

The Local Development Initiatives in the Rural Development Context

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Abstract. *The European Union Leader initiative is an important chance for the development and tightening of the rural-urban continuum in Romania. Fundamental elements of this initiative are the local action groups. These local action groups are conceived rather as an ad hoc framework for exchanging ideas, for debate on matters of local interest, on initiatives to boost economic activities. Thus, these local partnership structures can be self-organized by very real problems and directions: to promote a brand of product made in a certain area, the image of a tourist attraction, of traditional occupations, crafts of products etc.*

This paper aims to highlight the difficulties of economic progress for the Romanian rural area, considering that the Leader initiative would be a good opportunity to accelerate this process. To emphasize this, a review of the dimension of the Romanian rural problem was done. Also, I examined how specific indicators and official recommendations have stimulated the initiatives for organizing local action groups. Finally, arguments in favour of local action groups as the solution to the rural problem of Romania are provided.

Keywords: local action groups; regional disparities; economic cohesion; rural development; economic integration.

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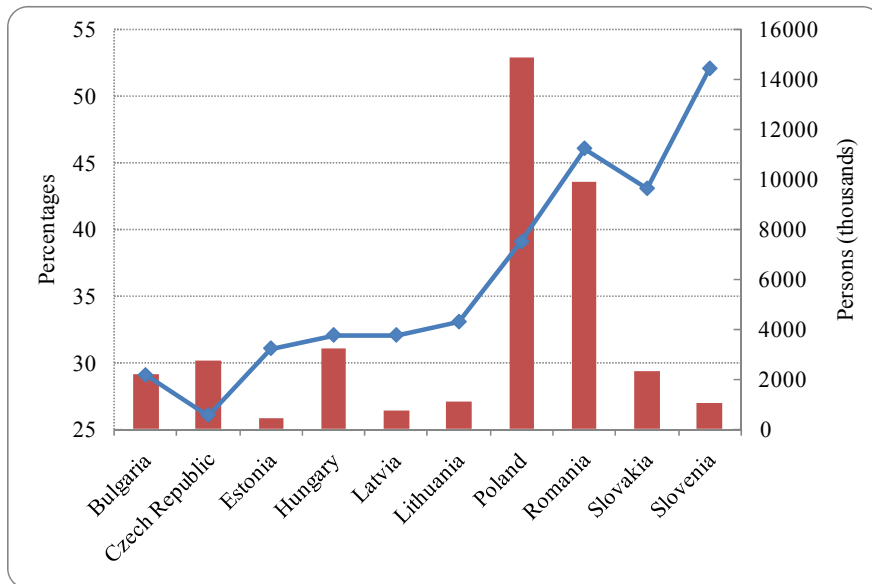
Introduction

The integration of the former communist countries of Central and Eastern Europe in the EU is difficult, challenging and fragmented. The differences in economic and social performance since accession seem to have widened after the economic and financial crisis, which generates a fragmentation process of the peripheral area of the EU. These fractures are becoming more evident both on a national dimension and on a regional one, but especially on the urban-rural habitation dimension. The urban – rural disparities are by far the most conspicuous in the heterogeneous scenery of the Central and Eastern EU both from the synchronic and diachronic perspective. Without insisting on the causality of the spatial distribution of the economic activities (these can be found in Ailenei et al., 2011a), namely on the structural changes from the history of the national economies development, even under the conditions of an optimistic attitude on the present (which could consider the disparities as being ephemeral), the concern is about the significant differences in understanding the time horizon of the economic development compared with the individuals belonging to the two areas of habitat. Often, the Eurobarometer shows net discrepancies in the assessment of the economic development opportunities, degree of optimism, confidence in progress, etc. between the inhabitants in urban areas compared with those from rural areas. Under these circumstances the European integration of the former communist countries of Central and Eastern Europe has an additional concern – the rural area.

Financially and institutionally supported through pre-accession funds these countries have made great efforts to modernize the rural area (Ailenei et al., 2011b). After the EU accession, the new member states from Central and Eastern Europe have benefited from additional financial resources made available by the European Agricultural Guidance and Guarantee Fund. However, the opportunities to improve the quality of the European integration of the rural area in the new EU Member States have increased dramatically with the entry into force of the European Agricultural Fund for Rural Development (EAFRD). In accordance with the principle of the strategic approach of the EAFRD use, the Member States have to develop and implement the National Rural Development Programmes.

