation, organizational innovation or innovation partnership) were indicated during the research. Additionally, a list of tools used for gathering and dissemination of data on the innovations in the LAG territory was generated.

Practical application of the principle of networking and cooperation is based on the variety of ways LAGs are involved in networking with national and international organizations. Also, number of inter-territorial and transnational cooperation projects were taken into account. The effectiveness of these cooperation projects was assessed by a set of output indicators, indicating whether the projects had built new networks, had created new products, were innovative, were using local specific advantages or local identity, and had included local people into the project activities.

Practical application of the integrated approach principle is based on the share of integrated local projects (i. e. local projects contributing to several RDP focus areas), the share of local projects contributing to a development of social enterprises or community business, on the share of both local projects with partners, and local projects with investments into instrument for local sustainable development and the share of investments invested through these local projects.

Practical application of the principle of local financing and management is based on the share of both a contribution by local project partners representing different sectors (public, private or NGOs) and a contribution of the incomes from economic activities of the local projects to a financial budget of the local projects. The efficiency of the principle of local financing and management is measured by the intensity rate of support from EU and national funds for the local projects.

The evaluation of the effectiveness and efficiency of the application of the LEADER principles on national level is presented in Part 4 of this report and on the LAG level in the Annex 7 of this report. The results of the case studies are summarized in Annexes 8 and 9 of this report. The conclusions on these evaluations are provided in Part 12 of this report.

Analysis of LDS measures and LDS action areas

At the time of the evaluation, 429 LDS measures and LDS action areas³ were planned in the Lithuania. Specific LDS measures (which had no equivalents in the Lithuanian RDP or the Lithuanian Fisheries Sector Operational Program for 2014-2020) accounted for 70% of all LDS measures and actions areas (302 out of 429). At the LAG level specific LDS measures ranged from 40% to 100% (13 LAGs in Lithuania had selected only specific LDS measures, i. e. only those LDS measures which had no equivalents in the national RDP were selected).

The LAGs had selected both traditional and innovative LDS measures and LDS action areas aimed at increasing social welfare or solving social problems. As an innovative LDS measure or LDS action area was the promotion of NGO business, social enterprises or community business. 67 LDS measures and LDS action areas were intended for the promotion of NGO business, social enterprises or community business, and 45 local projects were completed under these measures or action areas during the analyzed period. LDS measures or LDS action areas promoting NGO business, social enterprises or community business were planned by all LAGs in Lithuania, except for Prienai district LAG and Švenčionys district LAG. Instead, these 2 LAGs have selected LDS measures to promote NGO partnerships and to diversify social activities⁴.

Many LAGs have selected innovative ways to address local issues. LDS content analysis showed that more than one-fifth (67 out of 302) of all specific LDS measures / action areas consisted of measures / action areas designed in an innovative way to address local social problems and to increase social welfare. Under many of these LDS measures / social areas (69%), local projects were launched and completed during the analysed period. Still, for the rest 31 % of LDS measures / action areas promoting development of social enterprises and community business has not been started yet during the analysed period, i. e. despite calls for proposals for local projects under these LDS measures / action areas, no local projects have been approved yet. This may indicate the insufficient actuality of these measures / action areas at the local level, the inadequate / inefficient animation of the local population or very heavy requirements for applicants. The specific reasons of not starting these LDS measures / action areas need to be explored at the level of each LAG / LDS. Still, the research has found that for about one third of not-started LDS measures / action areas, the reasons were objective (no calls or only published till the end of 2020 or later). However, the majority of outstanding LDS measures / action areas were those under which calls for proposals for local projects have been published several times, but there were still no approved projects.

Majority of the non-started LDS measures / action areas were specific LDS measures / action areas, despite the fact these LDS measures / activities were specifically selected by the LAG itself, and were of more relevance to the local needs. Thus, implementation of specific LDS measures / action areas was of more

³ Excluding the LDS measures which have LDS action areas, because in this case local projects are financed by the LDS action areas, and not by the LDS measures.

