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**“Networking” and “New modes of governance” in EU Rural Development
Policies – Challenges of implementation in Romania**

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Diplomingenieurin Doris Marquardt

geb. am 06.03.1983 in Winsen/Luhe

Gutachter:

Prof. Dr. Gertrud Buchenrieder

Martin-Luther-Universität Halle-Wittenberg

PD Dr. Martin Petrick

Leibniz-Institut für Agrarentwicklung
in Mittel- und Osteuropa (IAMO), Halle/Saale

Dr. Carmen Hubbard

Centre for Rural Economy
School of Agriculture, Food and Rural Development
Newcastle University

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“Networking” and “New modes of governance” in EU Rural Development Policies – Challenges of implementation in Romania

Executive Summary

Motivation, objectives and approach. Since its accession to the European Union (EU) in 2007, Romania can benefit from the European Agricultural Fund for Rural Development (EAFRD). During the period 2007-2013, the implementation of two instruments is mandatory: 1) the LEADER^a instrument, under which Local Action Groups (LAGs), i.e. public-private partnerships, are supported in the integrated development of rural regions, as well as inter-territorial cooperation; and 2) the National Rural Networks (NRNs), which are interlinked to a European Network for Rural Development. One main purpose of the NRNs is to arrange the transfer of information to and between rural actors to enhance policy delivery. Both instruments have features that set them apart from other EAFRD interventions: 1) the incorporation of the idea of networking in the instrumental design; 2) the objective to contribute to better governance; and 3) to build upon certain modes of governance to achieve policy objectives. The functioning of social networks and governance processes is inherently linked to politico-administrative, historico-cultural and socio-economic conditions. Therefore, doubts may arise that the implementation of these two instruments in a new Member State (NMS) such as Romania, which has been influenced by four decades of socialism, will be without problems. Scepticism is indicated especially because rural development is a relatively novel policy field in Romania, and because the administration, as well as the (potential) beneficiaries, have had basically no experience with the integrated and bottom-up approach of LEADER, or with participatory policy-making.

This study aims to identify the potential that these two policy instruments, LEADER and the NRN, offer to rural Romania, as well as the challenges linked to their implementation. The research approach includes insights from social and political sciences. As opposed to most policy evaluations, the research focuses on the instruments and related processes, rather than on policies and their outcomes. The empirical analyses concentrate on the (pre-) implementation phase, as well as on the administration's and (potential) beneficiaries' capacity-building. The nature of these two policy instruments, as well as the comprehensive view on the related policy-making processes, entail a theoretical emphasis on social networks, social capital and governance. The work draws on data collected between 2008 and 2010. The data are derived from five Romanian-wide surveys addressing various stakeholders, surveys among Hungarian and German LAGs, an EU-wide survey among National Network Units, expert interviews, three case studies, and long-term participatory observation of the Romanian agricultural administration. Methodologically, Social Network Analysis (SNA) was used for examining the dynamics of inter-actor relations underlying, e.g. the creation of social capital. Multiple Criteria Decision Analysis (MCDA) served, among others, to illustrate and evaluate the concept of integrated rural development. To assess formal and informal governance processes in the policy formation implementation process, the study applied the concepts of Policy Delivery Systems and Policy Mapping. The Standard Cost Model was employed for assessing administrative costs.

Important results and conclusions. In this study, *policy*, *polity*, i.e. the design of political institutions, *politics*, and *administering*, were scrutinised against the instruments' theoretical potential. This allowed a fine-tuned identification of factors affecting the implementation of LEADER and the NRN in Romania from the outset. It appears that the translation of the instruments' ideas into the legal framework at the European (and the national) level already

^a LEADER stands for “Liaison entre actions de développement de l'économie rurale”, which translates into English as “Links between the rural economy and development actions”.

somewhat constrained their potential: 1) For LEADER this study reveals how the programme design inhibits the intended use of the endogenous regional potential. Results are based on tracing governance outcomes of a potential LAG's decision-making on its regional development strategy with MCDA; 2) The NRNs suffer from imprecise objective definition and subsequently, e.g. the aim of improving governance is not furthered in many Member States. Being a new instrument EU-wide, it is found that the NRNs' theoretical potential is insufficiently used in various dimensions. Particularly the principle of reciprocity for creating social-capital-based added value tends to be abrogated, as the NRNs are externally funded. Building on network theory, this study shows that supplementing common NRN objectives by endogenously grown objectives for satisfying network members' interests and evoking their contribution is one key for overcoming this obstacle.

In Romania, the LEADER approach also suffers from the design of the delivery system, especially from a trend to over-control and a lack of will to delegate responsibilities both horizontally and vertically. The common view that LEADER is particularly demanding to administer could not be verified: manifested administrative costs per funded project appear not to be notably greater than for other EAFRD interventions. Nevertheless, the non-recurring LAG-selection process turned out to be administratively problematic. Apparently, LEADER primarily suffers from management and governance failures in a malfunctioning politico-administrative system. Though, this is also true for other EAFRD measures. The impact of administrative deficits became clearly visible, when tracing the developmental paths of potential LAGs by means of SNA. Indeed, the formation of local partnerships significantly suffers from the still strong aversion against formal institutions and the strong position of local authorities. The weak administrative networks led not only to technical shortcomings and a lack of information, but also to undue political influence. Applying SNA further revealed that by whom and when information on the instrument is received in a potential LEADER region essentially determines the evolution of a (potential) LAG. This underscores the crucial role of the resource information in the implementation process and the importance of its timely and targeted distribution for the formation of proper and balanced partnerships.

Analyses show that – to the advantage of already strong parties – time for local actors' capacity-building was restricted. In particular, building partnerships based on social capital, which would allow one to somewhat compensate for a lack of other resources, was constrained. The preparatory LEADER measure, under which potential LAGs' capacity-building was supported, was not very helpful in this regard, as it was delayed and implemented destructively, neglecting its intervention logic. Here, time constraints for beneficiaries, unclear schedules, ambiguous guides and the programme's overall complexity not only burdened partnership processes, but also inhibited informed participatory decision-making in the potential LEADER regions. Still, the measure enabled potential LAGs to apply for LEADER and introduced the idea of integrated development into community planning. Capacity-building for LEADER demands more than the mobilisation of co-financing. It must rely on human resources and social relations between regional actors, as well as between the administration and (potential) beneficiaries. Social relations, which need time to mature, also form the core capacities for the NRN. For the Romanian NRN many actors could be initially mobilised, but many lost their belief in the NRN due to three years of uncertainty about the setup of the network unit. Overall, in Romania a long period of deadlock between initial capacity-building and the final implementation of both instruments caused severe drawbacks in this regard.

Using the NRN to enhance rural governance and subsequently policy formation in Romania does not appear to be very promising. Findings from the mapping of sectoral policy-making point to processes dominated by informal forces and a deficit in participatory elements, and so far – at least periodically – a lack of political will to support the NRN.

The potential benefits of LEADER and the NRN in Romania form a dichotomy. On the one hand, new modes of governance (within LEADER and the NRN) have been (and will be) hardly used as delivery mechanism. On the other hand, the instruments' enabling effects, primarily resulting from the transfer of information and assistance, could have a notable effect. Contrary to the formation of (formal) trust-based partnerships, the idea of networking, which builds upon less close relations, finds fertile ground in rural Romania. The civil society, or at least a number of key actors, seems active enough to use the NRN effectively as an information instrument. Benefits arising from the NRN are likely to be high because of severe information deficits and administrative shortcomings currently affecting the implementation of other EAFRD interventions. The results of the study suggest that Romania missed the opportunity of an early NRN establishment for EAFRD-related capacity-building, which would not only have allowed a strengthening of the national delivery system, but also the ability to receive external advice, which appears particularly valuable for NMSs. In two regards, EU-wide networking – often informal and non-funded – has already turned out to be an important driver for rural development in Romania. First, network-analytical findings point to foreign actors as key players in promoting and imparting the complex LEADER approach, and in providing technical assistance. Second, external actors function as a source of social control, which was found to facilitate partnership processes. For enhancing the input-output-ratio of networking and partnership interventions, several smaller levers have been identified. Notably, for the NRNs, applying the Open Method of Coordination appears to be a suitable means for enforcing sound management through social pressure and evaluating network activities through joint benchmarking. Favourably, in Romania such a form of social control may initiate a trickle-down effect by enhancing transparency and trust, and thus the governance conditions framing rural development policies at all levels. Generally, a sound policy implementation environment, which entails, e.g. a correct and trustworthy administration, still has to be achieved for harnessing the instrumental effects of new modes of governance. Indeed, besides the functioning of the politico-administrative system, historico-cultural legacies still burden the fruitful implementation of LEADER and the NRN in Romania. It remains to be seen how far certain modes of governance are instrumentally used and added value from social networks is generated. Nevertheless, the mandatory implementation of LEADER and the NRN can be supported for the Romanian case. This is reasoned in the findings on the way sectoral policies are made, on the one hand, and in the identified potential for the instruments' enabling effects and for stimulating networking, integrated rural development and participatory democracy on the other. Findings suggest that the aspired improvement in governance will take place. However, as at the local and national levels democratic participatory decision-making is still not self-evident, the risk of policy failure in terms of lacking legitimacy of governance outputs of both instruments is not ruled out.

Overall, this study assessed (policy-initiated) networking and governance processes and/or their outcomes quantitatively and qualitatively, and made them tangible. Embedding these analytical results into the assessment of related policy-making processes allowed an additional interpretative dimension to be spanned. Having comprehensively analysed policy-making processes, including the interplay of interactions, suggests calling (more) attention to policy processes in the cost-benefit equation in instrument choice and design. This holds true for administrative-technical issues potentially driving administrative costs, but also for processes' social dimension, which was found to affect policy effectiveness, particularly if networking and governance processes are targeted.

Zusammenfassung

Motivation, Ziele und Ansatz. Seit dem Beitritt zur Europäischen Union (EU) 2007 kann Rumänien von dem Europäischen Landwirtschaftsfonds für die Entwicklung des ländlichen Raums (ELER) profitieren. In der Förderperiode von 2007 bis 2013 ist die Implementierung von zwei Politikinstrumenten obligatorisch: 1) LEADER^b, in dessen Rahmen Lokale Aktionsgruppen (LAGs), d.h. Public-Private-Partnerships, bei der integrierten Entwicklung ländlicher Region unterstützt werden, und 2) Nationale Netze für den ländlichen Raum (NNLs), die über das Europäische Netz zur Entwicklung des ländlichen Raums vernetzt sind. Ein Hauptzweck der NNLs ist die Organisation von Informationstransfer zu und zwischen ländlichen Akteuren zur Verbesserung der Politik(umsetzung). Durch einige gemeinsame Charakteristika heben sich diese beiden Instrumente von anderen ELER-Interventionen ab: 1) die Einbindung der Idee des *Netzwerkens* in die instrumentelle Konzeption, 2) das Ziel, zur Verbesserung von Governance beizutragen, und 3) das Aufgreifen bestimmter Formen von Governance zur Erreichung politischer Ziele. Die Funktion sozialer Netzwerke und Governanceprozesse stehen in Zusammenhang mit politisch-administrativen, kulturhistorischen und sozio-ökonomischen Rahmenbedingungen. Dies begründet Zweifel an einer unproblematischen Implementierung der beiden Instrumente in einem neuen EU Mitgliedstaat wie Rumänien, der von vier Jahrzehnten Sozialismus geprägt ist. Skepsis kommt insbesondere auf, da ländliche Entwicklung in Rumänien ein relativ neues Politikfeld ist und da sowohl die Administration als auch (potentielle) Begünstigte kaum Erfahrungen mit dem integrierten und dem Bottom-up-Ansatz von LEADER und mit partizipativen Politikprozessen haben.

Die vorliegende Arbeit zielt auf die Identifizierung der sich mit der Implementierung dieser zwei Instrumente – LEADER und dem NNL – für Rumänien auftuenden Potentiale und Herausforderungen ab. Der Forschungsansatz ist sozial- und politikwissenschaftlich ausgerichtet. Im Gegensatz zu den meisten Politikevaluierungen stehen nicht Politik und ihre Ergebnisse im Fokus der Arbeit, sondern die Instrumente und einhergehende Prozesse. Die empirischen Analysen konzentrieren sich auf die (Prä-)Implementierungsphase sowie den Aufbau von Kapazitäten der Verwaltung und den (potentiell) Begünstigten. Die Eigenheiten dieser beiden Politikinstrumente und die umfassende Betrachtung der dazugehörigen politisch-administrativen Prozesse legen einen Schwerpunkt auf Theorien zu sozialen Netzwerken, Sozialkapital und Governance nahe. Die Arbeit basiert auf Daten aus dem Erhebungszeitraum von 2008 bis 2010. Die Daten wurden im Rahmen von fünf rumänienweiten Umfragen unter verschiedenen Stakeholdergruppen, Umfragen unter ungarischen und deutschen LAGs, einer EU-weiten Umfrage unter den nationalen Vernetzungsstellen, Experteninterviews, drei Fallstudien und einer langzeitigen partizipativen Beobachtung der rumänischen Agrarverwaltung erhoben. Als Methode wurde Soziale Netzwerkanalyse (SNA) zur Untersuchung von Interakteurbeziehungen, die z.B. die Generierung von Sozialkapital unterlegen, verwendet. *Multiple Criteria Decision Analysis* (MCDA) diente u.a. der Beleuchtung des Konzepts integrierter ländlicher Entwicklung. Zur Analyse informeller und formeller Governanceprozesse in Politikformierungs- und Implementierungsprozessen wurde in dieser Arbeit auf *Policy Mapping* und das Konzept der *Policy Delivery Systems* zurückgegriffen. Das *Standard Cost Model* wurde zur Erhebung administrativer Kosten verwendet.

Bedeutende Ergebnisse und Schlussfolgerungen. In dieser Arbeit erfolgte die Analyse von Politik, dazugehörigen institutionellen Systemen sowie von politischen und administrativen Prozessen vor dem Hintergrund des theoretischen Potentials der Instrumente. Dieses

^b LEADER steht für “Liaison entre actions de développement de l’économie rurale”. Die Abkürzung wird ins Deutsche mit „Verbindung von Aktionen zur Entwicklung der ländlichen Wirtschaft“ übersetzt.

Vorgehen erlaubte die fein abgestimmte Identifizierung von Faktoren, die die Implementierung von LEADER und dem NNL in Rumänien beeinflussen, von Grund auf. Bereits mit der Umsetzung der Idee der beiden Instrumente in das gesetzliche Rahmenwerk auf europäischer (und nationaler) Ebene wird deren Potential beeinträchtigt: 1) Für LEADER zeigt die Arbeit durch die Analyse der eine regionale Entwicklungsstrategie betreffenden Entscheidungsprozesse und -ergebnisse mit Hilfe von MCDA auf, dass die intendierte Nutzung des endogenen regionalen Potentials durch das Programmdesign inhibiert wird, 2) Für die NNLs werden die Folgen einer unpräziser Zieldefinition herausgestellt. Ein Resultat ist, dass in vielen Mitgliedstaaten das Ziel, Governance zu verbessern, nicht explizit verfolgt wird. Die Nutzung des Potentials der NNLs, die EU-weit ein neues Instrument darstellen, zeigt sich in vielerlei Hinsicht als ausbaufähig. Insbesondere das Prinzip der Reziprozität, das der Sozialkapital-basierten Generierung eines Mehrwerts zugrunde liegt, tendiert dazu, durch die externe Förderung der Netzwerke aufgehoben zu werden. Aufbauend auf Netzwerktheorie wird in der Arbeit gezeigt, dass diesem Umstand durch die Ergänzung der verbindlichen Ziele der NNLs durch das Ansetzen endogen gewachsener Ziele entgegengewirkt werden kann.

In Rumänien wird der LEADER-Ansatz auch durch den institutionellen Aufbau des Implementierungssystems beeinträchtigt, insbesondere durch die Tendenz zur überhöhten Kontrolle und den mangelnden Willen zu vertikaler und horizontaler Delegation von Verantwortlichkeiten. Die weitverbreitete Auffassung, dass LEADER verwaltungstechnisch besonders aufwendig ist, konnte nicht belegt werden: administrative Kosten pro gefördertes Projekt sind nicht nennenswert höher als bei anderen ELER-Interventionen. Allerdings stellte sich die einmalige Selektion der LAGs als administrativ problematisch heraus. Offensichtlich wird die Implementierung von LEADER ebenso wie andere ELER-Maßnahmen vor allem durch Management- und Governancefehler in einem schlecht funktionierenden politisch-administrativen System beeinträchtigt. Die Effekte administrativer Defizite wurden bei der Analyse der Entwicklungspfade potentieller LAGs mit SNA deutlich. Zwar wird die Formierung lokaler Partnerschaften primär durch die noch immer starke Abneigung gegenüber formellen Institutionen und die Positionierung der Kommunen beeinträchtigt, doch auch durch schwache administrative Netzwerke. Letztere führten nicht nur zu technischen Defiziten und Mangel an Informationen, sondern auch zu übermäßiger politischer Einflussnahme. Daneben wurde netzwerkanalytisch gezeigt, dass Empfänger und Zeitpunkt von Informationen über LEADER entscheidende Determinanten für die Entwicklung einer (potentiellen) LAG sind. Dies unterstreicht die zentrale Rolle der Ressource „Information“ im Implementierungsprozess und die Bedeutung zeitiger und zielgerichteter Informationsverbreitung für die Formierung echter und ausgewogener Partnerschaften.

Die Analysen zeigen, dass – zugunsten bereits starker Akteure – die Zeit zum Aufbau von Kapazitäten begrenzt war; insbesondere die Formierung sich auf Sozialkapital stützender Partnerschaften, die potentiell eine Kompensation eines Defizits anderer Ressourcen erlaubt hätte, war betroffen. Die vorbereitende LEADER-Maßnahme, unter der der Aufbau von Kapazitäten der LAGs gefördert wurde, konnte in dieser Hinsicht wenig Abhilfe leisten, da sie verspätet und destruktiv unter Vernachlässigung der Interventionslogik implementiert wurde. Zeitliche Beschränkungen für die Begünstigten, unklare Ablaufpläne, ambivalente Leitfäden und die Komplexität des Programms behinderten nicht nur den Aufbau von Partnerschaften, sondern auch informierte Entscheidungsfindung in den potentiellen LEADER-Regionen. Diese Maßnahme ermöglichte dennoch vielen potentiellen LAGs, einen Antrag für LEADER einzureichen, und brachte vielerorts die Idee eines integrierten Ansatzes in die Kommunalplanung ein. Der Aufbau von Kapazitäten für LEADER erfordert nicht nur die Mobilisierung von Kofinanzierung, sondern auch Human Resources und soziale Beziehungen zwischen regionalen Akteuren sowie zwischen Administration und (potentiell) Begünstigten. Soziale Beziehungen, zu deren Formierung es Zeit bedarf, bilden auch Kernkapazitäten der NNLs. Für das rumänische NNL konnten zunächst viele Akteure mobilisiert

werden, doch aufgrund von drei Jahren Ungewissheit über die Implementierung der Vernetzungsstelle verloren viele ihren Glauben an das NNL. Insgesamt führten in Rumänien lange Phasen des Stillstands zwischen Erstaufbau von Kapazitäten und der finalen Implementierung beider Instrumente zu einem starken Verlust sozialer Kapazitäten.

Prognosen für Verbesserung von Governance und Politikgestaltung durch das NNL in Rumänien sind weniger vielversprechend. Ergebnisse des sektor-bezogenen *Policy Mapping* verweisen auf Dominanz informeller Kräfte, ein Defizit an partizipativen Elementen und auf periodisch mangelnde politische Unterstützung für das NNL.

Mögliche Nutzen von LEADER und dem NNL in Rumänien bilden eine Dichotomie: Einerseits wurden (und werden) die inhärenten „*new modes of governance*“ kaum instrumentell im Implementierungsprozess genutzt. Andererseits könnten „*enabling effects*“ als Ergebnis von Informationstransfer und Unterstützung nennenswerte Wirkung zeigen. Im Gegensatz zur Bildung (formeller) vertrauensbasierter Partnerschaften fällt die Idee des Netzwerkes, das auf schwächere Relationen aufbaut, auf fruchtbaren Boden in Rumänien. Die Zivilgesellschaft – zumindest eine Zahl von Schlüsselakteuren – scheint ausreichend aktiv, um das NNL als Informationsinstrument zu nutzen. Vom NNL resultierende Nutzen sind aufgrund der informationstechnischen und administrativen Defizite, die derzeit die ELER-Implementierung beeinträchtigen, wahrscheinlich hoch. Ergebnisse suggerieren, dass Rumänien die Chance eines zeitigen NNL-Aufbaus vertan hat. Dieser hätte nicht nur erlaubt, Kapazitäten zur ELER-Implementierung national zu stärken, sondern auch - besonders wertvoll für neue Mitgliedstaaten – externen Rat einzuholen. In zweierlei Hinsicht hat sich EU-weites Netzwerken – oft informell und nicht gefördert - bereits als treibende Kraft für ländliche Entwicklung in Rumänien erwiesen: 1) Netzwerkanalytische Ergebnisse verwiesen auf ausländische Akteure mit Schlüsselrolle bei der Verbreitung und Vermittlung des komplexen LEADER-Ansatzes in Rumänien und dem Leisten technischer Hilfe. 2) Externe Akteure fungieren als Quelle sozialer Kontrolle, die sich als entscheidend zur Erleichterung von Partnerschaftsprozessen herauskristallisierte. In der Arbeit werden Vorschläge zur Verbesserung des Input-Output-Verhältnisses von Netzwerkinderventionen hergeleitet. Nennenswert ist, dass für die NNLs die Anwendung der *Open Method of Coordination* ein geeignetes Mittel zur Durchsetzung guten Managements durch sozialen Druck und zur Evaluierung von Netzwerkaktivitäten durch gemeinsames Benchmarking erscheint. Idealerweise löst solch soziale Kontrolle durch erhöhte Transparenz und Vertrauen in Rumänien einen „Trickle-down-Effekt“ auf die die ELER-Implementierung rahmenden Governance-Bedingungen auf allen Ebenen aus. Generell müssen solide Implementierungsverhältnisse, d.h. etwa eine korrekte und vertrauenswürdige Verwaltung, noch geschaffen werden, um instrumentelle Effekte der „*new modes of governance*“ nutzen zu können. Tatsache ist, dass in Rumänien neben der Funktionstüchtigkeit des politisch-administrativen Systems das kulturhistorische Erbe die fruchtbringende Implementierung von LEADER und dem NNL behindert. Es bleibt abzuwarten, inwieweit Governancemechanismen instrumentell genutzt werden und Mehrwert von sozialen Netzwerken generiert wird. Nichtsdestotrotz, vor dem Hintergrund der Ergebnisse zum Weg der politischen Entscheidungsfindungen einerseits und dem ausgemachten Potential der beiden Instrumente im Hinblick auf „*enabling effects*“ sowie Stimuli für Netzwerken, integrierte ländliche Entwicklung und partizipative Demokratie andererseits, kann im Falle Rumäniens die obligatorische Implementierung von LEADER und dem NNL begrüßt werden. Die Ergebnisse suggerieren, dass sich die intendierte Verbesserung von Governance einstellen wird. Dennoch ist bei beiden Instrumenten die Gefahr von Politikversagen aufgrund mangelnder Legitimität der Ergebnisse von Governanceprozessen nicht gebannt, da sowohl lokal als auch national partizipative und demokratische Entscheidungsfindung nicht selbstverständlich ist.

In dieser Arbeit wurden (politikinitiierte) Netzwerk- und Governanceprozesse und/oder deren Ergebnisse qualitativ oder quantitativ analysiert und fassbar gemacht. Die Einbettung dieser Analyseergebnisse in die erhobenen übergreifenden politischen Prozesse erlaubt es, eine zusätzliche Interpretationsebene aufzuspannen. Die umfassende Analyse von Politikformierungs- und Implementierungsprozessen einschließlich der Wechselwirkungen zwischen Interaktionen verleitet zu der Forderung, politischen Prozessen in Kosten-Nutzen-Bilanzierungen zur Instrumentenwahl und -design (mehr) Aufmerksamkeit zu widmen. Dies betrifft nicht nur administrativ-technische Belange, die potentiell administrative Kosten treiben, sondern auch die soziale Dimension der Prozesse, die als eine Determinante für Politikeffektivität identifiziert wurde, insbesondere wenn Netzwerk- und Governanceprozesse anvisiert werden.