1. The dimensions of the Romanian rural problem

In Romania rural areas cover about 87.1% of territory and 45% of population (the second largest after Slovenia). However, in absolute terms, Romania has the second rural population among the new Member States after Poland (which has a smaller share of the rural area, Figure 1).

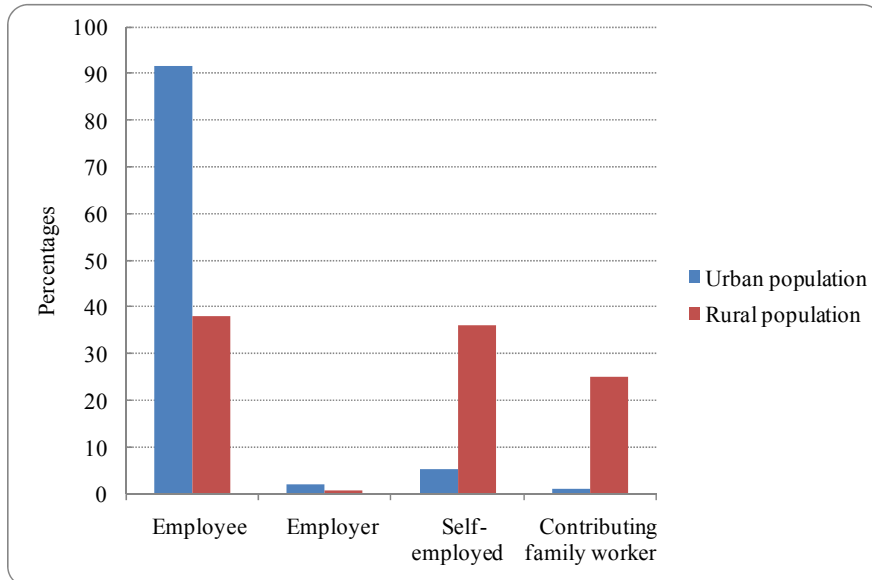


Source: NISS data.

Figure 1. Rural population in East European Countries in 2009

The high percentage of the rural population becomes a problem when it is associated with significant differences on employment of the labour force, the employed population structure, workers' skill level, household income, infrastructure facilities, quality of life, access to education etc.

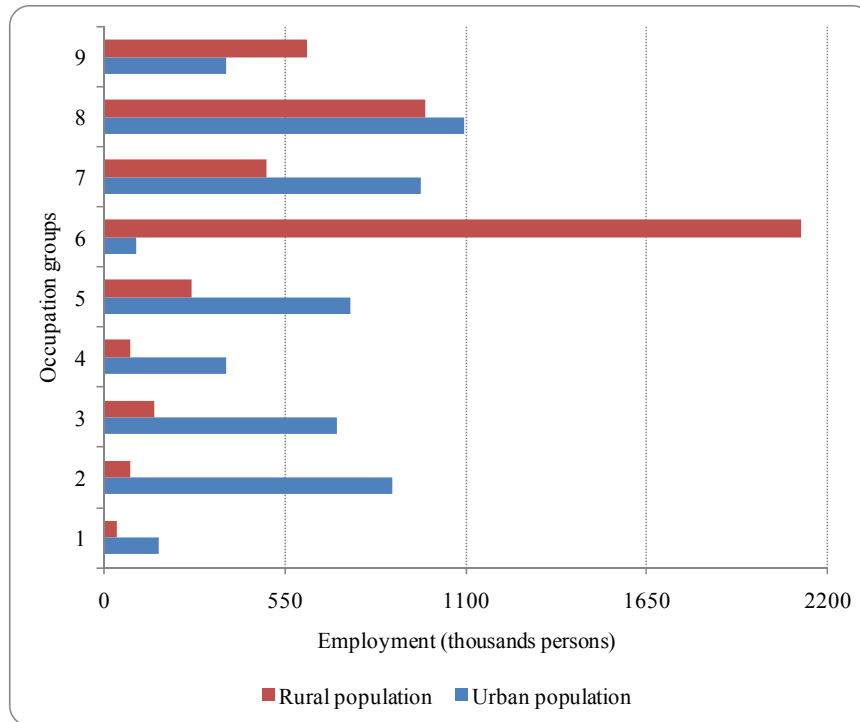
Romania has a gap of eight percentage points in employment for the urban area as compared to the rural area. This disparity is greater when considering the structure of the employed person's status (Figure 2). One can see the apparent predominance of the employees and employers in urban areas, namely self-employed and workers from family farms in rural areas. The problem here is related to the effects on labour productivity, entrepreneurship, respectively the effects of attracting the people in the labour force market (since freelancers are often occasional workers and most farms are in fact small households).