⁴ Prienai district LAG and Švenčionys district LAG had a LDS measure "Promotion and diversification of NGO social activities" in their LDS.

complexed nature and required more attention and efforts from a LAG, in particular to ensure highly efficient animation of the local population (for example, by providing individual consultations and assistance to potential applicants to prepare local project applications).

Contribution of local project to the EU rural development policy focus areas

2014-2020 Lithuanian RDP had a provision that the LEADER program will contribute to 9 focus areas of the EU rural development policy. However, the LDS content analysis revealed a significant contribution to the 7 focus areas. There were no local projects planned in the LDS, which would contribute to the focus area 2B (support for farm viability and competitiveness), and there were only 2 local projects, contributing to focus area 6C (enhancing the use of ICT in rural areas) which were planned in the LDS of Akmenė district LAG.

The primary contribution of the LEADER program was targeted at the focus area 6B (fostering local development in rural areas) and the secondary contribution was targeted at focus area 6A (facilitating local diversification and job creation), focus area 6C (enhancing the use of ICT in rural areas), focus area 1A (fostering innovation), focus area 1C (fostering lifelong learning), focus area 3A (improving cooperation among farmers and short supply chains), focus area 4A (preserving biodiversity and rural landscape management) and focus area 5C (facilitating the supply and use of renewable sources of energy).

During the analysed period, there were 7 approved and completed local projects according to 7 focus areas (all, except for 2B, which was not relevant, and 6C, which was relevant only for Akmenė district LAG). According the number and territorial distribution of completed local projects during the analysed period at LAG level, the LEADER program contributed mostly to fostering local development in rural areas (focus area 6B), facilitating local diversification and job creation in rural areas (focus area 6A), fostering knowledge and skills development and lifelong learning for rural population (focus area 1C). Under other focus areas, only few projects have been completed in only few LAGs.

The highest implementation effectiveness was achieved under focus area 4A (3 out of 6 planned projects completed, 50% effectiveness), focus area 6B (492 local projects completed, 46% effectiveness) and focus area 6A (278 local projects completed, 44% effectiveness). Only 19% of implementation effectiveness were achieved under focus area 1A (promotion of innovation) and focus area 3A, (17 and 24 projects completed respectively).

For the analysis purposes, it was presumed that local projects assigned to focus area 6B had a direct contribution to the development of rural areas and local development, while local projects assigned to other focus areas had indirect contribution.

▪ Contribution of local projects to the development of rural areas (focus area 6B)

Local projects assigned to focus area 6B have contributed to the development of rural areas. Local projects analysed contributed to the promotion of community partnership by organizing local events, by providing lifelong learning for rural population, by renewing an infrastructure in rural areas, by developing new products, by encouraging volunteers, by facilitating social actions taken by NGOs (like rural communities), social enterprises and community business in rural areas.

Traditional and other events in rural areas. During the analysed period, 284 local projects assigned to the focus area 6B have organized 1628 various events in rural areas. The events took place in 42 LAG territories. Approved support for these projects was 3 million EUR. The number of participants or final beneficiaries of these events reached 89 000 (about 10% of the LAGs population).

Part of these events were dedicated to organize various rural community festivals. Part of the festivals were unique, and part of them were traditional, organized annually and known not only locally, but throughout

Lithuania (for example, the festival "Sunny Nights" in Joniškis district, "Musical Friday evenings" and various other events). Also, part of these events was related to the exposition of regional products.

Training and educational activities for rural population. There was a small part of local projects assigned to the focus area 6B, aimed at trainings and educational programs for rural population. 14 trainings and 138 educational programs were organized during the analysed period. 247 participants attended training.

Upgrading infrastructure in rural areas. During the analysed period, 134 local projects were aimed at the renewal of public infrastructure in a rural area⁵. According to the data from the project developers, more than 125 000 people (12% of LAGs population) benefited from these projects. Some persons may be counted more than once, thus the number of unique beneficiaries was smaller. Part of the projects covered more than one residential area. Therefore, infrastructure was upgraded in about 150 rural settlements (less than 1% of all rural settlements in Lithuania).