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Abbreviations

A	Austria
AHP	Analytical Hierarchy Process
B	Belgium
BG	Bulgaria
CAP	Common Agricultural Policy
CEEC	Central and Eastern European Country
CMEF	Common Monitoring and Evaluation Framework
CY	Cyprus
CZ	Czech Republic
D	Germany
DARD	Directorate for Agriculture and Rural Development
DG	Directorate-General
DG Agri	Directorate-General for Agriculture and Rural Development
DK	Denmark
E	Spain
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Commission
ECA	European Court of Auditors
EE	Estonia
ELARD	European LEADER Association for Rural Development
ENRD	European Network for Rural Development
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
EU-10	10 EU Member States, which entered the EU in 2004
EU-12	12 new Member States (EU-10 and Bulgaria and Romania)
EU-15	Established Member States (15 old Member States)
EU-27	Current Member States (Member State composition since 2007 to date)
F	France
FIN	Finland
GDP	Gross Domestic Product
GO	Government Ordinance
GPS	Global Positioning System
GR	Greece
GVA	Gross Value Added
H	Hungary
I	Italy

IMF	International Monetary Fund
IR	Ireland
IT	Information Technology
ITC	Inter-territorial cooperation
L	Luxembourg
LAG	Local Action Group
LAG-BU	Case LAG in Chapter 5, which develops bottom-up
LAG-MA	Case LAG in Chapter 5, which develops from a microregion-association
LAPAR	Agricultural Producers Associations League [Romania]
LEADER	Liaison entre actions de développement de l'économie rurale / Links between actions for the development of the rural economy
LT	Lithuania
LV	Latvia
MA	Managing Authority
MARD	Ministry of Agriculture and Rural Development (Romania)
MCDA	Multiple Criteria Decision Analysis
MS	Member State
MT	Malta
NGO	Non-governmental organisation
NL	The Netherlands
NMS	New Member State
NRN	National Rural Network
NNU	National Network Unit
NRDP	National Rural Development Programme (Romania)
NSP	National Strategic Plan
OECD	Organisation for Economic Cooperation and Development
OJ	Official Journal of the European Union
OMC	Open Method of Coordination
OP	Operation Analysis
P	Portugal
PARDF	Paying Agency for Rural Development and Fisheries
PIAA	Paying and Intervention Agency for Agriculture
PL	Poland
PPP	Public-private partnership
PPU	Public Policy Unit
PHARE	Poland and Hungary: Assistance for Restructuring of the Economies
RA	Research activity
RD	Rural Development
RDC	Regional Development Concept
RDP	Rural Development Programme

RO	Romania
S	Sweden
SAPARD	Special Accession Programme for Agriculture and Rural Development
SCM	Standard Cost Model
SI	Slovenia
SK	Slovakia
SMEs	Small and medium-sized enterprises
SNA	Social Network Analysis
SNU	Standard Normal Unit
SWOT	Strengths-Weaknesses-Opportunities-Threats
TNC	Transnational cooperation
UK	United Kingdom
WGI	World Governance Indicator
WW	Worldwide
WWF	World Wide Fund for Nature

Art.	Article
€	Euro
km ²	square kilometre
m	million
n.a.	not available
No.	number
PCT	Percentile
s.a.	sine anno

Chapter One

Introduction

1.1 Research background, Motivations and Objectives

1.1.1 Research background and motivation

Sustainable rural development has evolved worldwide as an important field of policy intervention accompanied by a multifarious instrumentation. Within the multi-levelled governance system of the European Union (EU), rural development has been declared as a common objective to be tackled jointly by the Member States. Related interventions are initiated at the European level, given the links to other instruments of the established Common Agricultural Policy (CAP), the extent of the disparities between various rural areas and the limits of financial resources in an enlarged Union (EC/2005/1698).

With the programming period of 2007-2013, two policy instruments, LEADER³ and the National Rural Networks (NRNs), have become inherent parts of the CAP. Both instruments are funded – among a number of other interventions – under the European Agricultural Fund for Rural Development (EAFRD), also known as Pillar 2 of the CAP. Pillar 2 covers issues of competitiveness of the primary sector, environment and quality of life in rural areas. LEADER and the NRNs are the two elements with which one main EU priority, namely improving governance,⁴ has been formally transposed into EU rural development policies (EC/2006/144).

This study examines certain instrumental characteristics inherent to both LEADER and the NRNs. Under LEADER, the integrated endogenous development of rural regions through local action groups (LAGs) as well as inter-territorial cooperation is supported. LEADER explicitly relies on a bottom-up, participatory and multi-sectoral rural development approach. Prescribing these instrumental features to the access to funds, LEADER is built upon process regulation, emphasising governance structures in a horizontal and a vertical dimension: horizontally through the requirement of public-private partnerships (PPPs), and vertically through local empowerment and the decentralisation of decision-making competences.

The idea of “networking” has been incorporated into the design of the LEADER instrument not only through supporting partnership-building and cooperation, but also through facilitating the exchange of information. Besides the general advantages of network-like organisational structures for transferring information and evoking synergies, *social* networks in particular facilitate access to resources and prompt action. Although social capital is hardly tangible and difficult to operationalize, it is seen as a driver for collective action (Jansen and Wald 2007; UoG 2008) and as an asset to rural areas (Copus and Dax 2008). Therefore, an important rationale for funding networking is its potential to add value to policy measures. Despite being generally associated with positive expectations, networking is also regarded as a vague, even weak policy instrument – a view that is challenging to disprove, because the direct effects of networking are difficult to measure. Nevertheless, having gained experience with LEADER as a minor Community Initiative over two decades, the instrument has become mainstreamed with the current funding period. Its notion of “networking” has been picked up, underscored and extended by introducing NRNs as a new instrument. Being part of the Technical Assistance component of the EAFRD, the NRNs are to horizontally serve the implementation of the whole CAP Pillar 2 (across all topical objective-axes) and to improve

³ LEADER stands for “Liaison entre actions de développement de l’économie rurale“, which translates into English as “Links between the rural economy and development actions”.

⁴ The community priority of improving governance is manifested in the renewed Lisbon strategy for growth and jobs, decided on the European Council of Thessaloniki (20 and 21 June 2003).

policy delivery, primarily through the organised transfer of information and exchange of experience among a variety of actors with a stake in rural development, such as LAGs, non-governmental organisations (NGOs), the public administration or farmers' associations. The NRNs are linked to and through the European Network for Rural Development (ENRD). Though the objective of improving governance has been ascribed to the NRNs, this purpose has not been further specified by the European Commission (EC) for the NRNs, and the regulatory framework leaves open what exactly is to be achieved under this objective (as well as how it is to be achieved). Thus, the rationale interlinking the NRNs to the objective of improving governance, as well as the networks' general potential as a new instrument remain to be discovered.

Overall, policy objectives are only one instrumental feature. Also critical is the extent to which policy processes vary in accordance with different instruments for achieving certain objectives (Vedung 1998). For addressing this question for LEADER and the NRNs, three characteristics common to both instruments that set them apart from most other EAFRD interventions have to be mentioned: 1) their instrumental design picks up the idea of networking; 2) they are anticipated to contribute to the improvement of governance; 3) they potentially rely on certain governance structures as policy delivery mechanisms and can be categorised as "new policy instruments" in terms of politico-administrative functions and the processes inherent to them. With the "new policy instruments" a type of instrument that evolved beyond the European context at the end of the 20th century, new modes of governance in policy formation and implementation were introduced, resulting in new relations between government and to be governed, and demands on administration, respectively.

For EU Member States, the question of policy processes and other features characterising certain instruments was comparably less relevant in the context of the EAFRD, which is delivered under shared management by the EC and Member States. Member States had no choice over whether or not to adopt LEADER and the NRN, because the implementation of these two interventions became mandatory for all Member States in the period 2007-2013.

1.1.2 Problem statement and objectives

This implementation requirement also applies to the new Member States (NMSs) of the EU. This study concentrates empirically on Romania, which entered the EU in 2007. Predictions for the functioning (and success) of these two instruments in Romania are likely to be accompanied by scepticism. This is not only due to the fact that (integrated) rural development policies have had generally no tradition in Romania (Maurel 2008), and that these two policy instruments are a novelty for that country. Scepticism is also grounded in the consideration that the success of policy instruments depends on the politico-administrative, socio-economic and historico-cultural environment, and that in Romania, people's mentality and policy perception has been influenced by four decades of socialism, which has generated mistrust related to institutionalised forms of associations and cooperation, and a low level of societal social capital (Murray 2008). Thus, the implementation of these two instruments, which focuses on collective action and is built upon both, existing governance structures and an active civil society, appears to be challenging. Moreover, in the Romanian politico-administrative system, hierarchical structures, which are said to be inadequate for administering (integrated) rural development policies effectively (OECD 2006), predominate and participatory policy-making is scarce. In short, despite a demand for policy instruments that address the needs of the diverse rural areas that extend over large parts of the country, as well as for technical assistance for getting along with EU rural development interventions, doubts may arise as to whether the mandatory implementation of LEADER and the NRN contributes promisingly to the policy instrumentation for tackling rural problems in Romania.

The listed reasons, which lead the successful implementation of LEADER and the NRN in Romania to appear particularly problematic, may suggest that similar patterns can be found in

all of the former socialist NMSs. As it regards LEADER, there are however, significant cross-national variations regarding how the programme is received in these countries (Maurel 2008). Yet the EC drew its first lessons from experience in NMSs that had entered the EU in 2004, and subsequently acknowledged the challenges possibly faced by Romania, and the need for capacity-building. Thus, a preparatory LEADER measure targeting potential beneficiaries was established.

Against this background this study aims to identify the challenges of implementing LEADER and the NRN in Romania and the instruments' potential in that country (for specification of the research questions see Chapter 4). Approaching this objective from a political and social sciences perspective, the focus is – contrary to most policy evaluations – on the instruments and processes rather than on policies and outputs. This study adopts a comprehensive view on policy-making processes, including policy formation, the resulting instrumental design and policy implementation. Thus, the prevalent separation of policy formation and management, and the implementation of instruments, respectively, in research (Peters 2000) is overcome. Similarly, the grey area between policy formation and policy implementation has thus far not gained scientific attention. This study hypothesises that it is especially this pre-implementation phase that is widely neglected in any programme evaluation, but which earns more attention. This hypothesis is grounded on the potential for capacity-building as a basis for further implementation at this early stage, and in fact the active steering of the process appears to be particularly promising at that point.

The central research question of the instruments' potential becomes even more complex when considering that the legal framework is not necessarily the most auspicious reference point for at least two reasons: first, in the regulations the objectives of the NRNs have been vaguely defined; and second, in the context of the EAFRD there seems to be a persistent gap between policy aspirations (expressed in Commission's documents), and what is implemented within national and regional Rural Development Programmes (RDPs) (Copus and Dax 2008).

Obvious research interests, particularly identifying the potential of the two instruments in the Romanian implementation context, have to be addressed by both drawing the instruments theoretical potential and by a process-oriented empiricism. Seeing policy instruments as an important determinant for relations between policy-makers, administration and targeted society, the relevance of focussing on processes and actor relations becomes even more obvious. For so doing, networks and the concept of governance – besides being inherent features of both instruments and essential for drawing their theoretical potential – play a pivotal role in research design. While the idea of social networks appears to be promising for underlying the assessment of creating social capital and the (inter-)actions driving the implementation process, the concept of governance promises to contribute to understanding the relational dynamics of forming policy- and other decision-making processes and their outcomes. Different means for assessing and analysing selected interactions and making their outcomes feasible are applied in this study (cp. Section 1.2). As such, instrumental peculiarities of LEADER and the NRNs are systematically revealed and discussed against the dynamics of framing policy processes.

Overall, besides promising first scientific insights into LEADER in the Romanian implementation context, the research framework aims to close further important gaps in the literature. Not only are references to NRNs generally very limited because the instrument is new for all Member States, but the issue of rural governance at the national level also has, contrary to local/regional governance, barely found academic attention (cp. Mantino 2008). Moreover, there has been exhaustive empirical research on LEADER, but the pre-implementation phase, including the development of *potential* LAGs, as well as the role of the administration, the administrative costs and the challenges of managing these two policy instruments, have been barely investigated so far.

1.2 Structure of the Work

This book is structured into three main parts (Figure 1.1). The first part forms the work's backbone in terms of objectives, theory, and analytical framework. The second and main part focuses on analysing the implementation of LEADER and the NRN in Romania. The third part of the book are the conclusions, which round off the work.

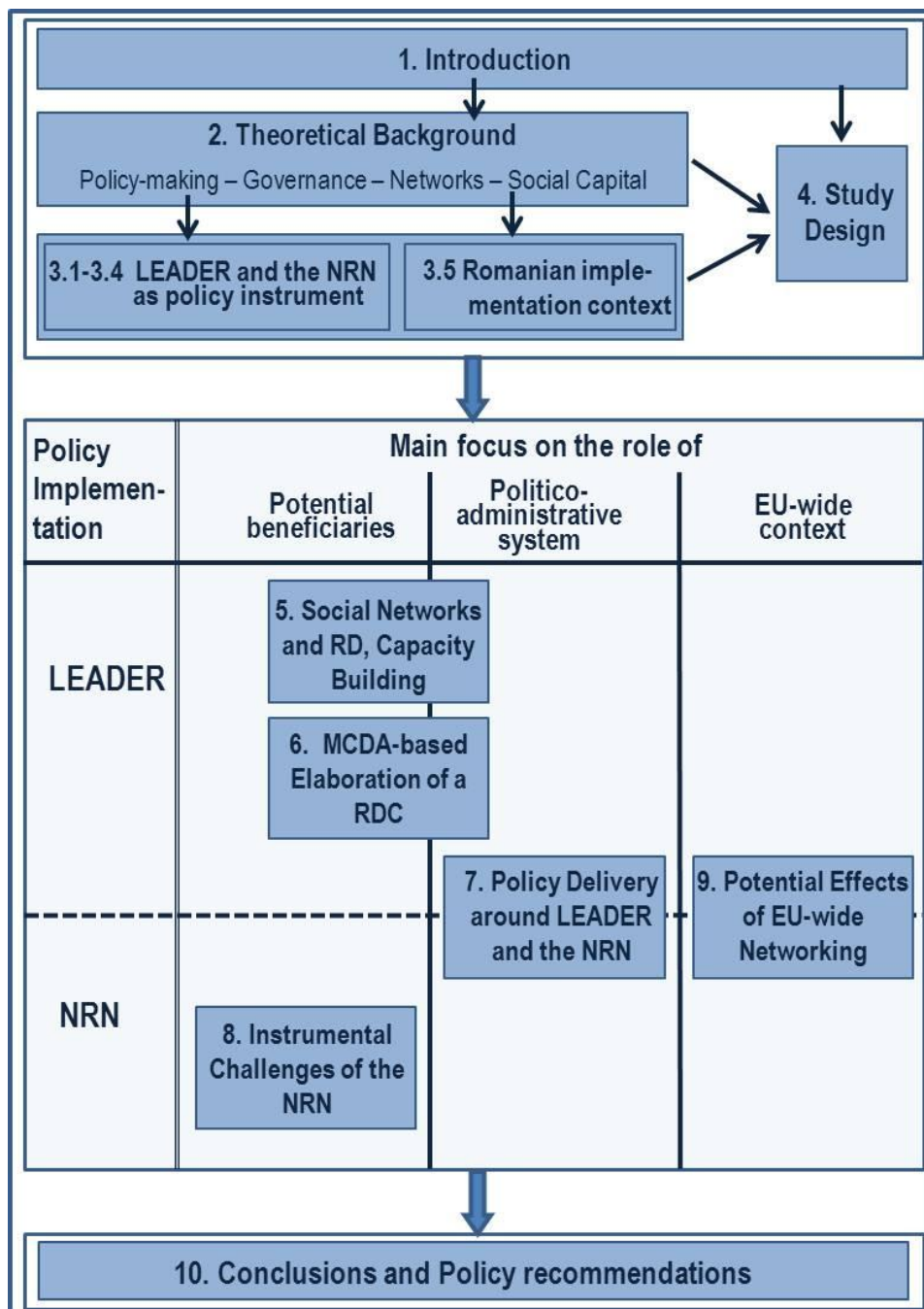
In Part 1, the introduction (Chapter 1) is followed by the theoretical background that is essential for examining the implementation process of policy instruments, which build upon networks and partnerships and target governance structures, in a general context, in Chapter 2. This chapter introduces the ideas of policy-making and policy instruments essential for compiling the overarching research framework. Furthermore, Chapter 2 identifies crucial parameters that need to receive special attention in Chapter 3, which deals with LEADER and the NRNs. In Chapter 3 the features of the two policy instruments are introduced and the potential they theoretically offer is deduced from the legal framework and relevant theories. Furthermore, the implementation environment in the Romanian context is described. In Chapter 4 the study design is outlined and the major empirical research activities, which form the basis for several chapters of this book, are explained. Specific methods applied, such as Social Network Analysis (SNA) or Multiple Criteria Decision Analysis (MCDA), are described in the chapters in which they appear.

For drawing up the potential and the challenges of LEADER and the NRN in Romania, the policy-making process has to be viewed from the perspectives of different stakeholders. Of particular importance are potential beneficiaries, actors from the Romanian politico-administrative system, and external actors (Figure 1.1). Thus, the first two chapters of Part 2 deal with the implementation of LEADER at different stages of the implementation process and reflect the burdens and drivers associated with the development of potential Romanian LAGs.⁵ In Chapter 5 SNA is used to examine how LEADER strikes roots in rural regions and how the local actors get along with the formation of a LAG and with capacity-building for potential participation in LEADER. Chapter 6 concentrates on an MCDA-based elaboration of a Regional Development Concept (RDC) within the funded preparatory LEADER measure; it addresses the question of the realizability of an endogenous approach and good governance under the Romanian LEADER programme. While the role of the beneficiaries is focussed on in these two chapters, Chapter 7 concentrates on the Romanian politico-administrative system. Not only is the management of the implementation process of LEADER examined, so too are the associated policy delivery system and administrative costs, as well as difficulties and successes of interest. Implications of the governance structures in policy-making around rural development measures in general are also drawn by means of institutional and policy mapping, because it is an important basis for assessing the initial situation, and thus the potential, of NRN implementation. Chapter 8 investigates the implementation of the NRN primarily from the perspective of the potential beneficiaries, i.e. the network members. Based on network theory and experiences from other Member States, a conceptual framework for making the (Romanian) NRN, which is still not running, instrumental for implementing rural development policies is compiled. In Chapter 9 the influence of EU-wide networking on the implementation of LEADER and the NRN in Romania is examined. Two aspects are discussed in greater detail: First, in the context of LEADER, the potential for partnerships between Romanian LAGs and LAGs from other EU Member States, as well as the relevance of networking as an intervention is assessed. Second, the (possible) effect of Romanian rural actors' embeddedness in the ENRD is explored.

⁵ Some parts of the present work are based on journal articles (or parts of them) adapted to the framework of this monograph. This applies to Chapter 5 (Marquardt *et al.* 2010), Chapter 6 (Marquardt *et al.* 2012), Chapter 8 (Marquardt and Hubbard s.a.) and Section 9.3 (Marquardt *et al.* 2009b).

Finally, in Part 3, conclusions and policy recommendations are drawn. The focus here is on the drivers and burdens on potentialities and challenges arising from the implementation of the two policy instruments following new modes of governance in the politico-administrative, historical-cultural and socio-economic context of the NMS Romania. However, as it has turned out that non-country-specific circumstances hamper their implementation as well, considerations on the improvement of the instrumental design of LEADER and the NRNs in general are made.

Figure 1.1: Structure of the Work



Note: The numbers are equal to the chapter numbers.

EU = European Union

MCDA = Multiple Criteria Decision Analysis

NRN = National Rural Network

RD = Rural Development

Source: Own design.

Chapter Two

Theoretical Background

In this chapter the theoretical background for examining the implementation process of policy instruments, which build upon networks and partnerships and target governance structures, is provided. Besides an overview of policy-making and policy instruments also an overview of networks is important for forming an analytical frame. Networks not only form an empirical object and phenomenological approach, but provide a theoretical, methodological and analytical concept for assessing, for instance, governance processes, and therefore have double relevance in this study. The different functions of the network concept are presented in the first part of this chapter and summed up in Table 2.1. Furthermore, the idea of social capital, which may result from interactions in social networks, is introduced. It will be revealed that social capital is also a determinant of governance processes. Then again, the concept of governance is important for describing policy- and decision-making processes.

2.1 (Social) Networks

Terminology, concept and trends. The term “network(s)” appears in various contexts, e.g. in the technical realm it is used in TV and radio networks, and it has become “fashionable” (Weiligmann 1999, p. 1) for describing all sorts of contemporary organisations. Besides being a superficial and shallow buzzword, the concept of networks has received increasingly scientific attention over the last decades in the social, economic, political (Murdoch 2000; Powell 1990; Wald 2011; Wasserman and Faust 1994) and natural sciences (Friemel 2011; Giacinto Giarchi 2001). The usage of the term “network” in these two worlds – with notions of reality on the one hand, and abstractness on the other, indicates the concept’s multifunctionality and adaptability. Indeed, as it will be shown below, the concept of networks can be used directly in its theoretical systemic and empirically mechanistic meaning, as well as a metaphor, as a descriptive and analytical tool having modelling, phenomenological and explanative functions. But what is the extent of the network concept and what explains the continued and growing interest in it?

Definitions of networks are likely to be innumerable. Broadly speaking, networks can be seen as a set of relationships among entities (Davies 2005; see also Jansen and Wald 2007). Kinds of entities and relations, and the structures they form are not determined in the general definition of networks. This allows the concept to be adapted to various contexts. Several scholars have provided sets of defining characteristics of networks (Peters 2000). Nevertheless, there is no coherent and consistent general classification system for different types of networks. However, despite opinions vary one of its main origins can be found in social networks (Sydow 1992; but see Segert and Zierke 2004), which are of central interest in this work (Table 2.1). The origin of the **concept of social networks** is vague; according to Schenk (1984), several scientific streams that are partly influenced by each other contributed to its creation, among them being socio-anthropology and formal sociology. Social networks are formed by social entities (persons or organisations) that are linked through any kind of relationship, such as communication or exchange of resources (Wasserman and Faust 1994). Still, the range of various types of social networks is wide, including, for instance, information networks and kinship networks. But even within these sub-categories there is not always a coherent usage of the terms; this applies for instance to policy networks, whose concept is used in different ways in policy research (Scharpf 2000). Social networks can have any extension, covering local, regional, national and international levels. One finds social networks where the social entities are rather passive, and the concept of social networks has been externally attached to a certain situation mostly for the purpose of description or

analysis. In other cases actors actively or consciously form relationships, as in exchange networks, sometimes even with the awareness of being a member of a network.

Searching for the reason of networks' increasing relevance, in the context of socio-economic patterns, many authors (Murdoch 2006; Ventura *et al.* 2010; Weiligmann 1999) point to the rapidly changing social and economic structures of a globalising world in terms of flows of people, goods, information, culture – i.e. sets of relations. Here, falling back on the network concept facilitates reflection on such processes, such as when Murdoch (2006, p. 171) speaks about globalisation, “Network flows emerge from differing points of origin (global, national, regional, local arenas) and carry their cargoes over varied distances.” Simultaneously, empirical phenomena regarded as networks have become subject to research. Providing one example and staying with socio-economics, new economic formations like regional clusters have called analytical attention to the interdependencies of firms and other organisations. It is assumed that such complementing and competing organisational linkages can – under certain conditions – enhance economic effectiveness, and that clusters are likely to be a source of innovation (Copus and Dax 2008; Pilon and DeBresson 2003; Powell 1990; Russo and Rossi 2009; Seri 2003). In the political realm, as will be discussed below, scientific interest in ‘policy networks’ and the power relations that bind them has grown. This development is driven by the increasing (political) awareness that network-like systems are important mechanisms for the formulation and delivery of policies.