Source: Household Labour Force Survey (HLFS) – 2009.

Figure 2. *Employment structure by status in employment in 2009*

The rural-urban disparities are even more obvious regarding the occupational structures of the employed population (Figure 3). It is noted that the highly qualified professions predominate in the urban area, while in the rural area farmers and unskilled workers predominate.



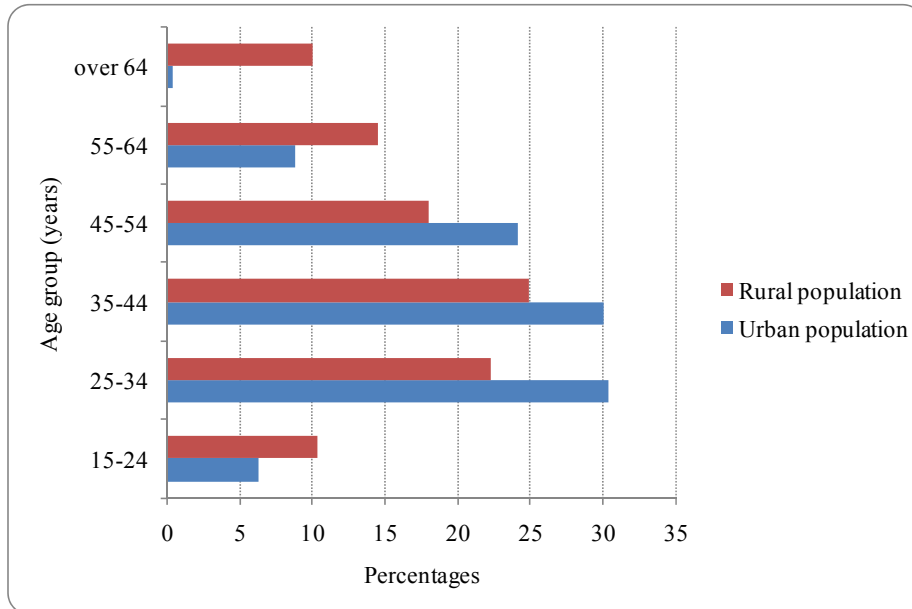
Source: Household Labour Force Survey (HLFS) – 2009.

Figure 3. *Employment structure by occupation group in 2009*

The occupation groups from the figure above are as follows:

1. Members of legislative body, executive, leaders of public administration, leaders and clerks of socio-economic and political units;
2. Specialists with intellectual and scientific occupations;
3. Technicians, foremen and assimilated;
4. Civil servants;
5. Operative workers in services, trade and assimilated;
6. Farmers and skilled workers in agriculture, forestry and fishery;
7. Artisans and handicraftsmen in machinery and installations maintenance and adjustment;
8. Other categories of occupations, of which:
9. Unskilled workers.

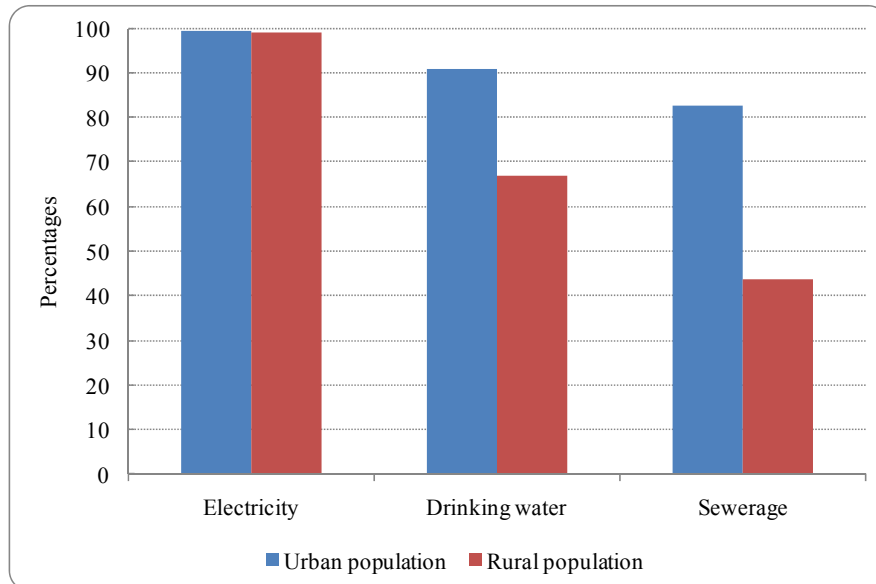
Even the employed population's age structure is unfavourable to the rural area (Figure 4) where the elderly workforce (over 55) and the new cohorts of labour force (15-24 years) predominate. In contrast, the most productive age groups of the employed population (between 24 and 54) are distributed mainly in the urban areas.