New regional and other products in rural areas. According to the data from the local project promoters, 29 local projects with new products or regional products were completed by 1 April 2021. These local projects were carried out in 10 LAGs. The perception of what is a new product or what is a regional product was coming from the point of view of LAGs / local project developers, thus the variety of these new products or regional products was large ranging from very specific products (e. g., honey) to the intangible products (films, educational programs, etc.).

New services in rural areas. New services were developed under 11 completed local projects: 5 of them were assigned to the focus area 6B (support of 204 843 EUR), 4 of them were assigned to the 6A focus area (2 local projects in the territory of Pakruojis district LAG and Radviliškis district LAG; support of 235 899 EUR), and one local project assigned to the focus areas 1A and one local project assigned to the focus area 3A (both projects were implemented in the territory of Radviliškis district LAG; support of 51 810 EUR and 29 050 EUR, respectively). The approved support for these local projects with the new services totaled 521 602 EUR. Reports on local projects indicate that a total of 33 services have been developed. It was hard to have a one common definition on a "new service", because this concept was applied to different LDS measures and LDS action areas that invest in small-scale infrastructure, local business development, cooperation between producers or processing and marketing of agricultural products.

Volunteering in local projects. Local projects have contributed, inter alia, to the promotion of volunteering in rural areas. Volunteering is one of the sources of funding for local projects. During the analysed period out of 1535 local projects approved, 100 projects were financed by the voluntary work of the project developer or project partner. The value of this in-kind contribution was almost 223 000 EUR. In addition, there were 26 projects in which the contribution of voluntary work was not foreseen, but the number of volunteers involved in the project activities was included. Volunteers participated in 42 local projects in total⁶. According to the data from project developers, there were almost 500 volunteers in the local project, and about 200 (40%) of them were young people (less than 29 years old). Local projects with one or more volunteer were carried out in 14 LAGs. Volunteering is of particular importance for promoting social inclusion and ensuring the vitality of rural areas, as participation in local project activities strengthens community ties within the LAG territory, strengthens individuals' sense of belonging to the community and their willingness to contribute to LAG territory development.

⁵ 129 local projects were assigned to the focus area 6B, and 5 local projects were incorrectly assigned to the focus area 6A by the Marijampolė LAG.

⁶ 38 local projects were assigned by the LAGs to the focus area 6B and 4 local projects – to the focus area 1A (Šakiai district LAG only).

NGO social activities, social and community business projects. One of the innovative ways to address the social problems in rural areas and to increase social welfare was the promotion of NGO social activities, social enterprises or community businesses. During the analysed period, 45 local projects with the aim of creating or developing a social enterprise or a community business were completed⁷. The LAGs assigned these projects to the different focus areas: 32 local projects (with 54 jobs created) to focus area 6B, 11 local projects to focus area 6A (13 jobs), and 2 local projects to focus area 1A (2.5 jobs). These projects have created almost 70 new jobs. The projects were implemented in the territory of 19 LAGs (39% of all LAGs). The largest number of these local projects were implemented in the territory of Širvintos district LAG, and largest number of jobs created by these projects were in Jurbarkas district LAG, Panevėžys district LAG and Širvintos district LAG. The list of local projects with NGO social promotion, social enterprises and community business completed during the analysed period is presented in Annex 14 of the report.

The effectiveness of the LDS implementation is reflected by two main indicators – a number of supported local projects and a number of new jobs (new full-time work places) created during the implementation of local projects. In terms of the contribution of local projects to rural development (focus area 6B), there was a plan in the LDS to support 1067 local projects (492 local projects were actually supported during the analysed period, thus effectiveness level was 46%) and to create 417 new jobs. On April 1 of 2021 there were 56 jobs created by already completed local projects (thus effectiveness level – 13%), 54 of which were related to the local projects aimed at development of a social enterprise or community business.

- **Contribution of local projects to other EU rural development policy focus areas**

There were 17 completed local projects contributed to focus area 1A (fostering innovation): 10 of these projects were related to cooperation and 7 of them aimed at the development of social enterprise or community business. The projects were implemented in 9 LAG territories. The projects had created 8.25 new jobs (full-time work places), of which 2.5 jobs were coming from the projects aimed at the development of social enterprise or community business.