(Social) networks - organisational and governance structures. In fact, the basic definition of social networks introduced above does not stipulate any structural requirements, which allows us to define exchange flows that accidentally occur among a certain set of actors as a network model. In the context of **organisational structures**, which are normally set up to pursue a certain goal, the network's systemic dimension becomes more relevant and the network concept is refined, demarcating network-like organisational structures from other forms of organisations.⁶ For instance, in both examples – firms' networks and policy networks – the potential to increase the effectiveness of achieving an objective was the driver for establishing network-like organisational structures. Compared to no organisational structures, the existence of a network increases the probability that network members interact (cp. Scharpf 2000). Contrary to some organisational forms, networks may include bilateral and multilateral relationships, and members can interact in a two-way relationship, which is, for instance, not or only partly possible in hierarchical structures. When considering networks as independent from their final degree of institutionalisation, in the context of organisational forms, networks have been ascribed certain characteristics likely to bring about specific effects (which will play an important role in Chapters 8 and 9) that set them apart from other forms of organisations, for instance, **openness, diversity, flexibility, dynamics and decentralisation** (cp. Church 2006; Mihalache 2009; Russo and Rossi 2009). Using information transfer as an example for highlighting the advantages of network-like organisational structures, one can note that networks allow information exchange in a very efficient way. For instance, in contrast to informal, non-hierarchical networks among actors at various administrative levels, the traditional formal exchange of information along hierarchical communication chains, which is typical for bureaucratic systems, has proved to be highly inadequate and slow (Huber 2005). The basic network effect of integrating information (from several sources) and making it available to a larger group of members can similarly be found in technical networks (cp. Siebert 2006). Information passed through social networks is potentially ‘thicker’ than information obtained in the market, and ‘freer’ than information communication in a

⁶ Similar to the example with markets and hierarchical structures, networks can be contrasted with other organisational forms. The differences of network organisations and partnerships, which according to the abovementioned broad definition by Davies (2005), in which no references to the structures of the set of relationships are made, count to the social networks, which do not, however, hold the features typical for networks, are discussed in Section 3.4.

hierarchy,” (Grabher 1993, p. 272, following Kaneko and Imai 1987).⁷ Compared to networks, in the cases of markets or hierarchical structures, information flows are controlled (Powell 1990) and there is no room for interpretation. Thus, the dynamics in interactions and exchange within a network equals more than the sum of the parts and potentially brings added value. According to Powell (1990), while mobile and intangible resources such as information or challenging to codify resources like tacit knowledge (see also Inkpen and Tsang 2005) are more likely to be exchanged in networks, tangibles are more commonly exchanged via markets.

Powell (1990), contrasts exchange networks with markets and hierarchical structures in greater detail, concentrating on governance structures. While markets would offer flexible choice, prices determine that the exchange of products and actors are independent, and in hierarchical structures transactions are fixed, in network transactions neither would occur through “discrete exchanges nor by administrative fiat” (*ibid.*, p. 303), but through networks of individuals engaged in “reciprocal, preferential, mutually supportive actions” (*ibid.*). The latter requires a basic assumption for such exchange networks to function, namely that actors depend on each other (e.g. in terms of resources) (see also Cooke 1996). In other words, stability in networks entails actors’ interdependency (Grabher 1993), and informal institutions are a major force coordinating human action in networks (similar to Stenlas 1999). Consequently, it is not self-evident that reciprocal, mutually supportive relations are maintained. Therefore, relying on non-institutionalised networks entails cost savings for setting up regulatory frameworks and their enforcement, as well as higher flexibility in action, and also entails insecurity and complexity. Moreover, trust is an essential ingredient, a “social prerequisite” (Segert and Zierke 2004, pp. 47; see also Jansen and Wald 2007) to network-like organisations, and the question is not whether to trust, but whom to trust (Segert and Zierke 2004; Woolcock and Narayan 2000). “In a perfect competitive arena, you can trust the system to provide a fair return on your investments. In the imperfectly competitive arena, you have only your personal contacts,” (Burt 1992, p. 15), and nurturing them, i.e. investing personal resources such as time, is essential for keeping them functional, which is discussed in the next sub-section, along with the idea of social capital. From an economics perspective, resource dependency by actors is seen as a driving force for maintaining reciprocal relations in exchange networks.⁸

From the management perspective, here the creation of a win-win situation would be a decisive key word (see e.g. de Bruijn and ten Heuvelhof 1995), which is strongly linked to the discussion about the functioning of social networks from the game theory perspective. Two points should now be noted: First, in reality – similar to the various transition forms of exchange between markets and hierarchy, network-like organisations are often to some degree formally institutionalised and rely to a less extent on reciprocity. Second, the factor reciprocity is not of the same importance for all kinds of social networks (Table 2.1), depending on their anticipated function, as well as on the definition constituting a certain network, as will be discussed below.

Network theory and implication of abstraction. The implications of certain network characteristics are subject to (social) network theory, which emphasises relations between

⁷ Differentiation between markets, hierarchical structures and networks is a classical categorisation of social (organisational) structures. In reality, a mix of all three types can also be found (cp. Adler and Knowlton 2002; Stenlas 1999).

⁸ Another factor to ensure reciprocity and increase the effectiveness of networks is the creation of social capital, the concept of which can “add value to the study of network social processes” (Inkpen and Tsang 2005, p. 146). According to Fukuyama (1995), economic prosperity can be explained by the individualist, utility-optimising, rational decision-maker paradigm only 80% of the time. The remaining, yet crucial, 20% is explained by the role of social capital because a fundamental characteristic is the existence of norms and social relations (see Section 2.2).

social entities (Stenlas 1999) and allows statements on relations of relationships, resulting structures, actors' identities and changing interpretation processes (Jansen and Wald 2007, p. 189).⁹ Applying network theory allows one, for instance, to address the question of which structural modifications are likely to further the effectiveness of networks. This thought will be further explored in Chapters 8 and 9, but one short impression should be imparted at this point. One example relevant for innovation or problem solving networks is that with increased interaction among a larger number of actors and with an increased variety of actors, the number of potential ideas and solutions for solving a problem increases (Wagenaar 2007).

The aspects of networks being organisational structures presented were primarily positive, although networks seem to have an addiction to instability. This however, is a question of the usage of the network concept. The presumption for the outlined (information) exchange networks being a separate system was that the actors are interested in collaboration and thus aspire to achieve some desired network effects. Generally, more concrete network concepts, e.g. those of technical networks and of network-like organisations, mostly have a positive connotation among people. At a more abstract level, such networks could also be seen as part of a larger network, which also includes competitive and hierarchical structures, e.g. one supplier network within the netting of stakeholders of the global automobile markets competing with other suppliers. By being able to abstract empirical phenomena, the network concept, in which "network" becomes rather a virtual term, allows diminishing (organisational) borders or seeing and declaring an empirical phenomenon as a network. In turn, the network metaphor allows the examination of a variety of different theories, techniques and practices (Horelli 2009); for instance, theories on social capital, governance or innovation. Hence, when working with a concept of networks, the definition of subject and level of abstractness is a critical issue.

Network-analytical considerations. Defining the network of interest is the starting point for analysing networks (Schenk 1984). While certain phenomena can be more easily assessed by drawing on the metaphor of networks,¹⁰ the concrete examination of networks is challenging. The breadth of the network concept that allows openness, dynamic and flexible structures entails that networks as analytical objects are complicated in terms of the number of parts and complex¹¹ in the meaning of uncertain and emergent (Rogers 2008). Due to the possibility of incessant change in social networks, their analysis is likely to only present a snapshot of the networks (Schenk 1984), or series of snapshots at constituting moments (Segert and Zierke 2004). Networks can be approached by means of Social Network Analysis (SNA), which is introduced in Chapter 5 in greater detail.

In this work the multifunctionality and adaptability of the network concept, highlighted in this sub-section, is not exploited to its full extent. It is primarily focussed on different kinds of social networks (Table 2.1) and related theories. The concept is used as a descriptive and

⁹ Jansen and Wald (2007) state that one might even speak about network theories, as the basic network theory is often coupled to other case-specific theories, e.g. diffusion of innovation, for describing the concrete causes and effects of networks.

¹⁰ Not all scientists are satisfied with the wide application of the network concept. In addition to its sometimes careless use in daily life, the transmission to various fields is, in insulated cases, seen critically. For instance, coming from the social sciences and having a specific meaning of the term "network" in mind, namely network as an adaptation of the concept of community, Giacinto Giarchi (2001) tries to demonstrate that the concept of a network is a metaphor which is only valid when referring to formal modes of communication and relationships, and not when referring to informal connections. He rather argues that social scientists would mix their metaphors instead of accepting that the concept of network can be abstracted in such a way that it can also be used within the social sciences in different contexts. Other researchers directly use this advantage and analyse different relations between actors in parallel.

¹¹ Complexity is defined as the "density and dynamism of the interactions between the elements of a system" (Wagenaar 2007, p. 17). Complexity makes system outcomes unpredictable and hard to control for (*ibid.*).

analytical tool for investigating real/concrete and abstracted phenomena in various theoretical contexts, including network-like organisational structures and their management.

Table 2.1: The concepts of networks and their application

Definition/ Sub-categories/ Examples of types of networks				Entities influence network genesis actively?	Reciprocity essential for maintaining the network?	Systemic characteristics of organisational networks relevant?	Can be analysed with SNA?	Subject of this work?
Net-works Set of relationships among entities	Technical Networks	TV network		No	Yes/No	No	Yes	No
	Social Networks	Communication networks	Information network ^b	Indirectly	Yes/No	Yes/No	Yes	Yes
			Innovation Network	Yes	Yes	Partly	Yes	Partly
		Exchange networks	Trade network	Yes	Yes	Partly	Yes	No
			Policy network	Yes	Yes	Yes	Yes	Yes
			Governance networks	Yes	Yes/No	Yes	Yes	Yes
Kinship networks	No	No	No	Yes	No			
Other kinds of networks	Virtual network		Case-specific	Case-specific	Case-specific	Case-specific	No	

Note: SNA = Social Network Analysis

^a Examples of systemic network characteristics are openness, diversity, flexibility, dynamics and decentralisation.

^b One can distinguish between information networks established for the purpose of information exchange and the analysis flows of information in any social network.

Source: Own design.

2.2 Social Capital

The idea of social capital directly relates to social networks, as social networks are, “the medium through which social capital is created, maintained, and used”, (Johnson 2003, p. 3). In short, social networks convey social capital. It does not refer to individual persons but the relations among them (Bourdieu 1983). Furthermore, the evolving theoretical concept of social capital is seen as inherently linked to trust and norms. Social capital has been ascribed many benefits, including personal success, adding value to organisational networks, community well-being and economic performance. In the following, the ideas behind social capital, the associated scientific controversies and challenges, as well as practical implications leading to the growing scientific and civil interest in social capital since the end of the 20th century are described. Thus, this sub-section not only provides an essential basis for drawing the potential of LEADER and the NRNs as intervention, for identifying factors possibly influencing the instruments’ effects, and for understanding forces in their implementation process which is primarily formed by social interactions, but also provides a first idea about possible analytical challenges going along with social capital in a research concept.

2.2.1 Evolution of the concept of social capital

Although “antecedents to the social capital concept” (PC 2003, p. 5) can be found at least as far back as the 18th century – strongly rooted in the ideas of political economy theorists – and the current term was used by Hanifan (1916) in a similar manner in 1916 (EC 2005a; PC 2003; Wald 2011; Woolcock and Narayan 2000), the concept was discussed little prior to the 1990s (PC 2003; Wald 2011). Instead, it was picked up in various contexts without being firmly established (Wald 2011). According to Wald (2011), the recent popularity of the term can primarily be ascribed to the works of the sociologists Bourdieu (1983), Coleman (1988) and Burt (1992), who did not, however, go along the same conceptual frame and suggested different, but non contradicting approaches to social capital. Among the three sociologists there is consensus that social capital represents the ability of actors to secure benefits by virtue of membership in social networks (similar to Inkpen and Tsang 2005). Major differences in their approaches to social capital – as will become obvious below – are that Bourdieu (1983) sees social capital as an attribute of an individual, while Coleman (1988) sees it as a collective asset. Burt (1992) considers both the individual and the collective perspective, but in fact he concentrates on the advantages resulting from certain network structures, also considering the overall efficiency of a network. The sociologists’ work was complemented by works in the political sciences, notably Putnam (1993) (PC 2003; Wald 2011), who discussed the concept of social capital in the context of governance and democratic institutions.¹² In the 1990s the literature on social capital expanded rapidly in several disciplines, among them the economic, political, sociological and anthropological sciences. Social capital became one of the most common concepts in social science (Adler and Kwon 2002; LSEPS 2007). These developments, particularly the extension of using the term social capital, have been critically observed. Adler and Kwon (2002, p. 17), for instance, see this development in a wide range of social science disciplines reasoned in a growing number of sociologists, political scientists, and economists, who have invoked the concept of social capital “in the search for answers to a broadening range of questions being confronted in their own fields”. Portes argues that the term social capital does not embody any new idea for sociologists, pointing to works of Durkheim and Marx. He sees the reasons for the sudden popularity of the term, in the focus on “positive consequences of sociability while putting aside its less attractive features” (Portes 1998, p. 12), and in the placement of those benefits in a broader discussion of capital, calling attention to how non-monetary forms can be important sources of power and influence.

Overall, despite social capital can be counted as the “most popular exports from sociological theory into everyday language,” (Portes 1998), it remains a “notorious vague, ill-defined, and contested term” (LSEPS 2007, p. 4) and the concept is still evolving. Due to widespread and cross-disciplinary discussions on the notions of social capital in the academic and political spheres, no consistent theory has been established (Wald 2011), and one finds a variety of definitions (Mandl *et al.* 2007; Wald 2011).

2.2.2 Main notions and principles of the concept of social capital

While this is not the place to attempt an exhaustive discussion of alternative definitions, a few words on the complementing theories of social capital are nonetheless necessary. A primary consideration of social capital is that building upon certain social structures, social capital allows actors a broader range, or a facilitation of actions (Adler and Kwon 2002; Jansen 2000; Jansen and Wald 2007; Sedült 2005). This might be created through the interrelation of repeated social interactions (Lee *et al.* 2005; Matějů and Vitásková 2006), norms and trust

¹² The economist Glen Loury is also mentioned as working in parallel to Bourdieu as a pathfinder for Granovetter’s work; he has, however, not developed any concept on social capital in detail (cp. Portes 1998). Generally, Portes (1998) offers an exhaustive discussion on the evolution of the term social capital, its concept and its usage in sciences and politics, which cannot be reflected in detail at this place.

(Coleman 1988; Farrell and Thirion 2005; Putnam 1993). Preferably it results in reciprocity (Putnam 1993).

While there is a consensus that social capital is derived from social relations (Adler and Kwon 2002) and that trust and norms impact the creation of social capital, disagreement exists about whether behavioural dispositions, particularly trust and norms, should be included in the definition (Johnson 2003; PC 2003). Views differ not only about which concrete factors constitute social capital, but also how to delineate between its sources, manifestations and effects (PC 2003). For instance, reciprocity is likely to enhance trust, which is said to further the creation of social capital, which is said to potentially result in reciprocity (cp. Box 2.1). Other aspects still require clarification. For instance, questions of comparability and exchangeability of social capital with other forms of capital and the potential positive or negative impacts of social capital remain unresolved.

Despite equivocations about its definition, some general statements on features and effects linked to social capital can be made, starting with the most frequently communicated aspects of social capital, the positive benefits. Although social capital is tied to relations between social entities, there is a difference between social capital attributed to individuals and social capital attributed to groups (Adler and Kwon 2002; Bourdieu 2001; Matějů and Vitásková 2006); the latter can be extended to the level of society (cp. Section 2.2.3). From the perspective of an individual, which has been fundamentally formed by Bourdieu (1983, 2001),¹³ social capital can be seen as a person's "potential to activate and effectively mobilise a network [of social relations]," (Matějů and Vitásková 2006, p. 495). The effects of social capital then – through flow of information influence, and solidarity – are made available to the actor (Adler and Kwon 2002); this results, for instance, in a greater pool of social support, power, and access to valuable information.¹⁴

As an attribute of a group of actors, social capital being a "quality of networks and relationships" facilitates cooperation and collaboration (Bădescu and Sum 2005), potentially resulting in more efficient (Putnam 1993) and more effective action, as well as in decreased transaction costs (Coleman 1990; Mandl *et al.* 2007; Putnam 1993, 2000). Moreover, it also unburdens the sharing of certain resources, e.g. information (Coleman 1988). Indeed, knowledge sharing is not self-evident; a major barrier to its exchange is the risk that the receiver of such knowledge may use it against the sender's interest (Inkpen and Tsang 2005). Yet, access to new sources of knowledge is one of the most important direct benefits of social capital (*ibid.*). Thus, social capital pushes innovation and increases creativity (Mandl *et al.* 2007). Social capital might also further community identity (Bădescu and Sum 2005). Besides the facilitation of concerted action through cohesiveness in a network (Granovetter 1973), Coleman (1988) argues that closeness in actors' relationships facilitates the emergence of effective norms and maintaining the trustworthiness of others, resulting in strengthened social capital. In this sense, close social networks can have the effect of social control, while in loosely coupled and more open networks, the violation of norms remains undetected. Considering this, social capital not only functions as a source of (direct) benefits through networks, but also as a source of social control (cp. Johnson 2003) enforcing norms and furthering trust.

¹³ For the interpretation of Bourdieu's initial conceptual notes in French from 1980 (*Le capital social: notes provisoires*), see Portes (1998) or Lee *et al.* (2005).

¹⁴ Closely related to the estimation of the value of distant relations is the idea of structural holes held by Burt (1992). He also opines that weak ties function as sources of new knowledge and resources, but then goes one step further and argues that the relative absence of ties – named 'structural holes' – facilitates individual mobility, because dense networks tend to convey redundant information, while weaker ties can be a source of resources.

Putnam (2000) has introduced the most common and popular distinction (Milczarek-Andrzejewska *et al.* 2011) between ‘bridging’ and ‘bonding’ social capital. ‘Bridging’ refers to more distant relationships formed across diverse social groups, while ‘bonding’ refers to close relationships that cement one homogenous group. Bringing examples for the relevance of this concept, one can say that benefits mentioned in the context of social capital attributed to an individual or a collective actor can mostly be categorised as ‘bridging’ social capital, while ‘bonding’ social capital facilitates collaboration, mobilising solidarity and enforcing social control. The provided examples do not present all the identified benefits of social capital.

Social capital can be seen as resource-mobilising social relationships – be it the facilitation of access to information or support. The crucial question is how does this work? At this point, reciprocity, trust and norms come into play. Lin (2001) assumes that those resources may only be obtained by investing in social relationships. Rationally, the willingness to invest time and resources into social relations stems from the belief that services will be reciprocated (Weiligmann 1999). Hence, investing time and resources is a risky undertaking in comparison to formally institutionalised exchange processes (see Section 2.1). Thus, understanding the creation of social capital begins at the level of an actor, because originally, the decision to invest in social capital is made by individuals, not by groups (Johnson 2003). Rendering effort in advance depends on trust in the person(s) (Segert and Zierke 2004). Trust can be understood as the “level of confidence that people have that others will act as they say or are expected to act, or that what they say is reliable,” (PC 2003, p. X).¹⁵ The easiest way of establishing trust in persons is through retrospective personal experiences (Jansen and Wald 2007), but the level of trust in persons also depends on prevalent norms. Social norms are ‘informal rules’ that condition behaviour in various circumstances (PC 2003, p. X). Hence, self-interest associated with strategic action might not necessarily be the (only) reason for investing in social relations – it might be motivated by normative commitments (Adler and Kwon 2002).

The concept of reciprocity underpins many social norms (Adler and Kwon 2002; PC 2003), which often facilitate more predictable or beneficial behaviour patterns from individuals in society (PC 2003). Therefore, both, interpersonal trust and certain social norms are likely to lead to increased manageability/transparency in the social relation of interest (cp. Segert and Zierke 2004), and thus insecurity in its investment is reduced. Portes (1998) points out that investing in a social relation might not only be motivated by the expectation of direct benefits in the sense that the actor addressed will respond accordingly, but of indirect benefits in the form of acknowledgement by social structures - the collectivity, s/he is embedded in. Nevertheless, despite strategic considerations, prevalent norms, belief and trust in reciprocity, as with any investments, those in social capital may not be cost effective (Adler and Kwon 2002). Moreover, while mutual commitment is required to create social capital, it can be destroyed by the defection of only one actor (*ibid.*) if it leads, for instance, to a failing periodical reconfirmation, which maintaining social capital generally requires.

Thinking in terms of capital, drawing on the previous considerations on the specific social structures underlying social capital, we can note that in comparison to economic and human capital, social capital, which lies in the structures of relationships to other actors, cannot be owned by one actor (Jansen 2000; Portes 1998; Sedült 2005). As with cultural and human capital, social capital is more difficult to create and maintain than economic capital (cp. e.g. Mandl *et al.* 2007). As mentioned earlier, social capital can mobilise resources (Lin 2001) and

¹⁵ The definition of trust can be extended thusly, “social trust (or ‘generalised trust’) refers to the general level of trust in a society – for example, how much one can trust strangers and previously unencountered institutions” (PC 2003, p. X) is inherently linked to norms. Therefore, trust in a person or in a social system might increase if trust in the society he/it is part of is high; this will be further discussed in Section 2.2.3.

different sorts of social relations (e.g. friendship) can often be used for different purposes (e.g. moral and material support, advice, etc.) (cp. Adler and Kwon 2002). Thus, for instance, social capital can help households to overcome the deficiencies of other forms of capital and is also called “the capital of the poor” (Milczarek-Andrzejewska *et al.* 2011, p. 161; cp. also Woolcock and Narayan 2000). Though, exchangeability is limited due to social capital’s ligation to specific actors, its manifestation in interactions (Frank *et al.* 2004) and due to difficulty in measuring it (Box 2.1).

Box 2.1: Assessing and analysing Social capital - State of the art

Despite the considerable interest in social capital by researchers of various disciplines, a commonly agreed-upon definition has not been established, nor has a coherent theory emerged (Adler and Kwon 2002; EC 2005a; Wald 2011). Moreover, there is still a lack of full understanding of “how (and if) social capital can be built”, (Shuck-smith 2000, p. 216; see also Parissaki and Humphreys 2005). Consequently, approaches to assess social capital vary widely. Particularly challenging is its quantification. Frequently, social capital is assessed by proxy measures and/or indicators that are, in one way or another, associated with the presence of social capital. Levels of trust, participation and co-operation, as well as membership in organisations are often used as measures of social capital (Farrell and Thirion 2005; Furmankiewicz *et al.* 2010; Milczarek-Andrzejewska *et al.* 2011; Murray 2008; Wald 2011). However, most empirical work to date has been hampered by the use of imperfect indicators of social capital, and difficulties in laying down patterns of causality between the indicators (PC 2003). Wald (2011) further points to the problem of clearly demarcating causes (networks and embeddedness) and effects (e.g. trust and cooperation) leading to circular arguments, if the assessment builds upon proxy data attributed to actors or only on data assumed to reflect effects (see also PC 2003; Portes 1998). Moreover, even if an index for social capital has been developed, the lack of sufficiently deep and sophisticated data is problematic (LSEPS 2007). In fact, it is widely recognised that the relations between actors are the fundamental aspect of social capital. Therefore, it is suggested that social capital is the level of social connectedness among individuals in a community (Bădescu and Sum 2005; see also Jansen 2000). However, the kinds of social relations examined vary considerably across applied approaches. Network theorists argue that an understanding of social capital requires an analysis of the specific quality and configuration of network relations (Adler and Kwon 2002). Even if satisfying those requirements, many models are only valid for a specific network in a specific situation, making approaches hardly transferable and the level of social capital in different networks hardly comparable (Farrell and Thirion 2005; Inkpen and Tsang 2005; Matějů and Vításková 2006). Other challenges are incorporating different levels of analysis and weighing positive and negative effects against each other (Woolcock and Narayan 2000).