Source: Household Labour Force Survey (HLFS) – 2009.

Figure 4. *Employment structure by age group in 2009*

The dominance of the agricultural activities, of the less skilled and experienced elder labour force in the rural areas has direct effects on incomes and living standards of the people in this area. The disparities regarding the standard of living between the two habitat areas can also be highlighted by the new dwellings facilities (Figure 5). Thus, if regarding the connection to electricity there is a relative balance between the two areas, the water and heating installations are more present in the urban area than in the rural one.



Source: NISS data.

Figure 5. *Finished dwellings by type of installations they are endowed with in 2009*

Of course, as Ailenei (2001) shows there are many other gaps in the economic and social development of the rural areas compared to the urban areas, which make Romania's process of modernization and European integration difficult. The difficulty of the European integration of the rural area from Romania is further accentuated by the long tradition of dominance of the rural area in relation to the urban one (Constantin, 1996).

During the communist period the diminishing of this share was forced by various means, most often destructive. Not even the transition to the market economy managed to improve the situation as the urban – rural migration flows have surpassed the rural-urban ones in the last years, making the problem of the too large share of the rural area to block the structural changes absolutely necessary for the economic modernization and the process of European integration.

2. The Leader axis – the chance to improve the urban – rural ratio

The Leader axis is one of the four axes of the National Rural Development Programme. The aim of this axis is to improve local governance through the establishment and operation of local action groups (LAG). The

main objective of the axis is to start and operate the local development initiatives, while the strategic objectives derived from the main objective are:

- to promote the endogenous potential of the territories;
- to improve the local governance.
- Actions to be taken under Axis 4, using three measures, can be summarized as follows:
 - Measures 41 and 421, through which local development strategies are implemented by the LAG, in selected territories, allows the achievement of axes 1, 2 and 3 objectives of the EAFRD, in accordance with the locally developed strategy, which materializes through projects made individually or in collaboration with other LAGs/partnerships.
 - Measure 431, divided into two sub-measures, namely:
 - Sub-measure 431.1 supports the construction of public-private partnerships, building local development strategies and the preparation of the Local Development Plan in order to participate in the selection of LAGs;
 - Sub-measure 431.2 provides the LAGs with support for: running costs, acquiring skills and animating the territory.

Analysing the social, economic and geographical, territorial coherence and homogeneity, relative to the number of inhabitants and the eligible area, the financial allocation envisaged for the Leader axis and the interest of local actors, the Ministry of Agriculture and Rural Development estimated that, following the selection procedures, a number of 80 LAGs can result.

Thus, the area eligible for Leader comprises a population of about 11.7 million, of which about two million came from small towns up to 20,000 inhabitants.

An interesting correlation concerning the LAG's potential is described by Ailenei (2011c).

The authors set up a database of our research, gathering information on all the 111 selected LAGs: the projects eligible values for phase values 431.1, the localities and the scores of the four selection criteria, the values of the development index of communes and the population of localities included in the LAGs. Based on this information an econometric correlation between the amounts allocated to LAGs, the total population of each LAG and the development index of communes was tested.

The low value of correlation is explained by using as dependent variable only the eligible amount in this preparatory phase (431.1). However, it is worth noting the negative coefficient associated with the development index of communes, which shows that the number of LAGs is high especially in poorer

areas of Romania. In contrast, the reduced influence of the total population seems to be paradoxical given that one of the four selection criteria relate to the population of the LAGs. It seems that the eligible amount is rather linked to the type of economic project around which each LAG is constructed, than to the size of its population, even if the impact factors of project implementation should consider this aspect.

3. Conclusions

Given the analysis presented above, it can be concluded that local action groups may represent a real opportunity to develop rural areas of Romania and implicitly to revitalize small towns included in such structures. Moreover, this programme could be a viable solution to reduce the excessive weight of the Romanian rural area, if it would continue over on the medium to long run, beyond the current period of budgetary implementation of the National Rural Development Programme.

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