There were 51 local projects assigned to the focus area 1C (fostering lifelong learning). 309 trainings and 76 other events were organized during the implementation of these projects. The trainings were organized in 40 local projects and 2266 participants took part in them. There were 7 participants on average per training session. An average of 170 EUR of support was spent on each participant. Analysis of the topics of these trainings shows, 47% of trainings were aimed at the promotion of entrepreneurship. There were about 6,7 thousand participants in total in trainings and other events assigned to the focus area 1C.

There were 22 local projects assigned to the focus area 3A (improving of cooperation among farmers and short supply chains): 14 of them were implemented by natural persons, and 8 of them were implemented by legal persons (enterprises). One of the general indicators of focus area 3A was a number of farms that received a support. The number of projects in this case corresponds to the number of beneficiaries, as all projects were implemented by different persons. All of the 22 local projects were implemented without partners, although the focus area 3A was aiming to promote a cooperation. 33 new jobs were created in these projects.

There were 3 completed local projects assigned to the focus area 4A (preserving biodiversity and rural landscape management). The project “Management of Gandinga and Varkaliai mounds and their adaptation to the needs for a tourism and recreational services” was implemented in Plungė district LAG (1 new job was created). Two projects were implemented in Telmuvėnai village in Kelmė district. Tytuvėnai Regional Park Directorate implemented the project “Management of Bridvaišis lake shore”, building a new infrastructure for leisure and recreation services (e. g., playground, camps, fireplace, etc.) on the shore of

⁷ 32 local projects were assigned by the LAGs to the focus area 6B, 11 local projects – to the focus area 6A and 2 local projects – to the focus area 1A.

the lake. Tytuvėnai Pilgrim Center implemented the project “Planting the rose garden on the Tytuvėnai Church and Monastery territory”.

There were 10 completed local projects assigned to the focus area 5C (facilitating the supply and use of renewable sources of energy). There were 6 local projects in the Kėdainiai district LAG and Telšiai district LAG aimed at the improvement of energy efficiency of public buildings. Also, there were 4 local projects in Lazdijai district LAG, Anykščiai district LAG and Kupiškis district LAG, which were used for a development of local business. 10.25 new jobs were created in these projects.

There were 278 completed local projects assigned to the focus area 6A (facilitating local diversification and job creation). In 274 of these projects 472 new jobs (full-time work places) were created. The number of persons employed during these projects was higher, as in some projects one full-time work place is shared by two or more workers (part-time jobs). Some of these projects and jobs were related to the development of social enterprises or community business (11 projects and 13 jobs). Local projects assigned to the focus area 6A were implemented by 269 unique project developers (9 of them had implemented two local projects, thus total number of local projects was 278). These projects were mostly carried out by natural persons and private limited companies. Persons with two completed projects were 7 private limited companies, one natural person and one small partnership entity. More than half (54%) of the funded local projects assigned the focus area 6A were carried out by SMEs.

New jobs created in local projects. It is foreseen in the Local Development Strategies that 1431 new jobs will be created using EAFRD funding. During the analysed period 580 new jobs were created (effectiveness - 41 percent). Data at the focus area level are as follows:

- Focus area 1A: 85 new jobs planned, 8.25 created, effectiveness – 10 percent;
- Focus area 3A: 167 new jobs planned, 33 created, effectiveness – 20 percent;
- Focus area 4A: 1 new job planned and created, effectiveness – 100 percent;
- Focus area 5C: 26 new jobs planned, 10.25 created, effectiveness – 39 percent;
- Focus area 6A: 736 new jobs planned, 472 created, effectiveness – 64 percent;
- Focus area 6B: 417 new jobs planned, 56 created, effectiveness – 13 percent.