Normally, the positive aspects related to social capital are circulated. Nevertheless, social capital can also lead to less favourable or even adverse effects. Besides the fact that benefits of social interactions are not necessarily spread evenly among the involved actors (Lee *et al.* 2005), social capital might also have exclusive effects (Nardone *et al.* 2010). Strong internal group cohesion (a kind of bonding social capital), for instance, might be associated with intolerance on the part of other actors (PC 2003) or to the general “closure” (Milczarek-Andrzejewska *et al.* 2011, p. 162) of a community of the relationships with individuals or groups from outside. An actor might also misuse the social capital attributed to him and the associated power. Furthermore, social control, in addition to offering cost effective monitoring (Jansen and Wald 2007), might turn into social pressure. Not only might the application of norms be felt as an accumulation of obligations (Johnson 2003; Portes 1998), but an actor embedded into a coherent social network might be forced to do something that might be seen as desirable by the majority of network members, but not by an individual network member or/and that might not necessarily be of societal value. An example of such social pressure is youth gangs, where all members have to drink alcohol or commit a crime, or, as studied by Frank *et al.* (2004), social pressure exerted within an organisation to encourage the adaptation of innovative technologies. Both examples illustrate the same forces leading to social capital and social control and social pressure, which might be inherent to a social network (similar to Portes 1998; see also Woolcock and Narayan 2000).

To sum up, the notions of social capital, irrespective of form (bonding or bridging) or perspective (from an individual actor or from a group of actors), and the network structures in which the actors are embedded, determine the positive or negative effect of social capital. For the social capital of groups, their internal and external relations are relevant.

2.2.3 *Social capital at the level of society*

As will be shown in this sub-section, the formation of social capital is influenced by a cultural dimension expressed in religion, tradition and historical habit (Fukuyama 1995) in the form of, for instance, societal values like norms and the society's environment, including markets (Fukuyama 1995; World Bank 1998) and particularly the political, legal and institutional framework (EC 2005a; Woolcock and Narayan 2000), whose creation has an impact on the functioning of a society. Consequently, the following considerations form an essential guide for assessing the environment for implementing the two policy instruments of interest in Romania.

One of the most comprehensive definitions of social capital in relation to society was formulated by the World Bank (1998, p. 1):

“The social capital of a society includes the institutions, the relationships, the attitudes and values that govern interactions among people and contribute to economic and social development. Social capital, however, is not simply the sum of institutions which underpin society, it is also the glue that holds them together. It includes the shared values and rules for social conduct expressed in personal relationships, trust, and a common sense of ‘civic’ responsibility, that makes society more than just a collection of individuals.”

The rationale of social capital attributed to a society can be compiled step by step. Focussing on the societal dimension, one can refine the description made for social capital attributed to a group of actors, going beyond the effect of facilitated cooperation and collaboration. Here, social capital depends – indeed, is interlinked to the formation of general trust – increasingly on the “‘trustworthiness’ of public and political institutions,” (Matějů and Vitásková 2006, p. 495) and interpersonal trust becomes less relevant. Establishing and enforcing formal institutions make several kinds of interactions more transparent and safe. In turn, the existence of corruption, state failure, and the existence of a grey economy, i.e. “negative social capital” (Matějů and Vitásková 2006, p. 496), lower the level of general trust. The provision of basic legal systems of property rights and civic order are sometimes even seen as preconditions for the emergence of trust in a society (PC 2003; see also Footnote 15). Having said this, such general trust affects a wider circle of people, thereby allowing a much larger range of attendant beneficial interaction in comparison to trust based on personal experience (Putnam 2000), even if the latter might be more robust than trust based on community norms. Nevertheless, the informal dimension in the form of norms inherently linked to the creation of trust, which differ between societies (PC 2003), still remains relevant, as do societal values. These informal societal mechanisms appear to be even more relevant when considering that law enforcement is expensive, and consequently societies that “rely heavily on the use of force are likely to be less efficient, more costly, and more unpleasant than those where trust is maintained by other means,” (Putnam 1993, p. 165).

Some effects resulting from social capital at the societal level, such as decreased transaction costs (Coleman 1988, 1990; Mandl *et al.* 2007; Putnam 1993) or the creation of innovation, are indeed comparable to those at the group level. Though, the improvement of efficiency of society by facilitating coordinated actions (Putnam 1993) has more far reaching impacts. For instance, the formation of social capital is often associated with economic growth (EC 2005a; Matějů and Vitásková 2006; Woolcock and Narayan 2000) and reaches the properties of a public good (Adler and Kwon 2002; Matějů and Vitásková 2006). Furthermore, social capital is said to generate benefits for the society by promoting socially-minded behaviour and individual benefits (PC 2003). Individual benefits and associated social spin-offs are likely to

lead to lower health and welfare expenditures (*ibid.*). Further benefits ascribed to social capital in the societal context are, for instance, better educational outcomes, improved child welfare, lower crime rates, reduced tax evasion, and improved governmental responsiveness and efficiency.

The spill-over to individuals is indeed seen as one benefit of social capital attributed to society (PC 2003). However, it must be emphasised that social capital as the theoretically “undivided property of the whole society” (Shucksmith 2000, p. 215) is likely to be appropriated by those who have the “social connections” (*ibid.*), the formal education, and presentation (i.e. the individual social and cultural capital). These features of reality indicate a lack of societal social capital, which also tends to correlate with economic and gender equality (LSEPS 2007). Moreover, social capital attributed to a society can have an integrative function, facilitating the capacity of an individual to participate in “informal networks based on mutually beneficial exchanges,” (Matějů and Vitásková 2006, p. 494).¹⁶ Besides having a positive impact on the cohesion of a society, social capital might further the *formation of civil society* (cp. e.g. Bădescu and Sum 2005), which includes a society’s internal solidarity, *civil engagement* and *organisational citizenship behaviour* (similar to Adler and Known 2002). Civil engagement, which shows up, for instance, in the presence of voluntary organisations, contributes to political developments. Particularly, NGOs are likely to promote political participation and “pro-democratic attitudes” (Bădescu and Sum 2005, p. 117). Thus, societal social capital is likely to further citizens’ support for democratic structures (Kunioka and Wolle 1999). The relationship between democracy and social capital could appear to be “symbiotic” (EC 2005a, p. 5), each furthering the production of the other.

In the context of society, it is noteworthy that hierarchical structures have been recognised as having an influence on the formation of social capital (Adler and Known 2002) through direct effects on social structures and on the motivation to invest in societal social capital. The latter might result if hierarchical structures affect incentives and norms; abilities might be affected through influence on authority, resources, skills and beliefs (*ibid.*). The findings on the possible impact of hierarchy point out once more that not only normative structures, but also public-service and policy-delivery structures are likely to have impact on societal social capital (see also LSEPS 2007).¹⁷

When considering social capital as an enabling factor for actors to get organised and to pursue common goals (Abele *et al.* 2001), it is obvious that building merely on social networks for effective goal achievement is more difficult at the societal than at the group/community level. Even if an “objective analysis” (de Bruijn and ten Heuvelhof 1995, p. 164) demonstrates that every member of a society would benefit from cooperation or common action, not all of them might be receptive, because either they fear that others will not make the necessary contribution, or they expect benefits even without their own contribution. In other words they “free-ride” (*ibid.*), which is more easily possible at the more anonymous level of society than at the group/community level (see above). Nonetheless, the opposite can also be found. There are cases in which informal social networks effectively complement or substitute failing formal ones as “coping strategies” (Woolcock and Narayan 2000, p. 13; see also Murray *et al.* 2008). An example of the effect of a lack of functioning public social service is provided by the transition period in the Central and Eastern European Countries (CEECs), where efficient

¹⁶ Johnson (2003) describes the function of integrating people into a society as cultural capital.

¹⁷ At this point, the considerations of Granovetter (1973, p. 1373; emphasises in the original) may provide a thought-provoking impulse: “I would propose that whether a person trusts a given leader depends heavily on whether there exist intermediary personal contacts who can, from their own knowledge, assure him that the leader is trustworthy, and who can, if necessary, intercede with the leader or his lieutenants on his behalf. Trust in leaders is integrally related to the *capacity to predict and affect their behavior*. Leaders, for their part, have little motivation to be responsive or even trustworthy toward those to whom they have no direct or indirect connection.”

informal networks have compensated for such deficits and have shown the ability to organise for risk minimisation (Abele *et al.* 2001).

We can sum up that at the level of society, social capital is “simultaneously a cause and an effect” (Portes 1998, p. 19); it leads to positive outcomes, such as economic development and civil engagement and its existence is inferred from the same outcomes. Such circularity also exists between the formation of social capital and the functioning of the state. The organisation of a state touches the formation of social capital attributed to civil society at least at three points: 1) law making and enforcement as well as policy performance impact the level of general trust (LSEPS 2007); 2) deficits in public institutions might be compensated through social networks; and 3) governance structures influence civil motivation. In turn, social capital contributes to the formation of civil society and participation in policies.

2.3 Policy-making and Governance

In this section the major phases of policy-making, including policy formation and policy implementation, are introduced. The concepts of policy instruments and governance, which are essential for structuring and examining policy processes, and their evolution are subsequently described. Finally, the basic structures of the EU governance system are outlined. This section does not seek to provide an all-embracing overview of policy-making; instead, it takes up the selected points mentioned, whereupon primarily the perspective of political scientists (to the disadvantage of economists) provides direction.

2.3.1 Policy-making – a brief introduction

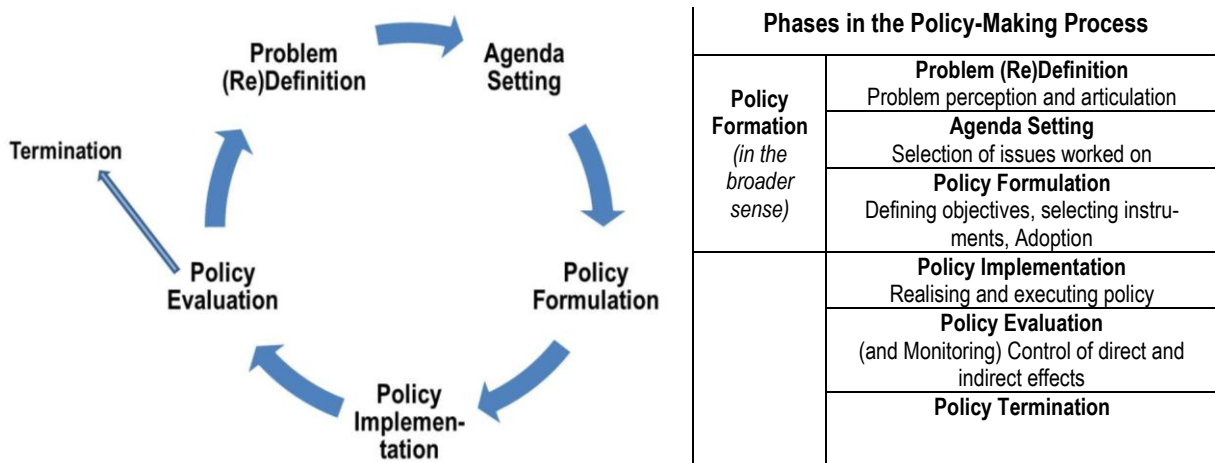
Phasing models are widely applied in policy research; they are usually based on a specific interpretation of policy, namely, policy conceptualised as policy-making, a problem-solving process (Jann and Wegrich 2003). Until the early 1970s, policy-making only referred to the articulation and definition of problems and the binding constitution of programmes and measures. However, in the following two decades a new understanding of the term was formed, as it was increasingly recognised that in addition to policy inputs, policy outputs have to be considered. Moreover, numerous studies conducted in the 1970s and 1980s have shown that the administration plays a decisive role in policy formulation, e.g. in preparing the budget or laws (for an overview of this process see Jann and Wegrich 2003, or Hill 1997 for a concrete discussion).¹⁸ From the perspective of practitioners, policy-making, has been defined as the process by which political visions are translated “into programmes and actions to deliver ‘outcomes’ – desired changes in the real world“, (BG 1999, p. 15). Nowadays it is mostly accepted also among policy scientists that policy-making includes policy formation, policy implementation, and (ideally) evaluation. With the extension of the understanding of policy-making, the classical distinction of dimensions between: *policies*, referring to the policy content; *polity*, the configuration/design of political institutions; and *politics*, processes potentially coined by conflicts around power generation and power preservation, have also been established (Jann and Wegrich 2003).

¹⁸ Jann and Wegrich (2003, p. 82) also describe how in parallel to the formation of the new understanding of the policy-making process, the focus of research turned from the policy formulation to the investigation of politico-administrative systems. Implementation research emerged, primarily analysing the individual phases of the extended policy-making process. Then, implementation research has begun to focus on steering and governance processes; and instead of individual phases more and more the whole policy-making process was investigated. Though, the still often applied separation of policy formation and implementation limits research outputs (cp. Peters 2000; Section 2.3.2.3). The classical implementation theory was later also questioned as it does not consider normative concerns, informal collaboration as well as it distorts policy process, which deviate from stringent top-down or bottom-up procedures (Hill 1997). Nowadays different approaches, e.g. governance concept or variations of the implementation theory are applied for analysing policy-making processes.

For approaching the policy-making process theoretically, refining turned out to be advantageous and in the 1970s it was suggested to differentiate between the phases of agenda-setting, policy formation (or formulation), adoption, implementation and evaluation. This phase model has, although continuous alternative proposals were made, remained standard (Jann and Wegrich 2003). The steps can, with the possibility of termination, not only be seen as a logical and linear sequence, but also cyclically (Figure 2.1).

Depicting policy-making as a cycle underscores that the process rarely, if ever, starts from a clean sheet, as in any policy area or closely-related field, policies are already in place (OFMDFM 2005). Consequently, the need to develop a new policy should be identified through the evaluation of existing policy, and possible interactions of policies should be pre-assessed (Jann and Wegrich 2003; OFMDFM 2005). Ideally, governments regard policy-making as a continuous learning process, not as a series of one-off initiatives (BG 1999).

Figure 2.1: The ideal Policy Cycle



Source: Based on Jann and Wegrich 2003, pp. 80.

Following the policy cycle (Figure 2.1), policy-making begins with the perception of problems and their articulation. **Problem Definition** goes along with declaring the need for a public policy intervention, which is theoretically a precondition for issues to be set on the political agenda. Within **Agenda Setting**, defined problems or issues are selected to be worked on by the political system. Already the phases of Problem Definition and Agenda Setting - and not only policy formulation - are genuine political processes in which relevant pre-decisions are made in terms of instrument selection, priority setting and strategies (similar to Jann and Wegrich 2003). In the **Policy Formulation** phase (or Policy Reformulation if, for instance, policy failure has been discerned) articulated problem proposals and requests become state programmes. Important steps within this phase are the formulation of political objectives, as well as the generation and discussion of alternative options for action, before a policy instrument is selected and binding decisions are made. If applicable, this phase also includes the formal **Adoption** of legal acts. There are two important issues in this phase. First, the definition of policy objectives is decisive, because against those objectives the later effects are judged. Second, the selection of policy instruments, i.e. the “techniques the government uses to achieve policy goals,” (Schneider and Ingram 1990, p. 527), significantly affects the features of the implementation process and the delivery system, and is decisive for the effects and side-effects of a policy. The three phases of Problem Definition, Agenda Setting and Policy (Re)formulation together form the phase of **Policy Formation**. **Policy Implementation** as an administrative task can be understood as the execution of the regulations and programmes agreed upon within the policy-formation process. Its elements, such as programme concretisation or decisions in individual cases, vary depending on the selected

policy instrument. A crucial issue is that implementing an instrument cannot solely be steered by initially-set targets and related laws, programmes, etc. Therefore, in this phase, political programmes and their intentions can be delayed, modified or even cancelled. Indeed, a policy is significantly formed in the implementation process; it is not only the case that the organisations in charge make numerous related decisions in comparison to the governmental and parliamentary actors (Jann and Wegrich 2003). Rather, the beliefs that policy has no connection to administration, and, that administration always follows the norms, are unrealistic (*ibid.*).

The policy cycle is rounded off with the phase of **Policy Evaluation**, which is – very broadly speaking – the assessment of direct and indirect effects of the policy. Evaluation can be understood as an evidence-based assessment of how well an instrument, e.g. legislation, has done (or is doing) what it set out to achieve (EC 2008). Policy-making might not only include evaluation, but also monitoring along the whole implementation process. In contrast to monitoring, evaluation complements collected quantitative data with qualitative data and reflects on it. Evaluation examines what has changed, and why and how it has changed over a certain timeframe, taking into account desired and (unexpected) side-effects (*ibid.*). Besides assessing the outputs, results (direct effects) and impacts (indirect/wider effects) of interventions and addressing the question of how far the problems concerned have been solved, the concept of the policy cycle points to the question of how the total system reacts (outcome) (cp. Jann and Wegrich 2003), and helps determine if it comes to the **Termination** of the policy or if the problems are redefined and a new cycle is started. Particularly for the latter case, it is assumed that ideally, the evaluation process and its results bring about different forms of political learning with different retroaction on the problem perception of the subsequent (new) policy cycle (Jann and Wegrich 2003). Besides functioning as a management or learning tool as suggested by the policy cycle concept, evaluation might serve several purposes, for instance making public spending transparent or helping the policy system to justify its spending.

The phase model of the policy-making process has been criticised, because it turned out to not be empirically sound in terms of the logically and timely sequential steps. In reality, phases might overlap or appear in a different order. It is also criticised for failing as theoretical model in the narrow sense, because it does not include a definition of explanatory variables for the changeover between the individual phases of the policy-making process. There is no clear causal model; instead there are different theoretical approaches for individual phases (Jann and Wegrich 2003).

Furthermore, the heuristic view of phases does ignore the relevance of ideas, knowledge, information and learning in policy processes, which are included in several phases and not only for evaluation (BG 1999; Jann and Wegrich 2003). Likewise, even without formal evaluation and scheduling, policies are likely to be continuously (re)formulated, implemented and assessed, but within manifold interwoven processes. Nevertheless, introducing the simplified phase model has placed focus on the complexity of the policy-making process and has formed the basis for many studies assessing related phenomena. It has thus been a starting point for further political and sociological theories, among others, that focus on steering and governance.

Despite the complexity of policy processes that occur parallel or in loops, stakeholders from administration, politics and society have different tasks and roles in related (democratic) processes, which cannot be seen independent from the maturity of the policy of interest (similar to Jann and Wegrich 2003). Thus, without seeing the policy cycle as a simple, timely and logically discrete process of the phases, its phases form a levelling board for the democratic quality of these processes. Moreover, different questions and analytical focal points are linked to each phase, which remains relevant even if the heuristic of phases cannot provide a claim for an overall explanation (Bingham *et al.* 2005; Jann and Wegrich 2003).

2.3.2 Policy instruments

2.3.2.1 Policy instruments – an introduction

Policy instruments are techniques used by governments to achieve policy goals (Schneider and Ingram 1990; Vedung 1998) and address public problems (Salamon 2002a). Instruments that allow government policy to be made material and operational are “institutions in the sociological meaning” (Lascoumes and Le Gales 2007, p. 8). They are expressed in regulations (in the broader sense) having direct or indirect impact on actors’ behaviour and thus providing a more or less stable framework. Instruments of a certain type can be filled with different contents (Ringeling 2002). When applied in different implementation contexts in terms of traditions or power relations, they might be used differently (cp. *ibid.*). It is important to stress that instruments “produce specific effects, independently of the objective pursued (the aims ascribed to them), which structure public policy according to their own logic” (Lascoumes and Le Gales 2007, p. 1). Therefore, selecting instruments is a critical issue. Policy instruments are typically less general than policies (Salamon 2002a), which are a collection of programmes operating in a similar field. But instruments, which can be applied in different contexts, are more general than programmes, which can make use of one or multiple instruments (*ibid.*). This implies that instruments often come in a mix (Ringeling 2002; see also Lascoumes and Le Gales 2007; Vedung 1998).

Policy instruments form one link between policies and society. In other words, they are one expression of how society is governed (cp. de Bruijn and ten Heuvelhof 1995; Lascoumes and Le Gales 2007; Salamon 2002a), whereupon governing styles can become obvious within all steps of the policy cycle. For instance, in terms of the way decisions are made, integrating knowledge and information or more or less public participation (cp. Vihinen and Kull 2010). Instruments and techniques construct public policy as “sociopolitical space” (Lascoumes and Le Gales 2007, p. 4) as much as aims or content. Nevertheless, when discussing policy design it is necessary to understand the relation between instruments and the problems they are designed to solve and the relation of public management and politics, given that instruments are rarely capable effectively implementing policy without adequate management (Peters 2000; see also Hill 1997).

Overall, the selected policy instrument is an important determinant for the relations between policy-makers, administration and the public, as well as for the processes within the delivery system in the implementation process.

2.3.2.2 Typologies of policy instruments

Various proposals for categorising policy instruments have been made in the international literature (Howlett 1991; Lascoumes and Le Gales 2007; Salamon 2002a; UoG 2008), but a uniform, generally embraced classification is missing (Vedung 1998). Before looking at certain typologies – first from a more economical-political, then from a sociological-political angle – it has to be noted that instruments are often multidimensional in nature (Salamon 2002a) and serve several purposes, which makes it difficult to sort them. Also, a clear demarcation of an instrument might not always be easy, and in practice it might be necessary to disaggregate policy instruments into smaller units (Schneider and Ingram 1990); Lascoumes and Le Gales (2007) even propose differing between instruments, techniques and tools.

Perhaps the most commonly suggested categorisation in the policy and economic literature is the differentiation between **Legislative and Regulatory Instruments**, **Economic and Fiscal Instruments**, and **Information and Communication Instruments** (Table 2.2), with slightly different terminologies being used by various authors. According to Vedung (1998) this division into *sticks*, *carrots* and *sermons* is based on the degree of constraint intended by

policy-makers. This means that the instrumental property of legislation and regulations is that targeted actors are obliged to act in the way stated.

Economic policy instruments involve either the handing out or taking away of monetary and non-monetary resources (Vedung 1998); that is, they affect the relative costs and benefits of individuals who choose to take certain action (above a baseline) (UoG 2008). However, addressees are not obliged to become involved with these instruments. **Information Instruments** are attempts to influence people through the transfer of knowledge, arguments and/or persuasion. The only things offered here are data, facts, and/or moral appeals (Vedung 1998), and people are voluntary receptors. Information might either be a policy instrument on its own or a meta-policy instrument in the sense that it is used to disseminate knowledge of the existence, meaning, and availability of other policy instruments. Vedung (1998) is convinced that all other types of policy instruments advanced in the literature can be reduced to these fundamental three categories, which might be discussable at some points, for instance, in the context of non-materialised rewards.¹⁹ Furthermore, these three categories are still very broad and only cover one instrumental dimension; they might be meaningfully supplemented.

In the following a typology is developed (Table 2.2) to refine these major categories at a secondary and tertiary level combining various approaches. As this could be an exhaustive undertaking, to avoid complexity, sub-categories are introduced where they bring added value to this study. Particularly, the two basic categories of Legislative and Regulatory and Economic and Fiscal Instruments are taken into consideration less at this point (for a refinement of these two categories, see e.g. UoG 2008; Vedung 1998), because, first, as we will learn in Chapter 3, the range of instruments usable under the EAFRD is by definition limited, and second, this study gives priority to political, sociological and societal aspects (and administrative-technical ones) rather than to economic ones.

Two instrumental features which are useful for understanding the dynamics of policy changes and consequences, and are relevant if the later focus is on networking and governance structures, are the type of political relations organised by instruments, and the type of legitimacy that such relations presuppose. In this context Lascoumes and Le Gales (2007), who approach the analysis of policy instruments from the political-sociological point of view, suggest “De Facto and De Jure Standards, Best Practices” as one additional category. Although Lascoumes and Le Gales (2007) include the category of Legislative and Regulatory Instruments in their typology, they do not exclude “De Jure Standards” from their category “De Facto and De Jure Standards, Best Practices” to avoid overlaps, as has been done for the categorisation developed for this study (Table 2.2).

Instruments in this category are based on a mixed legitimacy that combines scientific and technical rationality, which helps neutralise their political significance, with a democratic rationality based on their negotiated development and the cooperative approaches that they foster. Against the same background, Lascoumes and Le Gales (2007) place additional emphasis on Agreement- and Incentive-based Instruments, and introduce them as one main category. However, overlaps also exist here. Sanctions, for instance, which form negative incentives, are also associated with standards or rules that prohibit or require certain activities and are thus linked to the category of Legislative and Regulatory Instruments.

¹⁹ Definitively, the division into three basic categories has weak points. This also applies, for instance, to cases where taxes as an economic instrument are higher and therefore a greater constraint than a fine resulting from the respective Regulatory Instrument. Another example is labelling, as information is mandated by regulation. The crucial point here is that the instrument should interlink two target groups (producers and consumers). Vedung (1998) argues that the transfer of information is the more important aspect. Nevertheless, it might be reasonable to also categorise labelling as a Legislative Instrument, if, for instance, the producers and not customers are the focus of one’s study.