LDS preparation, LAG capacity building and LEADER program implementation mechanism formation and improvements

The Ministry of Agriculture and the National Paying Agency played an important role in the LDS preparation process and in the development of an implementation mechanism for the LEADER program. Also, an effective system of inclusion of local actors into the development of the program at the RDP level has been established (LEADER program working groups, LEADER approach coordination group, weekly meetings with LAG Network board, Google disk tool used for interaction between LAGs, Ministry of Agriculture and National Paying Agency (e. g., for explanations and methodological assistance). The established working groups assisted with practical application of the LEADER principles (especially partnership approach, bottom-up approach, networking and cooperation) at the RDP level. These mechanisms ensured that local actors were constantly involved in the improvement of the LEADER program implementation mechanism, they were consulted by using a variety of different tools and they had an opportunity to make suggestions for further improvements.

Under Lithuanian RDP action area 19.1 “Preparatory support”, all 49 LAGs were provided with support for the preparation and capacity building to prepare and later to implement new LDS. The maximum amount of support provided for the LDS preparation under the action area 19.1 in 2014-2020 was 9 000 EUR, and two-sector LDS – 12 000 Eur. Compared to 2007-2013, this amount was significantly reduced to encourage LAGs to prepare LDS themselves, instead of hiring consultants (during the period 2007-2013 the maximum amount of support allocated for the preparation of LDS was 20 000 EUR). As it was during the LDS

preparation process in 2014-2020, about half of the LAG representatives believe that new LDS for 2023-2027 should be prepared with a little help from external experts, and the other half of the LAG representatives believe, that the help from external experts should be significant. Help from external experts is mostly expected in the gathering and processing the statistical data, in the preparation of questionnaires for local population surveys and in the analysis of survey data.

Many LAGs need the assistance from the Ministry of Agriculture while preparing the LDS. 1/5 of the LAG representatives expect the same assistance from the Ministry of Agriculture and the National Paying Agency as it was during the preparation of the current LDS, but the vast majority of the LAGs would expect even more assistance from these authorities. To be more specific, the Ministry of Agriculture and the National Paying Agency is expected to provide group trainings and individual consultations on the preparation of new LDS, as well as more funding for the preparation of LDS. The representatives of the LAG also emphasize that it is very important that all legal acts necessary for the preparation and implementation of the LDS (rules for the selection of LDS, rules for the administration of local projects, etc.) were approved in time and with no delays. Failure to adopt in time all the legislation relevant to the implementation of the LDS leads to the conflicts where the provisions of the approved LDS contradict to the provisions of the legal act adopted later. Additionally, it is important to simplify the procedure and structure of preparing new LDS.

With regard to the new LDS, it is important for the LAG representatives to have an opportunity select not only LDS measures / action areas which would be equivalent in the Lithuanian RDP, but also specific LDS measures / action areas. According to the representatives of the LAG, these specific measures would be better fitted to the needs of a local development in a LAG territory and would ensure greater flexibility of the LEADER method implementation.

Smaller LAGs face a shortage of financial and human resources that LAGs can allocate to LDS administration. Although increasing a size of a LAG would help to solve this problem, according the opinion of the LAG representatives, in order to ensure that the LAG would be closer to the local population, alternatives for merging the LAG should be found. As an alternative solution could be an increase of the share of support allocated to the administration of the LDS. Another alternative solution could be the development of multi-funded strategies.

The data from the survey of LAG members and administrations show that better contribution of local projects to the local needs and more successful implementation of LDS would be ensured by wider local population involvement into local development process, more and stronger partnership and cooperation between local actors, better LAG funding, less bureaucracy, better quality of LDS and more flexible LDS amendment procedure. The data of the survey also show that the implementation of LDS, especially in terms of innovative projects, is negatively affected by the inaction of the local population, the lack of ideas and the lack of information on good practices. As in the case with LPS administration costs, it is easier to ensure a sufficient knowledge sharing in larger LAG areas rather than in LAGs with a less population.

Continuous professional qualification training and individual capacity building are crucial and remain as important drivers for the efficient LDS implementation. LAG's capacity building activities should be continued in the future. Although LAGs have the resources to organize workshops and seminars, but as survey data show, part of LAGs (small LAGs more often than large ones) felt short funding these measures. The solution here could be cooperation between the LAGs and the national authority institutions in organizing joint workshops or seminars. The role of LAG Network, Ministry of Agriculture, National Paying Agency and Lithuanian Rural Network in organizing joint seminars or workshop could be very important.