Table 2.2: Categories of Policy Instruments

Type and Sub-types of instrument	Explanation/Comment		Type of Political relations	Type of Legitimacy
1. and 2. level categorisation				
Legislative and Regulatory Instruments		Instruments affecting property rights; Might set a baseline of acceptable behaviour (De Jure Standards); Provisions are obligatory	Social Guardian State; Authoritative State	Imposition of general interest by mandated elected representatives
Economic and Fiscal Instruments	Classic Economic Instruments	Instruments that affect the relative costs and benefits of individuals (including time, effort, other monetary and non-monetary resources), e.g. one-off investments, or regular multi-annual payments, loans, in-kind provisions	Wealth Producer State, and Redistributing State	Seeks benefits to the community social and economic efficiency
	Enabling Instruments	Enable actors to contribute to the policy goals strived for, or make use of other policy instruments		
	Capacity-building Instruments	Transfer of skills and/ or material or financial resources potentially allowing target group to contribute to a policy	Mobilising State; Audience Democracy, (Redistributing State)	Accountability of actors; Seeks benefits to the community social and economic efficiency
Information and Communication Instruments	Information provision as Meta-Instrument	Awareness-raising, provision of a decision-making basis to target group	Mobilising State; Audience Democracy	Explanation of decisions and accountability of actors
	Consciousness-raising instruments, Intellectual/ Moral appeals	Assume that actors decide whether or not to take policy-related actions based on their or civil values; Values and social or civil pressure that individuals perceive are beyond the control of state-initiated incentive-based policy instruments; Net tangible payoffs are not of central interest		
	De Facto standards, Best Practices	Actors follow because they or a considerable part of society rationally perceive them as valuable; Economic effects might occur as the adoption to widely accepted standards may enhance social prestige among customers and thus the position on the market	Adjustments within Civil Society; Competitive Mechanisms	Mixed: Scientific/ Technical, Democratically negotiated legitimacy and/ or Competition, Market mechanisms; Social pressure
	Symbolic and Hortatory Instruments	Assumption that individuals rely on decision heuristics and hold preferences based on culturally-defined intangible values	Adjustments within Civil Society	Norms; Social pressure
	Other Information and Communication Instruments	Serving, for instance, awareness raising	Case-specific	Case-specific
Mixture	Learning Instruments	Shared learning of state, civil society and economic actors to find a (creative) instrument for problem solving	Mobilising State; Audience Democracy (Redistributing State)	Seeks benefits to the community social and economic efficiency
1. 2. or 3. level categorisation				
Incentive or/ and Agreement-based Instruments^a		Incentives assume individuals have the opportunity to make choices and are able to select from alternatives		
	Positive incentives	Rewards, payments, liberty, often agreement based tools	Mobilising State	Seeks direct involvement
	Negative incentives/ Disincentives	Sanctions, force, taxes, levies	Social Guardian State; Mobilising State	Seeks adaptation

Note: ^a Legal/Regulatory, Economic/Fiscal and Information/Communication Instruments can be categorised at a secondary level as positive or negative incentives. There might be instruments, such as non-monetary and non-material rewards, which are categorised as an incentive at the first level.

Source: Based on Lascoumes and Le Gales 2007; Schneider and Ingram 1990; UoG 2008; Vedung 1998.

The sub-categories Positive and Negative Incentives are often applied on a secondary level to Economic Instruments (e.g. UoG 2008). Yet incentives can go beyond the economical dimension, and the provision of information can also constitute an incentive or disincentive. In this study, the differentiation between positive and negative incentives is seen as an attribute that can be ascribed to categorised instruments at a second or third level (cp. Table 2.2);²⁰ in exceptional cases, an instrument which can hardly be categorised otherwise, like non-material rewards, might be considered an incentive in the first categorisation level. To that end, this allows covering instruments which do not suit into the category of Economic and Fiscal Instruments, and still highlights different types of political relations and legitimacy.

In addition to the rather functional-technical perspective on policy instruments and the policy-societal perspective, there is a third, complementary perspective that can also be subordinated to the sociological ones; it is taken up by Schneider and Ingram (1990), who suggest how to foster policy-relevant behaviour by societal members. In their view, policy participation in the form of compliance, utilisation, and other forms of "coproduction" of policy instruments is an important form of political behaviour. Behaviour and decisions are not always driven by objectives or tangible payoffs. Schneider and Ingram (1990) form – by making different assumptions about how policy-relevant behaviour can be fostered – five instrument categories: authority, incentives, capacity-building, symbolic and hortatory, and learning instruments. Schneider and Ingram (1990, p. 527) describe these categories as follows: "Authority tools rely on the inherent legitimacy found in hierarchical arrangements. Incentive tools assume individuals are utility maximizers who will change their behavior in accord with changes in the net tangible payoffs offered by the situation. Capacity tools assume individuals may lack information, resources, skills, and may rely on decision heuristics (shortcuts or rules of thumb), but that these biases and deficiencies can be corrected by policy." With some adaptations, this behavioural dimension can be embedded into the categorisation outlined so far (Table 2.2). The incentives category is already covered, though perhaps in a broader understanding. Authority Instruments are closely related to Legislative and Regulatory Instruments. Capacity-building can form, together with certain information measures, the group of *Enabling Instruments*, a category introduced by the author for having a smooth typology (cp. Table 2.2), which enable actors to contribute to the policy goals strived for, or to make use of other policy instruments. However, contrary to Information and Communication Instruments, Capacity-building might also entail the provision of material or purposive financial resources. While these instruments have a mobilising function as an external stimulus, *Symbolic and Hortatory Instruments* are based on the assumption that individuals rely on decision heuristics and hold preferences primarily based on culturally-defined intangible values, and thus are either motivated from within or by social pressure. They allow policy to induce the desired behaviour by manipulating symbols and influencing values. Symbolic and hortatory Instruments can be grouped with *De Facto Standards* and *Best Practices* instruments; both are appeals that morally address the conscience of targeted actors and are beyond the control of the state. The latter are more rational/intellectual, and not only target the personal conscience, but also that of collective and cooperative actors. Direct objective net payoffs are of minor relevance in the context of both instruments.

A special category is formed by *Learning Instruments*, which are used when the problem-solving action is unknown or uncertain; a problem might be recognised, but is not understood or there is no agreement about what should be done. Here, the target group and administration can learn from the application of various instruments. Policies that utilise Learning Instruments may be open-ended about purposes and objectives, specifying only broad-based

²⁰ A proposal for a simple categorisation of policy instruments that only differs between positive and negative incentives has been made; this has, however, been proven to have many gaps (Vedung 1998). For instance, it does not cover the provision of information in the form of sheer facts or education. Moreover, economic costs would fall into the same category as sanctions.

goals and leaving the choice of instruments to lower-level agents (Schneider and Ingram 1990) handing over authority.

The categorisation suggested in Table 2.2 can be complemented by the dimensions suggested in Table 2.3 to be able to assess the character of an instrument in greater detail as it will be done for LEADER and the NRNs in Section 3.4. Certainly the list of dimensions is not exhaustive. Further possibilities would be to introduce gradients along the resource intensity, along with the degree of precision of instruments and so forth (Schneider and Ingram 1990) or to categorise instruments according to patterns of decision-making (Jordan *et al.* 2005).

From a more technical-administrative or management-related perspective one can differentiate between *Internal Instruments* referring to the procedures that governments use to handle their own internal operations, and *External Instruments*, which by contrast are those used to affect society at large (Salamon 2002a).

Table 2.3: Dimensions of policy instruments

Dimension	Explanation/Comment
Direct delivery vs. Indirect delivery	Direct instruments are administered by state agencies themselves establishing a direct tie to citizens, while indirect instruments are implemented by actors others than the public sector (third-party involvement)
Automatic vs. Administered	Formula decisions vs. judgmental decisions
Direct influence vs. Indirect Influence	Instruments can act on the target groups directly or operate indirectly via behavioural incentives and norms
Capital Intensity vs. Labour Intensity	A certain goal might be achieved by providing sufficient capital and/or by making high administrative effort
Visible vs. Invisible	Visibility measures the extent to which the resources devoted to an instrument show up in the normal government budgeting and policy review process
Universal vs. Contingent	Either all or only a selected group can apply/ benefit
Direct support to final beneficiaries vs. Indirect support	Direct support is provided to the final beneficiaries (private or public ones) to achieve certain behaviour. Indirect support enables other layers of the policy hierarchy to provide an institutional framework needed for reaching the actual target group.

Source: Based on Peters 2000, supplemented by information from Salamon 2002a; Schneider and Ingram 1990; UoG 2008.

2.3.2.3 *Policy instrument choice*

Schneider and Ingram (1990) point out that policy instruments are often substitutable, and that different regimes will select different instruments even when addressing the same problem. Certainly, as the different typologies of instruments suggest, they are not entirely substitutable, as they have particular capabilities and requisites (cp. Howlett 1991). Instruments are likely to have different side effects and to affect certain societal groups in different ways.

An instrument choice for achieving political objectives is not always straightforward and self-explanatory: Instrument choice allows the involved actors to shape which of several possible interpretations of a programme's objectives it is focussed on in the selection process (Salamon 2002b). Generally, several criteria and factors may influence the selection of policy instruments. From a rational point of view, governments employ a particular instrument in an attempt to produce certain effects in the economy and in society. Thus, questions about the effectiveness and efficiency of the instruments are of central interest. However, rationales may be led by the orientation on tangible payoffs offered by policy instruments (Schneider

and Ingram 1990). Other criteria relevant for policy-makers' selection might be the visibility of an instrument or normative considerations (Peters 2000).

Furthermore, the relevance of considering administrative issues and the instruments' implementability in instrument choice is stressed in the literature; at the same time it is criticised that this criterion is often neglected (Bressers and O'Toole 1998; Peters 2000).²¹ Not only are administrative costs to be expected to differ between instruments (Schneider and Ingram 1990; UoG 2008) and the complexity of related delivery systems (UoG 2008), but so are the proximity to the target group or targeted object. Furthermore, some instruments have a more direct character, while others are more indirect or are more or less self-enforcing (Table 2.3).

Besides this pragmatic view of instrument selection in which instruments assumed to work best according to certain criteria are selected, other factors are likely to influence the process as well. These might include legal traditions (Ringeling 2002) and (national) policy styles (Bressers and O'Toole 1998; Howlett 1991). Decisions on instruments might also be shaped by ideological predispositions (Ringeling 2002; Salamon 2002a) and cultural norms, and in turn, instrument choice affects public attitudes towards the state (Salamon 2002a). Not only do national policy styles and preferences differ, but different policy fields or sectors tend to favour certain types of policy instruments (Bressers and O'Toole 1998; Howlett 1991), and use them regardless of their absolute effectiveness (Bressers and O'Toole 1998).

Instrument choices are not just technical decisions, and "instruments at work are no neutral devices" (Lascoumes and Le Gales 2007, p. 1); instead, instrument choices are likely to have a political character (Lascoumes and Le Gales 2007; Peters 2002; Ringeling 2002; Salamon 2002a) and may form an object of political conflicts (Lascoumes and Le Gales 2007). Actors involved in the selection process influence the determination of the various affected parties and the instrument's post-enactment evolution (Salamon 2002a), for instance in terms of who is in charge of the instrument's implementation. Thus, political factors and political mobilisation not only affect the initial selection of policy instruments, but also their management (Peters 2002).²² Due to the possible transgression of the rational sphere, the question of accountability in instrument choice is a crucial one (cp. *ibid.*).

One factor impacting instrument choice is learning. In this context learning processes have an internal and an external dimension. Internally, on a longer term actors involved in the selection of policy instruments might learn under the precondition of a relatively stable government, or the explicit consideration of earlier evaluation results. According to Bressers and O'Toole (1998), under some circumstances learning processes might indeed occur; effects of learning could not, however, account for significant portions of instrument choice. Externally, policy transfer and policy diffusion²³ might initiate a learning and adaptation

²¹ Peters (2000) suggests that the negligence of administrative and management concerns in the instrument choice results from their association with different parts of the policy delivery apparatus, i.e. the policy-makers in the formation and the bureaucrats in the implementation of policies.

²² One very general example of the influence of policy instrument choice on the instrument's management is that the more "bureaucratic discretion there is in a policy instrument, the more opportunity there is for individuals to shape the ultimate nature of the policy well after the initial choice of the tool is made. Thus, automatic instruments, such as most tax expenditures, that involve little or no discretion have little opportunity for individual influence over the outcomes," (Peters 2002, p. 562).

²³ Following Dolowitz and Marsh (2000, p. 5) policy transfer can be understood as the process by which "knowledge about policies, administrative arrangements, institutions and ideas in one political system (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another political system". According to Frank *et al.* (2004) the standard model of diffusion suggests that actors change perceptions about the value of an innovation through communication, and these perceptions then drive implementation. It can thus be a step that potentially precedes policy transfer. The main difference between the concepts of transfer and diffusions is the analytical perspective. While one specific case is focussed upon when analysing the motives of the individual actors in transfer processes, analyses of diffusion concentrate on

process. Transfer might be obliged or driven voluntarily; for instance, through dissatisfaction with the status quo (Dolowitz and Marsh 2000). An example of the latter is that national governments can be forced to adopt programmes and policies as part of their obligations as members of international regimes and structures (cp. Dolowitz and Marsh 2000; Lütz 2007). The distinction between voluntary and coercive transfer is, however, not always easy. For instance, states might be voluntary members in a supra-national organisation, but as members they are obliged to implement a certain instrument. Overall, it is becoming increasingly apparent that policy transfer can, and often does, lead to policy failure (Dolowitz and Marsh 2000), particularly when trying to import ideas that have worked well in one place and time into another place and time (Sandiford and Rossmiller 1996). Essentially, the country-specific context, i.e. the real situation, in terms of economic, social, political, historical and ideological aspects has to be understood (Dolowitz and Marsh 2000; Sandiford and Rossmiller 1996).

2.3.3 Governance

The term governance is multidimensional. The theoretical concept of governance allows one to illuminate the coordination and decision-making processes in various contexts. In terms of policy-making processes, governance is relevant for politics themselves, the structures of a polity system or the design of a policy or of a policy instrument (cp. Eising and Lenschow 2007). Governance can also refer to policy styles. The term is also used normatively, highlighting how to govern in an acceptable way. This section aims to present a general background on the widely used but imprecise term governance (Rhodes 1996). It will also show the increasing relevance of certain modes of governance in the political sphere and their (practical) implications.

2.3.3.1 *Governance – terminological and conceptual notions*

Governance is not a new term, but its popularity has undoubtedly grown in the last two decades (Benz 2004; Jordan *et al.* 2005). The Longman Dictionary defines “governance” as the “act or process of governing” (Pearson 2009, p. 760). As the concept of governance has been explored in many academic fields (Bingham *et al.* 2005), the term has been used and developed with different notions and interpretations. First considered in institutional economics, it was used for describing certain institutional rules of markets and organisations; later it was picked up in the social sciences, where it was used with various meanings (Benz 2005). Sociologists tend to define governance as a self-regulating system beyond the state. Organisational scientists refer to the steering structures of organisations; for regional economists governance stands for complex institutional configurations of market, networks and state (Kooiman 2002), and one finds several closely related situation- or problem-specific concepts such as territorial, regional or rural governance. In the political sciences the term “Governance”, was traditionally used synonymously with “government” (Stoker 1998). It has been regenerated since the 1990s when decision-making went beyond the state to include public and private actors and steering seemed no longer to be appropriate to describe policy decision-making (Löblich and Pfaff-Rüdiger 2011). Thus, in politics, nowadays it refers to new processes of governing (Stoker 1998).

Still, there is no universally accepted definition of governance (Blumenthal 2005; Jordan *et al.* 2005). Nevertheless, all definitions of governance call attention to the institutional bases (i.e. the regulating system of organisations) of the steering and coordination of collective action (Benz 2004, 2005). At an abstract level, governance primarily refers to the relational structures formed by rules and actors and their behaviour (Donges 2007), thereby reflecting decision-making processes. There is no governance theory (Benz 2004).²⁴ And despite the

geographical, socio-economic and structural reasons for distribution and adoption of innovation (Lütz 2007). For an exhaustive overview of policy transfer and policy diffusion and analytical implications, see Lütz (2007).

²⁴ In the literature sometimes the term governance theory is used, but then it is mostly only intended to point to

governance concept presumes that the actors involved in a coordination or decision-making process have (at least) the intention to collective arrangement (Benz *et al.* 2007), the concept as such does not specify any structural dimensions. Instead, it tends to be used as an analytical framework for investigating (and specifying) governance structures. The concept of governance is instrumental for investigating the evolution of decision-making processes and the interdependencies of actors involved (Benz *et al.* 2007). Essentially, then, it helps, for instance, to understand which mechanisms lead to the formulation of strategies and their management (Mantino 2008). When examining policy implementation, there are several modes of governance that could characterise the process. No matter which mode of governance predominates (e.g. hierarchy, markets or networks), the concept of governance is a central theme for understanding functioning public policies (similar to Gore and Wells 2009; Mantino 2008). For research on governance structures, assessing patterns in terms of relations and processes of coping with interdependencies (Benz *et al.* 2007; Donges 2007), ideally complemented by the assessment of related conditions and functioning (Benz *et al.* 2007) is essential. These might include flows of information and communication structures for assessing (network) negotiations, the transfer of resources for assessing market structures, and ordering relations for assessing the hierarchical dimension of a given governance system (Jansen and Wald 2007).

2.3.3.2 Governance's increasing relevance in the political sphere – new policy instruments and a normative framework for governing

Since the mid-1980s the term governance has been used more and more in political practice (Benz 2004; Hanberger 2006) and has been given a normative notion touching on two dimensions. First, it aims to improve governing in the national or international political context; second, it focusses on decreasing state involvement in policy delivery in favour of private or civil actors (Benz 2004). The first dimension deals with general governing standards: the first form of “good governance” was formulated by the World Bank, and aimed to establish criteria for a constitutional and citizen-friendly state, and also stipulate the preconditions for granting loans to developing and transition countries (*ibid.*). Widely accepted principles of good governance are equality of partners, transparency, democratic decision-making, quality of communication and conflict management (CEC 2001; Grieve and Weinspach 2010).²⁵

Parallel developments concerning the second dimension entail a shift in institutional relations and actors involved in policy delivery, which concerns both policy formation and implementation (cp. Marsdon and Murdoch 1998). They lead to a specific governing style named “governance”, which is primarily applied to the decision-making/policy-formation processes, and to a mixed system of new policy instruments, also referred to as “new modes of governance”. A search for new policy means has been under way since the second half of the 20th century (Lascoumes and Le Gales 2007; Salamon 2002a). Throughout the international community – and specifically in the EU – there is an increased focus on new modes of governance, for different – but sometimes interrelated – reasons: achieving more efficiency and better delivery, creating pre-conditions for participatory policy-making and modernising the regulatory system, as well as renewing the foundations of legitimacy (Lascoumes and Le Gales 2007; Zito *et al.* 2003). The “old-style’ government” (Murdoch 2006, p. 17; see also Rhodes 1997) and its instruments (Peters 2002) have been deemed

the analytical dimension of the governance concept (cp. for instance, Mantino 2008; Stoker 1998).

²⁵ Indeed, there are norms of good governance for national and international policies. Both the basic concept and established norms do not, however, provide guidance on how to practice governance in the different contexts (for regional governance see, e.g., Benz 2004), as the question of good governance is a complex one with many different roots (UoV 2007). Good governance is widely considered to be fundamental not only for political stability, but also for economic growth (BBR 2006) and applies to both the public and private sectors.

ineffective. Instead of the “direct ‘command and control’ mode of power of the state” (Derkzen *et al.* 2008, p. 462; see also Lascombes and Le Gales 2007), governing styles have shifted from rowing to steering (Peters 2000), employing so-called “softer tools” (Jordan *et al.* 2005, p. 494). Therefore, even if the terminology is slightly misleading, in policy sciences, “governance”, better referred to as “new governance” (cp. Salamon 2002a), has been set as antipole to (the hierarchical) government (cp. Benz *et al.* 2007), primarily pointing to the involvement of private and civil society actors in public policy decision-making, interacting with state actors in network-like structures. In this narrow understanding, governance explicitly refers to specific forms of political steering between state and society.

Although both government and governance share “goal-oriented activities” (Bingham *et al.* 2005, p. 548), there is one significant difference (which also raises the question for legitimacy, as will be discussed in Section 2.3.3.5): the principal elements of government include the constitution, legislature, executive and judiciary (ÖIR 2003); governance involves interaction between these formal institutions and those of citizens and organisations, who may or may not have formal authority and policing power (Bingham *et al.* 2005; ÖIR 2003). To that end, government and governance are two different governing styles (Jordan *et al.* 2005) and despite they cannot be seen as direct antipoles (*ibid.*), a whole ruling system might be more government- or more governance-like.

2.3.3.3 Governance in the policy-formation process

One main reason for the increased involvement of actors representing the private or civil spheres in political decision-making is that it is expected that in such governance networks “technically more adequate and politically more realistic”, (Papadopoulos 2007, pp. 472; see also Connelly *et al.* 2006; Wagenaar 2007) decisions are made and solutions found. Moreover, such decisions enjoy a “strong ‘output’ legitimacy” (Papadopoulos 2007, p. 471; but see Section 2.3.3.5) because of more appropriate content or greater acceptance of target groups (if involved in decision-making). In turn, “failure to attend to the interests, needs, concerns, powers, priorities, and perspectives of stakeholders represents a serious flaw in thinking or action that too often and too predictably leads to poor performance, outright failure, or even disaster,” (Bryson *et al.* 2011, p. 2).

Negotiations between governmental and non-governmental actors that aim to harmonise positions are the central modus of interaction within network governance (Eising and Lenschow 2007). Clearly, consensus is the “mode of agreement” (Bingham *et al.* 2005, p. 549), potentially leading to longer-term and more stable agreements. Due to the principle of voluntarism and the coming together of different organisational cultures, decisions in governance networks may come as a result of shared learning producing creative solution (Agranoff 2003). Ideally, governance networks cannot only help to broaden the process of policy decision-making, but also promote governmental transparency (cp. Forrest 2003). Network performance, however, depends on behavioural and attitudinal aspects and has to be appreciated in the historical and political environment within which networks evolve (*ibid.*). In practice, the instruments applied and measures undertaken by governments with the ambition of following principles of governance in policy formation vary significantly in the ways actors are selected and in the degree they are involved in the final decision-making process. Examples are consultation processes for collecting information, setting up social dialogues, establishing working groups, or e-democracy. As Bingham *et al.* (2005) and Hèritier (2002) point out, direct citizen participation might be associated with possible higher costs, inefficiencies, and a loss of effectiveness.

Modes of governance are not only reflected in certain decision-making processes (politics), but also in the design of policy delivery systems (polity). Thus, the idea of new modes of governance can be applied to multi-level government structures such as the EU (see Section 2.3.3.6). Multi-level governance can be found in many developed economies (Mantino 2008);

it shows up in the formulation or the implementation of public policies by networks involving public actors (politicians and administrators) belonging to different decisional levels, together with various non-public actors (economic agents, interest representatives and stakeholders, experts) (Papadopoulos 2007). Conceptually, emphasis is placed on the distribution of powers among the different levels of government not according to a hierarchical order, but “according to a logic that recognises the existence of interdependence among levels and actors,” (Mantino 2008, p. 7) where each level contributes with specific resources and skills and vertical demarcations become blurred.

2.3.3.4 *Evolution of new instruments for implementing public policy*

The multitudinousness in the shift to following new modes of governance in policy-making is particularly reflected at the instrumental level. One reason for this is that the new governance concentrates on distinctive instruments for addressing public problems, instead of exclusively focusing on public agencies or programmes (Salamon 2002b, see also Vedung 1998). Each of these new instruments may have its own operating procedures and delivery mechanism, or indeed its own “political economy” (Salamon 2002a, p. 2). Even if instruments differ dramatically, ranging from codes of conduct, voluntary agreements, PPPs, social dialogues, eco-labels, scoreboards to benchmarks (Borrás and Ejernæs 2011; Zito *et al.* 2003)²⁶ common patterns can be found. Besides the new kind of political-societal relation between “government and a society to be governed” (de Bruijn and ten Heuvelhof 1995, p. 162) instruments focus on voluntarism and cooperation (Eising and Lenschow 2007). Three major groups of policy instruments following the principles of new modes of governance are, for instance, instruments based on information and/or communication, instruments based on agreement, and instruments based on de facto standards (cp. Table 2.2). These instrument groups have something in common: they “offer less interventionist forms of public regulation, taking into account the recurrent criticisms directed at instruments of the ‘command and control’ type” (Lascoumes and Le Gales 2007, p. 13). They therefore have a notion of indirectness. Moreover, particularly instruments based on information enable citizens to act – be it action in social or economic purposes or in public policies. But they also enable citizens to take up responsibility. In turn, one thought forming the basis for some instruments is placing the responsibility on the final actor (Eising and Lenschow 2007).

With the introduction of new governance, instruments are increasingly implemented by third parties, and not directly by the state or public administration. Reasons are the complexity and reliance upon a multitude of instruments (Schneider and Ingram 1990), the need for special competences for the implementation of some instruments, and implementation costs. As a result, interdependencies between public agencies and third party actors have been established. Thereby, “government gains important allies” (Salamon 2002a, p. 11), but loses the ability to exert complete control over the operation of its own programmes (Peters 2000). Despite their advantages, indirect instruments are especially difficult to manage and instead of easing public management problems, they often significantly complicate it through, for instance, increased coordination requirements (Salamon 2002a). Indirect tools paradoxically require advance planning of operational details; Matters that could be dealt with internally on an ad hoc basis in direct governmental delivery have to be settled through legally-binding contracts with third parties (Salamon 2008b). Moreover, contrary to indirect instruments,

²⁶ Not all instruments which are counted to the new modes of governance are really new interventions in the EU- or in national contexts (Eising and Lenschow 2007; Hèritier 2002). This applies, for instance, to voluntary cooperation between public and private actors or monitoring. Also, there have been earlier attempts to assess the changes in policy delivery with other concepts, like the differentiation in vertical and horizontal instruments (cp. Ringeling 2002), which is still used to describe notions of policy instruments that have not, however, found as much attention as the governance concept.

direct instruments allow one to establish direct ties between citizens and the public sector, which might build government legitimacy (Peters 2002).

The number of such network relations has not only increased between politicians and non-governmental actors, but other governmental organisations are also increasingly embedded in networks as they have to cooperate with other state agencies and third-party actors involved in policy implementation. With the introduction of new instruments, the complexity of the system of public action increased, posing immense management and organisational challenges. New processes and skills are now required in public administration (Salamon 2002b) (Table 2.4).

In addition to the need for coordination, for the new instruments it is important to create a favourable implementation climate (de Bruijn and ten Heuvelhof 1995), as multiple interdependent stakeholders should be enabled and motivated to collaborate. This also requires the sensitive modulation of rewards and penalties (Salamon 2002a). At this point it becomes obvious that new governance does not suggest the withering of public administration, but rather its transformation and refinement (*ibid.*). Thus, in parallel to the shift to new modes of governance, new forms of public management have also evolved.²⁷

Table 2.4: The "New Governance Paradigm"

Classic Public Administration	New Governance
Hierarchy	Network
Public vs. private	Public + private
Command and control	Negotiation and persuasion
Program/ agency	Instrument
Management skills	Enabling skills; Coordination skills

Source: Based on Salamon 2002a, p. 9.

To sum up, the proliferation of new instruments of public action has created “new opportunities to tailor public action to the nature of public problems” (Salamon 2002a, p. 6); practicing these new forms of governance “may be viewed as a ‘socio-political’ convergence that involves the multiplication of public-private interactions and reflects the complexity and pluralism of the contemporary social, administrative, and political systems,” (Forrest 2003, pp. 593). Actually, new governance developments shed light on networks as a “ubiquitous feature” (Peters 2000, p. 42) of contemporary political and administrative life. However, there is doubt on the effectiveness of instruments based on voluntary agreements (Ringeling 2002) in comparison to binding regulations and their effectiveness still has to be proven (*ibid.*). Further, the development of various new instruments has not only vastly complicated the task of public management, but policy-makers must likewise weigh a far more elaborate set of considerations when deciding not just whether, but “also how, to act, and then how to achieve some accountability for the result” (Salamon 2002a, p. 6; see also Hill 1997).

²⁷ The term “New Public Management” is sometimes used in direct connection with the introduction of new modes of governance (see e.g. Benz *et al.* 2007). This is, however, controversially discussed in the literature (see Peters 2000; Rhodes 1996; Salamon 2002b) as new forms of public management have certainly also been influenced by other drivers such as frustrations with the cost and effectiveness of government programs and by a newfound faith in liberal economic theories, etc. (Salamon 2002a). Moreover, some principles of the New Public Management are likely to even contradict new modes of governance, if for instance, administrative costs are discussed. In the context of this study, more important than the terminology and conceptual demarcations is the fact that the introduction of new modes of governance requires other public management procedures than the traditional administration under a hierarchical government, which counts on classical direct interventions.

2.3.3.5 *Legitimacy – a critical aspect of new policy instruments*

Thus far the new governance paradigm accompanying new policy instruments has been presented in quite a positive light; that governance networks may have negative consequences for democracy has long been neglected (Bingham *et al.* 2005). The question of legitimacy of partnerships, cooperation and networks in governance structures, however, is a crucial one. In this regard there is an important distinction between the ‘new’ and the ‘old’ modes of governance. While in the classical public administration, officials so empowered do in fact respond to the public’s will (Salamon 2002a), the new instruments involve several non-authorised actors. Networks and cooperation are considered as legitimate if without them certain tasks can hardly be accomplished (Benz 2005). But shifting public action, for instance in the field of territorial development, to partnerships has already brought up the question of legitimacy (Goodwin 1998; Smith 1995). The legitimacy of such delivery structures is usually not specified but merely asserted – “partnerships are presented as intrinsically good and their legitimacy as self-evident, without the necessity of new legitimising mechanisms to replace those inherent in representative democratic structures,” (Connelly *et al.* 2006, p. 268). Similarly, with the involvement of third parties, the outsourcing of public service delivery, critical issues arise, for instance, the question of responsibility and control (Benz 2005). Salamon (2002a, p. 15) therefore concludes, that central control is “vital to the preservation of democratic accountability”, and thus, even if indirect instruments are used, there is a continuous need for public management.

The question of legitimacy becomes more complex when examining the role of governance networks, where, in comparison to hierarchical structures, the number of actors involved in the policy process increases. Governance networks might appear as ‘co-producers’ of collectively binding decisions without being democratically legitimated through elections, but only by the theoretical possibility of participating in governance processes. Moreover, networks around the policy-making process are not always formally set up as governance networks. Instead such networks might evolve more or less accidentally. This phenomenon of “relatively stable, yet malleable, informal structures” (Smith 1995, p. 46) has been called a policy network. The definitions of a policy network vary widely, and governance networks are also sometimes named policy networks in the literature (cp. e.g. Smith 1995).²⁸ But the theoretical definition of governance and policy networks has not been clarified; in practice, the demarcations in functioning of such networks are blurred as well. The consequences for the legitimacy of governance networks, which evolve to or are captured by a policy network, become particularly obvious when examining different notions ascribed to policy networks in the literature: Daugbjerg (1999) outlines a policy network basically as an informal arrangement created to facilitate the intermediation between state actors and organised interests. More specifically, several authors (e.g. de Bruijn and ten Heuvelhof 1995; Gore and Wells 2009; Scharpf 2000, Windhoff-Héritier 1993) stress the interdependency of members of a policy network. It is argued that policy networks form because mutual resource interdependencies for goal achievement force organisations to collaborate in the formation and implementation of sectoral policies (Ansell *et al.* 1997). It is like a “game in which all participants manoeuvre for advantage. Each uses its resources, whether constitutional-legal, organisational, financial, political or informational, to maximise influence over outcomes while trying to avoid becoming dependent on other players,” (Rhodes *et al.* 1996, p. 368). Moreover, according to Windhoff-Héritier (1993, p. 144) “membership and central positions within the network are constantly negotiated and embattled among existing and potential members.” The phenomenon is akin to governmental committees, which are an important area for lobbyists (de Bruïne and Clarotti 2001; Ringeling 2002). Considering these aspects, it becomes obvious that there is a risk that well-intended governance networks transmute to any

²⁸ For a detailed discourse on different types of policy-related networks, see Forrest (2003).

kind of policy network, and the informal character of networks may be misused by powerful interest groups. Actors in privileged positions within networks may even hinder participative input (Forrest 2003) or exert influence without considering the wider interests of uninvolved stakeholders (de Bruïne and Clarotti 2001).

A weak presence of citizen representatives in governance structures – be it due to a lack of possibility or a lack of interest – is likely to result in a deficit of democratic accountability and legitimacy (cp. Bingham *et al.* 2005; Papadopoulos 2007).²⁹ Furthermore, the deficit in accountability of governance networks not only results from the non-authorisation of actors involved and the potential lack of participation, but a lack of visibility also impedes accountability in two respects. First, the decision-making processes are often informal and opaque, and for instance, the networks' collaborative nature itself may lead to circumventing legislative and budgetary parliamentary processes (Borrás and Ejrnaes 2011); second, networks dilute responsibility among a large number of actors (Papadopoulos 2007). The latter remains a negative facet of multi-centric decision-making, at least as long as “guidelines for ‘collaborative’ accountability remain ‘fuzzy’” (*ibid.*, p. 484). Concerning accountability, these soft mechanisms hold the risk of being “toothless” (*ibid.*, p. 484),³⁰ as not only policy but also governance networks are more or less characterised by operational mechanisms based on informally institutionalised mechanisms like norms, manifested opinions and value systems, or moral commitments and even more indirect mechanisms like social pressure or exposure to the public sphere (de Bruijn and ten Heuvelhof 1995; Papadopoulos 2007). Generally, the specific impacts of governance networks strongly depend on their institutional configuration (Papadopoulos 2007) particularly on their inclusiveness and exclusiveness (Forrest 2003), distribution of power and resources, and the “political receptivity to network activism by state institutions and policy stakeholders,” (Forrest 2003, p. 602). The nature and structures of the network processes vary significantly between political systems (Forrest 2003; Smith 1995). Consequently, the potential role of the new modes of governance is always considerable, in bringing greater – as anticipated – or less legitimacy to public action (cp. Smith 1995).

2.3.3.6 *The multi-layered governmental system of the EU*

The EU is formed by several governmental layers and is often described as having developed into a multi-level governance system. Indeed, it can be seen as a system of interdependence and interaction between various stakeholders including EU institutions, national, regional and local governments, and other stakeholders (Maurel 2008). One important facet determining the formal functioning of this system is the principle of subsidiarity accompanied by the principle of proportionality.³¹ The former implies that superior governmental layers shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the sub-ordinated levels, exempt from those areas which exclusively fall within the competence of one layer. In other words, subsidiarity means detailed policy responses are determined at the most appropriate level of public governance and administration to maximise

²⁹ At this point it becomes obvious that existence of societal social capital as a potential lever for public participation in civil life (see Section 2.2.3), is one determinant for the application of certain governance mechanisms, particularly of the new ones.

³⁰ Whether such norms of deliberative democracy are to take their place as accepted principles for legitimate governance networks depends on their acceptability through discursive establishment, both among network members and the wider population (following a thought of Connelly *et al.* 2006). Network members themselves have different angles to accountability; NGOs and interest groups, for instance, are liable towards their members (internal accountability). The external accountability of governance networks might be increased through the involvement of experts (CEC 2001), preconditioned the latter presenting themselves as credible and independent (cp. Papadopoulos 2007).

³¹ The principle of subsidiarity and proportionality are laid down in the Treaty of the European Union, Title I, Art. 5.3, complemented by the Protocol No. 2.

efficiency, effectiveness, transparency and accountability (UoG 2008). Policies at higher levels might be designed to effect or facilitate change at lower levels within the policy hierarchy, rather than making these changes directly themselves (CEC 2001; UoG 2008). The principle of proportionality concerns the extent of the EU's action in terms of content and form. Accordingly, from the conception of policy to its implementation, the choice of the level at which action is taken (from EU to local), and the selection of the instruments used, must be in proportion to the objectives pursued (CEC 2001). Based on these principles, and on the introduction of instruments supporting cooperative non-hierarchical patterns in decision-making, governance structures in a vertical and horizontal dimension have evolved. Consulting sub-ordinated actors in a vertical dimension, other stakeholder groups in a horizontal dimension, as well as partnerships are instrumental in this regard. Similar to new governance in a one-layered system, the utilisation of expertise from different strands and levels of society increases legitimacy and - very importantly - fosters efficiency in problem-solving. In detail, one finds variances in these institutional developments in the EU system between policy fields. For instance, introducing the partnership principle involving various governmental layers and stakeholders in Regional Policy during the 1990s, which has been applied for instance within the implementation of the European Employment Strategy in 1997 (Parissaki and Humphreys 2005), has given decision-making in the EU a new face (similar to Kull 2008). Evolving in the EU institutional framework over the years, the partnership principle was manifested in Structural and Cohesion Policies within the Agenda 2000. Hence, the partnership principle in the context of fund management requires the involvement of sub-national and socio-economic partners in the form of consultation in the programming, implementation and monitoring process. As one result, one can observe that the process of decentralisation has been stimulated in quite a few countries due to the influence of policies co-funded by EU Structural Funds (cp. Mantino 2008).

Formally, in some policy fields the EU system includes hierarchical structures, which are de facto weak, because the supra-national organs of the EU depend – due to a lack of possibilities to enforce sanctions – on the cooperation of the Member States (Eising and Lenschow 2007). Being aware of these competence gaps at the European level, the introduced governance mechanisms appear in slightly another light: softer policy instruments also offer opportunities in problem solving (Borrás and Ejrnæs 2011; Eising and Lenschow 2007; Jordan *et al.* 2005; Kull 2008); Héritier (2002), for example, suggests that they are used when the EU's competence to act is contested or weak, that is, they are not necessarily an endpoint, but often the first step on the road to regulation. That being said, although the instruments for steering in the EU apparently follow non-hierarchical coordination and negotiation mechanisms at a systemic level, it has to be mentioned that the dominating steering instruments of the EU, namely guidelines and regulations, are based on a hierarchical logic (Eising and Lenschow 2007; see also Mantino 2008). Considering these evolutions, the EU seems to be predestined for studying a filed steering and coordination systems without sovereign. However, promising systems are not equal to processes in practice. The EU institutions themselves brought the topic of “governance” on the political agenda with the debate around the democratic deficit and the development of the EU constitutions in 2000 (cp. CEC 2001), and for the EC, improving governance is still one of its priorities. A cornerstone in this regard, is the Commission's White Paper on Governance (CEC 2001). The paper discusses rules, procedures and practices affecting how power is exercised within the EU. Aims outlined in the White Paper are inter alia to adopt (further) new forms of governance to bring the EU closer to European citizens, make it more effective, reinforce democracy and consolidate the legitimacy of EU institutions. The White Paper also proposes opening up the policy-making process to get more people and organisations involved in shaping and delivering EU policy. Besides the abovementioned general reasons, promoting governance

has for the EC additional relevance for enhancing its image across the EU.³² New relationships between citizens and policy-makers were seen as necessary because of “citizens’ evident lack of confidence in the political elite and the consequently reduced legitimacy of European institutions,” (Stern 2009, p. 73).

The five principles of good governance, *openness, participation, accountability, effectiveness* and *coherence*, underpin the changes proposed in this White Paper and reinforce those of subsidiarity and proportionality. Furthermore, the intention to make greater use of the skills and practical experience of regional and local actors, and to improve the ways European policies are applied on the ground, are emphasised.³³

Noteworthy in the context of this study, a report (de Bruïne and Clarotti 2001) that was part of the preparations for the White Paper highlights that networking had become increasingly important in terms of governance, including policy formation and implementation. The White Paper has also been assessed as “a remarkable example of the somewhat naive expectations raised by ‘new’ or ‘innovative’ policy instruments of improvements in the effectiveness and democratization of this polity,” (Lascoumes and Le Gales 2007, p. 1). Indeed, utilising the Open Method of Coordination (OMC), which can be used for benchmarking and as a source of peer pressure and sharing good practices, as an example of a newly-introduced instrument in policy formation and implementation, evidence suggests that in fact most Member States have used OMCs as a “reporting device rather than one of policy development,” (EC 2010b, p. 19). Also national stakeholders such as trade unions or social partners are relatively uninvolved. Though, there are significant differences between countries (Borrás and Ejmæs 2011; EC 2010b). “Partnership” – a central element in the course of new modes of governance – has at least become a buzzword in many policy fields that formally encompass both vertical networks of actors and horizontal networks “charged with transforming intentions into actions” (Smith 1995, p. 52). Experiences with the partnership approach have thus far been very mixed.³⁴ These evolutions in the EU over two decades suggest that introducing and practicing new modes of governance is challenging, and is a continuous process of establishing relations, roles and position in the multi-layered system.

³² The EC's dissatisfaction with the role of the European institutions in the complex EU actor constellation becomes obvious when looking at the following statements: “Where the Union does act effectively, it rarely gets proper credit for its actions. People do not see that improvements in their rights and quality of life actually come from European rather than national decisions. But at the same time, they expect the Union to act as effectively and visibly as their national governments. (...) By the same token, Member States do not communicate well about what the Union is doing and what they are doing in the Union. ‘Brussels’ is too easily blamed by Member States for difficult decisions that they themselves have agreed or even requested”, (CEC 2001, p. 7). An example for the latter is that some Member States have used the “Lisbon ‘brand’ to lend a sense of legitimacy” (EC 2010b, p. 19) to difficult reforms.

³³ The ambitions laid down in the White Paper are also reflected in the Consolidated Version of the Treaties (EU 2010) resulting from the amendments introduced by the Treaty of Lisbon, which entered into force on 1 December 2009. For instance, in the Treaty on Functioning of the EU in Article II-15 on good governance at EU level, and in the Treaty on the EU in Article I-4.2 on regional and local self-government, or in the Articles I- 10,- 11 reflecting that with the Treaty of Lisbon a new dimension of participatory democracy, alongside that of representative democracy was introduced, becoming more feasible with, for instance, the adoption of the regulatory framework for the so-called European citizens' initiative in February 2011 (EU/2011/211). Changes in governing structures introduced with the Treaty of Lisbon should not be discussed at this point, as they were not in place when the legal acts pivotal for this study were accepted.

³⁴ For experiences with vertical partnerships see, for instance, the review of the implementation of the Lisbon Strategy (EC 2010b). Experience with selected horizontal partnerships will be discussed in the course of this study.

Chapter Three

LEADER and the National Rural Networks as part of EU Rural Development Policies

Chapter 3 introduces LEADER and the NRNs as part of the EU rural development policies. It investigates how the design of both policy instruments is manifested in the common regulatory framework and which instrumental characteristics can be drawn from that. Finally, the instruments' transposition into the Romanian guidelines and the implementation context in that country are described.

3.1 A brief overview of EU Rural Development Policies (in the funding period 2007-2013)³⁵

The European Agricultural Fund for Rural Development (EAFRD) forms the second pillar of the Common Agricultural Policy (CAP), next to Pillar 1, i.e. the European Agricultural and Guarantee Fund (EAGF), under which, primarily, direct subsidies to producers and market support measures are financed. The EAFRD was established with the period 2007-2013 and is intended to support a more strategic and objective-led approach to rural development policy. It is thus organised into four thematic axes, reflecting its main objectives: 1) Improving the agricultural and forestry sector's competitiveness; 2) Improving the environment and countryside; 3) Improving the quality of life in rural areas and diversification of the rural economy; and 4) LEADER, under which integrated regional rural development is supported. With its integrated approach, LEADER acts as the overarching fourth axis to the priorities of the other three EAFRD Axes (Figure A.3.1). An additional component is Technical Assistance, the resources of which can be used for preparation, management, monitoring, evaluation, information and control activities, as well as for running the European and National Rural Networks. At the Community level, up to 0.25% of the overall annual EAFRD allocation might be spent for Technical Assistance on the Commission's initiative, and/or on its behalf. The community support for rural development for the period 2007-2013 amounts to Euro 96.2 billion (EC/2009/545). The budget distribution to the components of the EAFRD (Figure A.3.1) varies between Member States, which generally have to co-finance EAFRD funds. The EAFRD contribution rates vary between axes and are higher for convergence regions: in addition to some exceptional cases, generally for Axis 1, Axis 3 and Technical Assistance, the EU contribution rate is 75% in convergence regions, and 50% in other regions; for Axis 2 and the LEADER Axis, it is 80% in convergence regions, and 55% in non-convergence regions, respectively.

EAFRD-related common policy and implementation processes can be outlined as follows: For the EAFRD the principles of subsidiarity and of partnership between the EC, EU Member States and regions are applied. **Policy formulation** and **multiannual programming** starts at Community level by setting up the EAFRD regulation (EC/2005/1698) outlining the operations to which the fund contributes. Central in this programming period are 40 rural development measures subordinated to the four axes³⁶. Thereupon, the related strategic guidelines (EC/2006/144) are elaborate. They illustrate how the EAFRD contributes to the achievement of Community's priorities such as the Goteborg sustainability goals, the Lisbon strategy for growth and jobs³⁷ or the horizontal priority of improving governance, as well as

³⁵ If not stated otherwise, this sub-section is based on EAFRD regulation (EC/2005/1698) and the Community strategic guidelines for rural development (EC/2006/144).

³⁶ Counting 40 rural development measures, sub-measures; Technical Assistance and Complementary direct payments (only available for Bulgaria and Romania) have not been considered (see also Table A.6.1).

³⁷ These Community priorities were established by the European Councils of Goteborg (15 and 16 June 2001) and Thessaloniki (20 and 21 June 2003), respectively.

how the EAFRD relates to other European policies for ensuring consistency. Based on these documents and an analysis of national strengths and weaknesses, Member States elaborate National Strategic Plans and Rural Development Programmes (RDPs) at the national or regional level. In working out their national strategies, Member States should ensure that synergies between and within the axes are maximised and potential contradictions avoided. Here – following the principle of subsidiarity – they have certain leeway in the selection of measures, budgetary distribution, and the eligible expenditures. To ensure a balance between Community objectives, in their RDPs Member States (aside from some geographical exceptions) must direct at least 10% of the total EAFRD contribution to Axis 1 and Axis 3, 25% to Axis 2, and at least 5% to Axis 4. For the NMSs, the minimum share for the LEADER Axis has been set down to 2.5%. At the European and the national or regional level, consultations on the drafts of the documents must be conducted. For this, Member States can designate competent regional and local authorities, economic and social partners, and other appropriate bodies representing civil society. The RDPs are finally approved by the Commission.

For **Implementation**, which is the responsibility of the Member States, framing conditions have been defined at the Community level. While Member States can decide on the appropriate territorial implementation level according to their own institutional arrangements, rules concerning certain implementation standards, as well as the establishment of specific institutions are defined at Community level; central elements are the set-up of an control system (EC/2009/73), and the protection of the Community's financial interests, which signify that for any EU-funded or co-financed intervention, the principles of economy, efficiency and effectiveness have to be applied (EC/2002/1605). Regarding institutional set-up, Member States must establish a Managing Authority in charge of managing the programme, an accredited paying agency and a Monitoring Committee. Tasks of the Managing Authority include ensuring the effective, efficient and correct implementation of the programme, spreading information on EAFRD funding, collecting statistical data and initiating monitoring and evaluation activities. The Monitoring Committee, chaired by a representative of the Managing Authority or the Member State, consists of representatives of stakeholder groups involved in the consultation process (see above) designed by the Managing Authority. Among other responsibilities, the Monitoring Committee has to be consulted on criteria for selecting beneficiaries; it shall regularly examine the achievements or may propose adjustments of the RDP. Generally, the Managing Authority and the Monitoring Committee shall monitor the programme implementation in terms of quality and by means of financial, output and result indicators.

Evaluation is not only a final step in the programming period, but instead the RDPs are subject to ex-ante, mid-term and ex-post evaluations that have to be carried out by independent evaluators, and to ongoing evaluation. A delayed submission of the mid-term and ex-post evaluation report to the Commission might result in a temporary suspension of intermediate payments. A Common Monitoring and Evaluation Framework (CMEF) was established, including common baseline, output, result and impact indicators to be applied in all Member States. This common system (potentially) allows aggregating outcomes at the EU level for assessing progress towards achieving Community priorities and is supplemented by programme-specific indicators (cp. Figure 3.3; Table A.3.2). The CMEF is objective-driven: it primarily sets out a hierarchy of objectives consisting of the four objective EAFRD Axes and subordinate objectives related to rural development measures and sub-measures. The system of the CMEF underlines once more the intended strategic orientation of EAFRD programming.

3.2 LEADER

3.2.1 *The LEADER approach to rural development*

3.2.1.1 *Main notions of the LEADER approach*

The objectives of LEADER are to advance the socio-economic endogenous development of rural regions by combining multiple notions and to improve local governance (EC/2006/144). To this end, the LEADER instrument co-finances competitively-selected regional development concepts (RDCs) of Local Action Groups (LAGs), which are formed of public-private partnerships (PPPs). Primarily, the decision-making bodies of LAGs, which consist of at least 50% private actors (NGOs, business people, etc.) can select eligible regional projects to be co-financed from LEADER funds. In addition, inter-territorial and transnational collaborative projects between LAGs are supported. Introduced in 1991, over all four programming periods LEADER was intended to be signed by seven key features that are further explained in Box 3.1: (1) a territorial approach; (2) partnerships; (3) a bottom-up approach; (4) an integrated approach; (5) innovation; (6) cooperation; and (7) networking.

Box 3.1: Key features of the LEADER approach

- 1) **Territorial/area-based approach:** Area-based local development strategies for well-identified rural regions; preferably homogenous, socially-cohesive territories with a regional identity.
- 2) **Partnerships:** In Local Action Groups (LAGs), public and private partners work together; their decision-making body consists of at least 50% private partners to which businesses, NGOs, etc. are included.
- 3) **Bottom-up approach:** Decision-making power is settled at the local level by LAGs, which elaborate and implement the development strategies, and thus define the purposes for which funds are spent.
- 4) **Integrated approach:** The partnerships and strategies should a) have a multi-sectoral design, meaning that projects of different sectors of the local economy are interlinked; and b) consider social, economic and ecological concerns.
- 5) **Innovation:** Strategies or projects which are particularly innovative should be funded prior to other projects.
- 6) **Cooperation:** Implementing joint projects with other LAGs of the same or other EU Member States or third countries, primarily aiming to increase the critical mass for economic action and the regional human, administrative and social capital; Cooperation is more than a simple exchange of information.
- 7) **Networking:** Exchanging experiences and 'Good practice' examples among LAGs aiming at improving the overall quality of the implemented LEADER projects.

(EC/2005/1698, Art. 61; EC 2006a; EC/2006/1974; DG Agri 2011a)

Although concrete operationalization into programme guidelines varies over time and between Member States, one can generally say that, formed by these features, LEADER funds are expected to be target-oriented and adapted to the local context: LAGs are seen as effective in stimulating sustainable development according to local needs, because they aggregate and combine available human and financial resources from the public, private, civil and voluntary sectors. Co-financing and self-initiatives of local actors are meant to ensure the capitalisation of funding. The competitive selection of LAGs shall ensure a high quality of the RDCs. Furthermore, the EU hopes that through the European-wide exchange of experience the quality of rural development measures will increase and innovation will be stimulated. To cope with the practical implications of these notions, the LAGs also receive financial and/or technical support for capacity-building and management.

3.2.1.2 *The evolution of the LEADER approach*

The initiation of LEADER as a "model for rural development" (OJ 91/C73/14, p. 33) was primarily driven by the need for instruments to address the common problems of rural areas, such as unemployment, lack of public service, the disappearance of business opportunities, outmigration and their "growing isolation" (OJ 94/C180/12, p. 48), all of which primarily originated from the fact that by trend (not only within the EU), agriculture is no longer the mainstay (Marsdon and Murdoch 1998; OECD 2006). At the time LEADER was brought into

being, according to Wade and Rinne (2008), instruments in place more or less affecting the EU's rural areas were: the European Regional Development Fund (ERDF), which, however, focused mainly on cities, industries and large infrastructure projects; and second, the CAP, which benefited farmers but gave little help to the environment or rural communities. It was recognised that agricultural development based on modernisation and intensifying and specialising production could hardly address wider rural problems, and that "rebuilding confidence in rural areas by giving inhabitants the possibility to take their future into their own hands," (Wade and Rinne 2008, p. 5) with appropriate support from national/European level or other extra-local actors seems promising. Therefore, there was a shift from the "orthodox agricultural sectoral policy" (Ray 2002, p. 225) towards a "vision of integrated, sustainable rural development" (Maurel 2008, pp. 512). Although the ERDF did not appear to be directly relevant for rural areas at that time, the recognition that in the past European and national regional policies were too much based on redistributive subsidies and other financial incentives, which had a limited impact on regional competitiveness, finally influenced the formation of rural development policies. Decentralisation and targeting were considered as counter-approaches to these failures in regional policies (OECD 2006; see also Copus and Dax 2008), which has also been reflected in the design of emerging rural development policies. Overall, - retrospectively called - a *Rural Development Paradigm* evolved not only within the EU, certainly with different extents and varying paces according to geography (cp. Van der Ploeg *et al.* 2000). The most defining characteristics of this shift with respect to rural development policies are a focus on places rather than sectors and an emphasis on investments rather than subsidies (OECD 2006);³⁸ this is reflected to different degrees in various interventions. There is also a trend toward harnessing the existing social capital in rural areas, by, e.g., encouraging cooperation (Murray *et al.* 2008). LEADER is one (quite sophisticated) instrument evolving within this paradigm shift. Thus, in the EU, in addition to individual measures that aim to alleviate the effects of structural changes in rural areas, main ideas emerging within the paradigm shift in rural policies were comprehensively picked up with the initiation of LEADER with an integrated regional approach in 1991. As policy support from the EU level had and still has to account for the heterogeneity of and disparities between Europe's rural regions (similar to Van der Ploeg *et al.* 2008), LEADER's territorial approach (Box 3.1) allows the specific problems of each region to be addressed. Yet, funded under the Structural Funds (Table 3.1), LEADER originally focussed on lagging regions.

Within the CAP itself, integrating the paradigm shift was a long time coming; subsidies prevailed over investments, and beneficiaries remained passive receivers (Van der Ploeg *et al.* 2008). Stimuli to reform certain agricultural policies,³⁹ which pose international trade and internal budget pressures (OECD 2006) based on the question of the appropriate and justifiable use of public spending, have driven the firm establishment of rural development policies. A significant milestone was the Cork Conference in 1996,⁴⁰ which launched a debate on rural development policy that culminated in the Agenda 2000 reforms, which saw rural

³⁸ Furthermore, central to the *Rural Development Paradigm* are: a) the creation and consolidation of new interlinks between agriculture and society at large; b) the creation and further unfolding of new responses to the squeeze on agriculture as emanating from the previous modernisation; and c) the reconstitution of rural resources that are mobilised and combined with existing ones along new lines that secure ecological sustainability and new robust economic constellations (Van der Ploeg *et al.* 2000). An overview of the *Rural Development Paradigm* is provided by the Organisation for Economic Co-operation and Development (OECD), including practical examples from OECD- and non-OECD countries (cp. OECD 2006).

³⁹ The World Trade Organization strongly questions the distorting nature of payments associated with farm policy (OECD 2006); within the CAP, interventions directly coupled to production were particularly criticised.

⁴⁰ The outcomes of the conference in Cork, 7th-9th November 1996, are laid down in the "Cork Declaration – A living countryside", available under http://ec.europa.eu/agriculture/rur/cork_en.htm, accessed 12.12.2011. The conclusions of the second European Conference on Rural Development in Salzburg, 12th-14th November 2003, can be found under http://ec.europa.eu/agriculture/events/salzburg/index_en.htm, accessed 12.12.2011.

development policy established as the second pillar of the CAP. With the Agenda 2000, as introduced in Section 2.3.3.6, the partnership principle in EU policy-making has been extended to the field of rural development, thereby accentuating the importance of the principles of subsidiarity and decentralisation (Mantino 2008). Furthermore, it is noted in the Cork Declaration with regard to the integrated approach that “Rural development policy must be multi-disciplinary in concept, and multi-sectoral in application”, which clearly points to the new demands on the management of rural development policies. Hence, it can be observed that: 1) the competencies of the Agricultural Ministries have been broadened in the direction of new functions, such as those concerning the environment, food safety and consumer health, territorial planning in rural areas, etc.; and 2) interdepartmental organisations were formed by staff belonging to different administrations (Mantino 2008).

Table 3.1: Key figures of LEADER in different programming periods (1991-2013)

LEADER programming period	No. of involved Member States	Budget (EU contribution) in m€	Source of finance	No. of LAGs	Covered area ^c in km ²	Covered population ^e
LEADER I 1991-1994	12	442	ERDF; ESF; EAGGF	217	362,000	11,300,000
LEADER II 1995-1999	15 ^a	1,755	ERDF; ESF; EAGGF	906	1,375,144	50,000,000
LEADER+ 2000-2006	15	2,137	EAGG	893	1,562,147	53,621,432
2004-2006	6 ^b	53	Structural Funds	260	275,839	10,293,741
LEADER <i>mainstreamed</i> 2007-2013	27	235,074	EAFRD	1535 ^c	3,577,207 ^d	87,747,331 ^d

Note: EAFRD = European Agricultural Fund for Rural Development
EAGGF = European Agricultural Guidance and Guarantee Fund
ERDF = European Regional Development Fund

ESF = European Social Fund

^a The LEADER II programme of Austria, Sweden and Finland, which entered the EU in 1995, were approved with those of most other Member States in 1995/96.

^b The six NMSs Hungary, Poland, the Czech Republic, Estonia, Latvia and Lithuania implemented LEADER+ type measures.

^c without Bulgaria ^d without Bulgaria and Romania

^e The indicators, *area* and *population covered by LEADER*, commonly used for recording the programme's output, have to be interpreted carefully for two main reasons: 1) while in the first two periods only disadvantaged areas were eligible, all rural regions could compete for participation in LEADER+; 2) that a region is selected under LEADER does not necessarily imply that the whole territory and population benefits (cp. Chapters 5 and 6).

Source: DG Agri 2001; DG Agri 2010; LEADER Observatory s.a.; Metis *et al.* 2010; ÖIR 2003; Schuh *et al.* 2006

Both the Cork Conference and its follow-up in Salzburg in 2003 (where the first experiences with rural development after the Agenda 2000 were reflected) underlined the need for an integrated territorial approach and the relevance of local partnerships for rural development, and thus strengthened the instrumental role of LEADER. LEADER has, however, financially constituted only a small part of the CAP Pillar 2, whose measures have mostly remained strongly related to the primary sector (at first).

After its initial implementation in 1991, LEADER as a European Community Initiative with both an experimental and model function evolved into LEADER II, and then into LEADER+.⁴¹ After having experienced three programme periods, in the opinion of the Commission the initiative had reached a “level of maturity” (EC/2005/1698, p. 5) and was thus mainstreamed in 2007, i.e. it was transformed into one of the four major thematic axes of the EAFRD (see Section 3.1). Over time LEADER gained importance in terms of number of LAGs, the overall budget, and area covered by LEADER regions. Only from LEADER II to

⁴¹ For the framing Community documents see, for LEADER I, OJ 1991/C73, pp. 33; for LEADER II, OJ 1994/C180, pp. 48; and for LEADER+, see OJ 2003/C294, pp. 11.

LEADER+ did the number of LAGs in the EU-15 decrease marginally (Table 3.1). While the average volume of LEADER funds per LAG first remained rather constant, it slightly and in the last step (with the programme's mainstreaming) significantly increased.

Despite continuously being organised around its key features, LEADER was intended to change, according to the guidelines, in both topical and methodological emphasis over the programming periods. Starting broadly in LEADER I, which concentrated on local development, in LEADER II particular attention was paid to innovation and the transferability of projects; the main focus of LEADER+ was networking. In the remaining funding period, of the ten NMSs that entered the EU in 2004, six countries (Hungary, Poland, the Czech Republic, Estonia, Latvia and Lithuania) opted to implement LEADER+ type measures after accession. The main difference from LEADER+ in the EU-15 was a particular focus on capacity-building (Metis *et al.* 2010).

The growth in importance of LEADER and changes in topical emphasises have been accompanied with administrative changes: while the relatively small Community Initiative LEADER I was directly managed from Brussels, with the assignment to the main funding schemes, the national/regional authorities have become a more pivotal administrative layer from the local and supranational perspective in subsequent periods. Having less direct intervening power, from the Commission's perspective this change in management entailed on the one hand drawing up detailed specifications of beneficiaries' eligibility and, on the other, stepping up monitoring, assessment and checking procedures (OJ 94/C180/12). Furthermore, networking and cooperation between LAGs had to be organised, so that networking/coordinating units were established at the European and later also at the national level (Table A.3.1). Generally, the systems for administering LEADER differed not only in each programming period, but also between Member States.

3.2.2 LEADER in the funding period 2007-2013

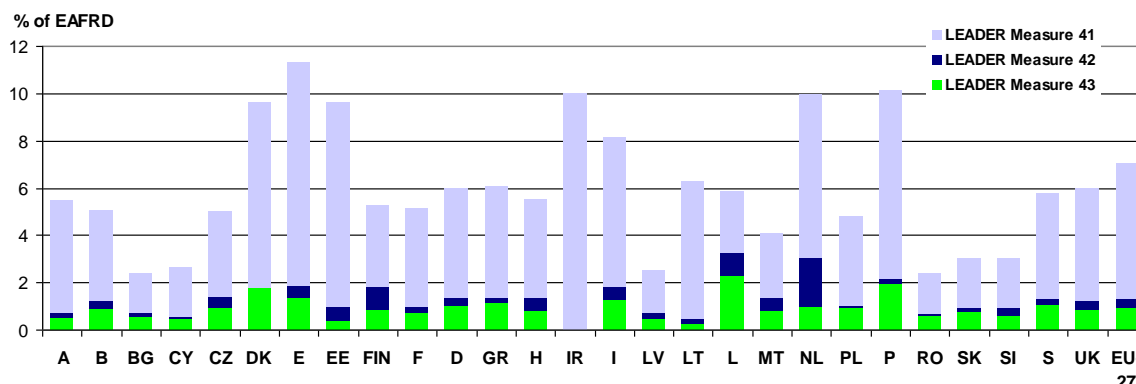
With the establishment of the EAFRD with the funding period 2007-2013, LEADER was no longer an instrument of EU structural policies, but became part of the CAP Pillar 2 (Table 3.1). With its integrated approach, LEADER acts as the overarching fourth axis, and is expected to contribute to the priorities of the other three thematic axes of the EAFRD, and to evoke synergies between rural development measures (EC/2005/1698). Moreover, the strategic guidelines point to its potential to mobilise the endogenous development potential of rural areas and to be conducive to improving local governance (EC/2006/144). Thus, LEADER is an instrument for realising the objectives of the EAFRD at the local level that is most target-oriented. Being mainstreamed, LEADER is an obligatory part of Member States' RDPs. The Commission's menu of rural development comprises three **main LEADER measures**:

- 41 Implementing local development strategies with a view to achieving the objectives of one or more of the three other EAFRD Axes;
- 42 Implementing cooperation projects;
- 43 Running the local action group, acquiring skills and "animating the territory".

Acknowledging the importance of the LEADER approach, the Commission decided that a "substantial share" (EC/2005/1698, p. 6) of the national EAFRD budgets, which was defined at a minimum of 5% for the old, respectively 2.5% for the new Member States (Section 3.1), of the EAFRD resources should be earmarked to the fourth axis. As shown in Figure 3.1 the total share of EAFRD funds directed to the LEADER Axis by the Member States, as well as the distribution of resources to the individual LEADER measures differ significantly. Clearly, Measure 41, under which the projects realised within a LEADER region are co-financed, is stocked highest; and "to allow the largest possible implementation" (EC/2006/1974, p. 17) support for running costs under Measure 43 is limited to 20% of the LAGs' budget. Under

Measure 43 regional management in the broader sense can be supported, which might include studies on the area, training of staff and undertakings for public participation. Under Measure 42 support is granted to inter-territorial and transnational cooperation projects.⁴² Transnational cooperation projects may include LAGs or similar partnerships from several Member States, but also those from third countries, though expenditures in the latter are not supported.

Figure 3.1: Share of financial resources in EAFRD budget of EU-27 for LEADER-measures (2007-2013)



Note: As the fourth EAFRD Axis, LEADER comprises three main measures: 41 - Implementing local development strategies; 42 - Implementing cooperation projects; and 43 - Running the local action group.

Source: Own calculation based on data from DG Agri 2008.

The EAFRD regulations also constitute common requirements to be fulfilled by the LAGs and their regions. The 50% clause on the LAGs' composition was already mentioned. Besides the requirement of having at least 50% private actors in the decision-making body, the LAG has to have a legal form and has to present an RDC. Furthermore, LAGs must present proof of having the capacity to implement the RDC and its financial management. The LEADER regions have to form a coherent territory including a critical mass in terms of human, financial and economic resources. As a general rule, the population must be not less than 5,000 and no more than 150,000 inhabitants. These framing conditions can be refined by the national/regional Managing Authorities. This possibility of refinement also applies, for instance, to the requirement to fund innovative approaches. The criteria for selecting LAGs are primarily defined at the national/regional level. According to the common regulations, the selection of projects funded from LEADER funds is made locally by the LAGs. However, the selection criteria have to be approved by the Managing Authorities. The Managing Authorities can also decide if payment tasks, project approval and administrative controls on realised projects are decentralised or delegated (EC/2006/1975).

3.2.3 Experiences with LEADER

Experiences gained with LEADER across the EU over two decades are manifold. While they are reviewed in Marquardt (2012a), in this sub-section only a brief overview is given. Specific issues will be comparatively discussed in greater detail in later chapters of this book, for instance experiences gained with local governance in Chapters 5 and 6, or cooperation between LAGs in Chapter 9.

⁴² Note, the terms "inter-territorial" and "transnational" are used in the EU regulatory framework (e.g., EC/2005/1698, Art. 65) for differing between cooperation between LAGs from one or from several countries. In fact, transnational cooperation is a special form of inter-territorial cooperation. Outside of the legal documents, instead of the term "inter-territorial" also "interregional" is used. While it is often used synonymously, for a discussion on the fine differences in the usage of "territorial" and "regional", see Chapter 6.

LEADER is often counted among the most successful policy instruments for rural development (EC/2005/1698; OECD 2006; Shucksmith 2010). The programme has definitively led to the promotion of integrated multi-sectoral development and contributed to strengthening the local economy, but there is wide agreement that the value of LEADER primarily appears as intangibles (ELARD 2011; Metis *et al.* 2010; Shucksmith *et al.* 2005; UoG 2008) such as raising awareness, building capacities, strengthening co-operation within a region and the creation of more favourable conditions for local development (ELARD 2011; Schuh *et al.* 2006). Similar to projects within one LEADER region, cooperation projects, which generally bring very mixed results, also primarily lead to invisible values (Duguet 2008; Metis *et al.* 2010; Chapter 9). The success of the programme is frequently underlined with best practice examples on LEADER activities. Apart from the fact, that *Best Practices* are generally not indisputable as they bring up the question of who can determine that something is the best and the problem of context-dependency (cp. Stame 2008), in the context of LEADER they have a further slightly glamorizing notion. When commendable LAGs and/or their projects are presented, seldom is their share in the total number of LAGs mentioned, and bad practices are likely to be overlooked. Reality shows that not all regions funded under LEADER necessarily follow the programme's principles (cp. Böcher 2008; ECA 2010), which is likely to lead to a less effective use of funds, and/or questions of legitimacy of (local) public spending. Another weak point related to the *Best practice culture* is that on the one hand, good practice stories have indeed imaginable power to make the processes inherent to LEADER and its effects – best expressed as “LEADER spirit” (ELARD 2011, p. 6) – feasible. On the other hand, their convincing power is likely to become limited when examining the intervention from a systemically rational perspective, as the “true essence of LEADER” (ELARD 2011, p. 6), which is primarily of qualitative and often of processual nature, is hardly measurable. This becomes problematic in the formal programme evaluation. The European Court of Auditors (ECA) still misses evidence for added value of LEADER, such as better identification of local needs and local solutions, more engagement on the part of local stakeholders, and greater scope for innovation, which rectifies that more funds for realising the key features of LEADER are spent, and the higher risks “owing to the additional layer of implementation and giving the control of the EU budget to a multitude of local partnerships” (ECA 2010, p. 6).

Over the three LEADER periods, LEADER networks and partnerships of various relational dimensions have been established. Despite some obstacles in their management and a lack of hard evidence for their impact, by trend both, networking and cooperation within LEADER gained, at least according to programme design and budgeting, importance (Table A.3.1). Besides the “formal” financially-supported and more or less government-driven network and cooperation activities, three kinds of “informal” networking accompanied the implementation of LEADER. First, “truly informal” networking in the form of uncoordinated but demand-oriented information exchange between LAGs took place (Geißendörfer 2005). Second, “informal networks” in the sense of non-governmental, and not formally-supported from LEADER funds, but which nevertheless had a legal basis (e.g. LAGs associations), were established at the regional, national and European levels; at the European level, the European LEADER Association for Rural Development (ELARD) was founded in 1997. Third, information exchange took place between national networking units and Managing Authorities at the European level since LEADER+ (Duguet 2006). This kind of networking was formalised in 2002 when the Commission set up a European Steering Committee.

Overall, LEADER appears to potentially account for the diversity of local needs (CEMAC 1999) and to be adaptable to different implementation contexts. However, LEADER does not follow equal and predictable paths in the individual countries. Certainly, some factors influencing the implementation of LEADER can be identified and patterns of causality observed, but a generalisation or a categorisation covering all LEADER features is hardly

possible.⁴³ As shown in Marquardt (2012a), an important factor considers the concrete features of the programme design, including the framing administrative conditions which, however, not only vary between periods, but also between countries.

3.3 The European and the National Rural Networks

In the period 2007-2013, National Rural Networks (NRNs) have been introduced as a new form of intervention within the CAP's Pillar 2. These instruments are not only a new element within the CAP, but also new in comparison to the instrumental design of funded networking within LEADER in the previous periods. The common main purposes of the NRNs, which are to address various actors involved in the broad field of rural development, are according to the EAFRD regulation (EC/2005/1698, Art. 68): 1) transferring information on rural development measures; 2) identifying good practices; 3) organising exchange of experience and know-how, particularly among (potential) beneficiaries; 4) preparing training programmes for LAGs; and 5) facilitating inter-territorial and transnational partnerships.⁴⁴ In addition, the networks are mentioned in the strategic guidelines for rural development (EC/2006/144) as being expected to contribute to the improvement of policy delivery and governance. In contrast to most other EAFRD interventions, no overall objective, not to mention an intervention logic or a common evaluation system, have been formally established for the NRNs at European level (see Section 3.4.1.2).

Establishing NRNs is obligatory for Member States and had to be accomplished by the end of 2008 (EC/2008/168). For so doing, it can be drawn on resources from the EAFRD's Technical Assistance window (Figure A.3.1). An Action Plan, which reflects how the common tasks are foreseen to be tackled in the NRNs, had to be elaborated in the Member States (EC/2005/1698; EC/2006/1974). As shown in Figure 3.2 the resources on which the NRNs can count, vary significantly between Member States. Accordingly, the spectra of activities arranged in the NRNs are likely to differ in terms of frequency and/ or kind of activities. The costs for managing the NRNs may not exceed 25% of the network's budget.

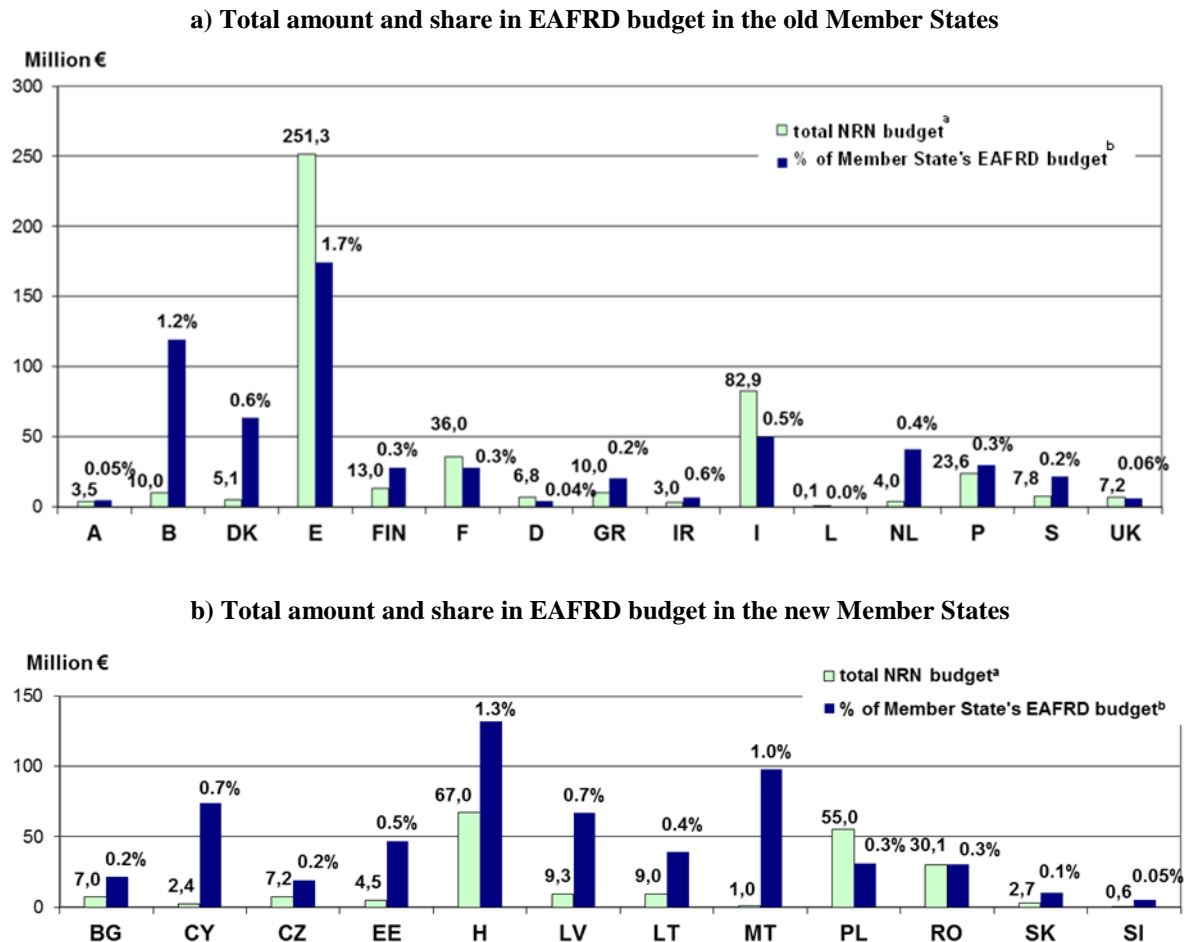
The organisational structures of the NRNs, which are mostly associated with the Ministry of Agriculture, vary widely: First, the network units needed for running the NRNs may be established either within competent national authorities or by selection through tendering procedures. Second, while in most Member States, there is one NRN, in others there are also formally established regional networks (e.g. in the United Kingdom). Sometimes the National Network Units (NNUs), in charge with the networks (administrative) management, have decentralised structures, e.g. regional offices in Poland. The NRNs' decision-making body – a Coordination Committee or Steering Group consisting of elected or selected members representing rural stakeholders (e.g. representatives of ministries of related sectors, national

⁴³ Jouen (1999), considering the experiences from LEADER I and II, tried to identify main parameters effecting the implementation of LEADER in the EU-15 in a positive or negative way. While the identification of some common patterns of country groups worked apparently straightforward, for instance for the parameters *level of decentralisation* and *existence of rural development policies*, it also turned out that they can have both – driving and inhibiting effects. Nevertheless, the identified parameters provide reference points for further analyses; these are the *historical context* in terms of a *relatively new crisis* or *stable situation*, *presence of concerted action and partnership* in the *political context*, the presence of a *European will* as well as *characteristics of rural areas* in a country (importance of rural areas in terms of area covered and population, proximity to cities, natural handicaps and regression).

⁴⁴ In other words, as noted on the website of the European Network for Rural Development (<http://enrd.ec.europa.eu/>, accessed 20.12.2010), the main role of the NRNs is “to support the implementation and evaluation of rural development policy. NRNs bring together a variety of rural stakeholders to promote communication and information exchange at the regional, national and European level”. In this citation the spectrum of the NRNs' tasks has already been broadened and goes beyond their functions as defined in the EC regulations, which might indicate that the distribution of roles within the ENRD has not been finally clarified.

farmers' associations, environmental and social organisations), is mostly chaired by the RDP Managing Authority or another ministerial organisation. Also the demarcation of the NRNs' membership varies. Some NRNs formally register network member, others count the receivers of the newsletter to the membership, or the membership has not been defined at all.

Figure 3.2: Budget foreseen for the National Rural Networks in the period 2007-2013



Note: NRN = National Rural Network

^a Includes national and Community contribution.

^b % of the Community's contribution directed to the NRN

Source: Own design and calculation based on data from DG Agri 2008, ENRD 2009; RDPs; Notification from the countries' network units.

The NRNs are closely interlinked with the European Network for Rural Development (ENRD), which shall ensure networking at Community level between NRNs and with other stakeholders such as the LAGs, for which the participation in networking is mandatory (Courades 2007). Beyond the purposes of the NRNs, the ENRD has the tasks of collecting, analysing and disseminating information on Community rural development measures, providing information on developments in rural areas within the EU and third countries, and of supporting the national networks and transnational cooperation initiatives (EC/2005/1698). Hence, according to Sousa Uva (2008, p. 1), the ENRD should provide "real incentives" for achieving the objectives – corresponding to the four EAFRD Axes. Main organs of the ENRD are: 1) the Coordination Committee, to which, among others, two representatives of all Member States belong to, assisting the Commission in elaborating and implementing the annual working plan and ensuring coordination between NRNs, ENRD and other stakeholders; 2) a LEADER-subcommittee, which supports the Commission in LEADER affairs; 3) Thematic Working Groups, which are subordinated to the Coordination Committee;

and 4) the European Evaluation Network for Rural Development coordinated by an Evaluation Expert Committee (EC/2008/168; ENRD s.a.a). The Commission, concrete the Directorate-General for Agriculture and Rural Development (DG Agri), is supported by the ENRD Contact Point.

In establishing an NRN and accomplishing ascribed tasks, most Member States can draw upon some experience of the LEADER programme, for which they had established networking units to serve LEADER activities alongside the general EU LEADER Observatory/ Contact Point in the preceding programming periods (Section 3.2; Table A.3.1). However, networking in the current funding period, in which it has become an integral part of the CAP, differs in some aspects from the networks' activities within LEADER in previous periods. Besides the continuation of the abovementioned trend of an increasing overall amount of resources earmarked for networking,⁴⁵ the main differences are: (1) The networks in the period 2007-2013 have a broader spectrum of rural development topics, because the current networks are expected to deal with all four EAFRD Axes. (2) The networks not only include LEADER LAGs, but also other potential beneficiaries and organisations, as well as ministries and subordinated agencies.⁴⁶ Thus, the question of institutionalisation has become a more challenging one. (3) Establishing NRNs is mandatory for Member States. (4) (Increased) 'Direct support' for realising transnational cooperation projects should be provided (Jacobs 2008). Finally, (5) the purpose to contribute to improve governance has been ascribed to the networks newly. Due to these significant changes in terms of instrumental characteristics, not only NMSs, but also older ones might face challenges with the implementation of their NRN.

3.4 The instrumental design of LEADER and the National Rural Networks as "New Policy Instruments" with particular networking and governance functions

An overview of the policy instruments of interest is crucial for policy-makers and the respective administration, not only in instrument choice or financial prioritisation, but also for operationalizing their political strategy and using the instruments' potential. In turn, what should be achieved with instruments, as well as how, should be defined. Common peculiarities of LEADER and the NRNs, in contrast to other EAFRD instruments, are the inclusion of networking and governance. In this sub-section the two instruments, along with how their objectives and peculiarities have been manifested in the legal framework, or whether they still have to be operationalised, will be examined. Their instrumental features will then be systematically presented along the typology of policy instruments elaborated in Chapter 2, and their classification as "new policy instruments" will be highlighted.

3.4.1 The intervention logic of LEADER and the NRNs

The mission of the EAFRD concentrates on the promotion of sustainable rural development throughout the Community (EC/2005/1698). Furthermore, posts funded under the EAFRD are to contribute to the objectives of the first three EAFRD Axes. The axes generally follow an intervention logic (also called "link rationale") structured as a hierarchy of objectives (Objective, Sub-objectives, Measure Objectives, Measure activities) with corresponding

⁴⁵ Indeed, the budget spent for running the networking units during LEADER+ cannot directly be compared with that foreseen for the NRNs, which have an extended spectrum of tasks. However, we can note that the average budget for networking per Member State from the period 2000-2006 (Table A.3.1) has increased more than five times, which would even exceed the broadening from one to four topical axes.

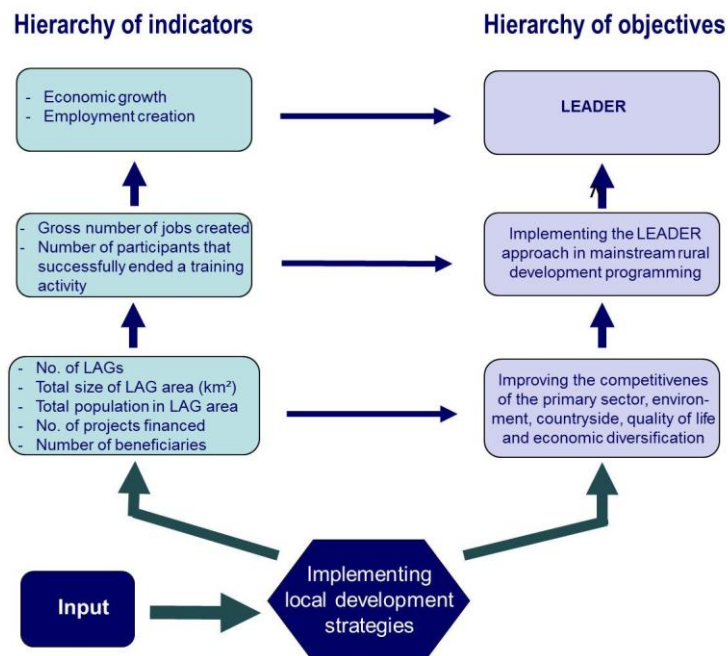
⁴⁶ Leader networks have concerned mainly (not to say exclusively) Leader actors/LAGs throughout Europe (Duguet 2006). There was, however, the recommendation to Member States by the Commission to involve further actors in LEADER-related network activities (OJ 2003/C294). Consequently, in some Member States non-Leader representatives have been regularly invited to events to talk about their experiences etc.; but overall involvement of non-Leader people has remained rather rare from Leader I to Leader+ (Duguet 2006).

indicators (cp. Figure 3.3). Additionally, overarching the EAFRD, strategic objectives for rural development such as encouraging synergies between different policy fields, and horizontal objectives like the elimination of disparities have been set up. In the following it is shown how the LEADER measures and the NRNs are considered within this scheme.

3.4.1.1 *The Intervention logic of LEADER*

For all measures funded under the fourth EAFRD Axis, the objective has been defined as “LEADER” and the sub-objective as the *implementation of the LEADER approach in mainstream rural development programming*. The objectives ascribed to the measures are: 1) *Contributing to the priorities of the other three EAFRD Axes*, which is ascribed to Measure 41 as well as to Measure 42; 2) *Promoting cooperation and best practice* (Measure 42); and 3) *Increasing the capacity for implementing LEADER* (Measure 43). To illustrate these rationale linkages, Figure 3.3 shows the intervention logic of Measure 41 (for the other measures see Table A.3.2). Furthermore, the resources devoted to LEADER are to contribute to improving governance and mobilising the endogenous potential of rural areas. Following the hierarchies of indicators, the pivotal indicator for demonstrating the effects of this axis appear to be the *development of LAGs* in terms of their number and area, as well as population covered. Furthermore, the set of indicators, especially those for Measures 41 and 42, which concentrate on socio-economic outputs, results and impacts, reflect the expected focus of LEADER on growth and employment.

Figure 3.3: Intervention logic for LEADER Measure 41



Note: LAG = Local Action Group

Source: Adapted from DG Agri 2006, Note e, p. 85.

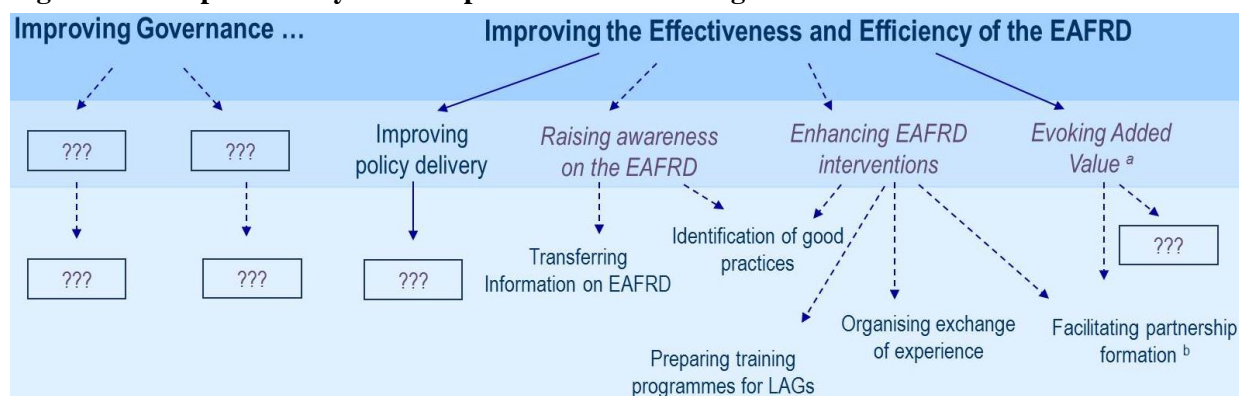
Only the complementing evaluation questions deal with governance, the endogenous development potential, the integrated and multi-sectoral approach in the context of Measure 41, the transfer of best practices and the contribution of cooperation in the context of Measure 42 (see Table A.3.2). Aside from *learning* in the context of Measure 42, the possible contribution of *innovative and integrated strategies to sustainable development* (Measure 41), and *reinforcing territorial coherence and synergies* (Measure 43), the crucial aspects inherent to networking and partnerships have been neglected, and governance appears to not have been embedded into the *Rationales* (but see Section 3.4.3). Such business-like and sober

composition in presenting LEADER might be astonishing after having read the experiences with the programme. In the context of EAFRD, LEADER is often seen as one delivery mechanism for the measures of the other three axes, rather than a measure in itself (Shucksmith 2010). This perspective suggests that in the intervention logic priority should have been given to the leveraging processes rather than to the outputs of individual projects.

3.4.1.2 *An intervention logic for the NRNs*

As for the NRNs, which have been categorised as Technical Assistance, neither a common intervention logic nor an explanatory *Rationale* has been defined by Brussels; and in the CMEF the NRNs are not considered with a hierarchy of indicators⁴⁷. Sole reference points in this regard are the operational objectives, better called activities (transfer of information on rural development measures, the identification of good practices, technical assistance for LAGs, etc.), that are outlined above, and the NRNs' expected contribution to improving governance and policy delivery. Also, the decision to design this intervention as a network has not been formally underscored. Member States had to complete their Action Plans (see Section 3.3) with activities for achieving the objectives and tasks ascribed to the NRNs. Yet, taking the limited reference points in the common regulatory framework, the beginning of an intervention logic can be suggested (Figure 3.4).

Figure 3.4: Proposed and yet uncompleted intervention logic for the National Rural Networks



Note: EAFRD = European Agricultural Fund for Rural Development LAG = Local Action Group

^a Through sufficiently making use of the advantages the instrument's network design offers.

^b This refers to the technical assistance, NRNs have to provide to LAGs with the intention of building up an interregional or transnational partnership.

Italic letters indicate that the respective NRN objective/ activity is not explicitly manifested in the EC regulations.

Source: Own design.

Indeed, the whole Technical Assistance component is affected by a lack of precise objectives. Nevertheless, several sources point to the following instrumental intention: Member States should be enabled to comply with the obligatory standards, which have been defined at the European level for achieving the overall goal of the EAFRD and for increasing the effectiveness and efficiency of other EAFRD interventions (EC/2005/1698; EC/2006/144; EC/2006/1974). This major objective can be definitively ascribed to the NRNs as well. Then, four sub-objectives, which to some degree interrelate, can be ascribed to the NRNs (Figure 3.4). First, *Contributing to the improvement of policy delivery* can be subordinated. The second and third sub-objectives, *Raising awareness on the EAFRD* and *Enhancing the implemented EAFRD interventions* can be drawn from the operational objectives ascribed to

⁴⁷ Instead of indicators, only horizontal and LEADER related evaluation questions have to be applied in the obligatory NRN evaluation (cp. Table A.3.3). An exception are four NRNs (from Spain, Portugal, Italy and Germany), for which an extra programme independent from the RDP has been set up and which have to undergo a more extensive mid-term and ex-post evaluation.

the NRNs. The fourth sub-objective in Figure 3.4 manifests the aspiration of making best use of the NRNs themselves, and thus forms the rectification of their network design, namely *Making sufficient use of the instrument's network design and evoking added value*. With regard to this fourth sub-objective, one should bear in mind that in fact all EU (co-)financed interventions are to be implemented in an effective, efficient and economical way (EC/2002/1605; Section 3.1). The objective of contributing to the improvement of governance, which forms one main difference to other Technical Assistance interventions, can hardly be directly linked to the other reference points provided in the regulatory framework. Still, as Figure 3.4 shows, further operationalization is needed, e.g. to set up measures/network activities addressing (sub-)objectives concerning governance, policy delivery and the creation of added value. This will be exemplified for the Romanian case in Chapter 8.

Overall, the way LEADER and the NRNs are manifested in the common regulatory framework leaves open questions regarding the policy instruments' potential and usage. This particularly applies to the instrumental features related to networking and achieving improved governance, which will therefore be examined in greater detail below.

3.4.2 The relevance of "Networking" in the instrumental designs

"Networking" in the form of exchanging experience or establishing partnerships is obviously an inherent feature of LEADER and the NRNs. Applying a broad definition, networking can be understood as the interplay and co-action of information and experience exchange, and as cooperation and collaboration. In short, networking describes social relations among actors. Still, networking can appear in several forms. Although the overarching definition of social networks provided in Chapter 2 does include partnerships, when applying a narrow understanding, networks as an organisational form do not equal partnerships, and it must be fine-tuned. Indeed, there is no generally accepted distinction between the terms 'networking' and 'partnership', for which themselves there is no explicit definition.⁴⁸ An important variable, however, is the intensity of social relations. Thus, if a distinction is sought, one or more of the following criteria are usually applied: formality of relations (e.g. Moseley 2003); reciprocity of relations (e.g. Segert and Zierke 2004); and intensity of relations (e.g. OJ 2000/C139/5). Accordingly, compared to networks, partnership relations tend to be more formal, more reciprocal and more intensive. However, one also finds institutionalised networks as well as informal partnerships. Furthermore, there are some key characteristics of networks that demarcate them from partnerships, namely *openness*, *diversity*, *flexibility*, *dynamics* and *decentralisation* (cp. Church 2006; Mihalache 2009; Russo and Rossi 2009). The consequence of open, flexible and dynamic structures is that in practice, in partnerships the members are aware of each other and directly linked, while in networks the members do not necessarily all know each other. That implies that for networking even network members with only a few direct connections may gather information from various other network members through the flows within the network. On the contrary, in partnerships, each partner is responsible for taking care of its relation to the other partner.

The benefits that potentially result from networking have been outlined in Chapter 2, which indirectly provide an answer about why to design a policy instrument as a network, for example: faster transfer of information, evoking synergies, added value, and ideally – through reciprocity in social relations – the production of social capital. These aspects, however, have

⁴⁸ As it regards networking, more specific definitions than those stated above, are provided in dictionaries. For instance, networking is described as "to meet people who might be useful to know, especially in your job," (Walter 2005, p. 848) or "to form business contacts through informal meetings," (Makins 1994, p. 1095). The meaning of the term partnership itself is not altogether clear (Stenlas 1999) and it is – like the term network – used in several different contexts. One definition of partnership is, for instance, an "association of two or more people formed for the purpose of carrying on a business," (Market House Books 1996, p. 189).

not been reflected in the intervention logic of LEADER or the legal framework of the NRNs. One reason for seldom mentioning the terms “added value” and “social capital” in formal documents is, that particularly the concept of last mentioned is very vague (SCRN 2009) and abstract (Mandl *et al.* 2007), and its assessment for monitoring and evaluation purposes is difficult to achieve (Box 2.1).⁴⁹ Parissaki and Humphreys (2005) point to another aspect inherent to the usage of the abstract concept of social capital in the instrumental design of interventions, namely that the concept is not used explicitly or consciously by the actors concerned, such as the members of a LAG. Moreover, one also finds the opinion that due to its structural character, social capital is produced as a side product (Jansen 2000; Sedült 2005), and stimulating its creation externally in a direct way is difficult. Interventions in social capital are more about a process and means, rather than an end in itself (Parissaki and Humphreys 2005). Yet, if in an EU regulation *achieving of an added value* were manifested as anticipated outcome of the intervention concerned, it would have to be judged against this purpose in the evaluation, which might be a risky undertaking because the creation of added value and social capital is not self-evident. Still, the literature points to the crucial role of social capital in the concept of the LEADER intervention (cp. Mandl *et al.* 2007; Metis *et al.* 2010; Nardone *et al.* 2010; Parissaki and Humphreys 2005; Shucksmith 2000; UoG 2008), and the particular elements of the instrumental design of LEADER can be interpreted as an indication of the acceptance of social capital as the driver for rural development, and as a tool that facilitates the achievement of policy goals.

To illustrate, Table A.3.4 shows the major types of financially-supported or not-supported networking that pervade the implementation of LEADER and the NRNs and their specific characteristics, including the strength/intensity of the relation formed between actors and the transaction costs needed to potentially benefit from a certain form of social interaction. Within the current funding period for LEADER, one can identify three kinds of funded networking: 1) the formation of a LAG as a formal PPP;⁵⁰ 2) networking in the form of information exchange within the region, both indirectly and directly funded under Measure 43 (*Running the LAG and animating the territory*); and 3) cooperation between different LAGs funded under Measure 42. Establishing partnerships between LAGs, i.e. *cooperation* in the LEADER jargon, must go beyond networking and should not consist simply of exchanges of experience, but must include the implementation of a joint project (OJ 2000/C139).

Indeed, establishing a LAG, and thus partnership building, is a prerequisite for gathering funds under Measure 41, but the resources devoted to Measure 41 themselves, which make up the largest part of the LEADER axis (Figure 3.1), do not support networking (and are only an incentive to network).

With the NRNs, formally institutionalised information exchange that addresses all EAFRD actors is supported. The NRNs are linked to and interlinked through the ENRD, potentially leading to an increased network effect. To maintain the NRNs and the ENRD, no effort by the network members is needed as resources for managing and animating the networks are provided in the form of funds (Marquardt 2011).

⁴⁹ While the term “social capital” is not used in formal EC documents concerning rural development in the current funding period, the term “added value” is only used in two contexts: 1) the Member States have to highlight how their RDP contributes to the added value for the Community (EC/2005/1698; EC/2006/144); and 2) in the context of competitiveness and agricultural products chains (EC/2005/1698). Nevertheless, in a few documents prepared or edited by the Commission, the term social capital is used. In one Eurobarometer report (EC 2005a, p. 3), social capital is referred to as “those stocks of social trust, norms and networks that people can draw upon to solve common problems.” This definition supplements the expected outcome of applying social capital with the claim for mutual benefit for the involved parties.

⁵⁰ One argument upon which the intervention of support of LAG formation is likely to be based is that imperfect information impedes the functioning and development of markets, particularly where this concerns inter-sectoral linkages and opportunities for positive synergies between actors who would not normally interact in their day-to-day life (UoG 2008).

Considering all the listed interventions, the overall financial share of funds devoted to networking activities – apparently designed as a catalyst – is comparatively small, i.e. only about 2% of the originally scheduled total EAFRD budget of Euro 99.9 billion (Figure A.3.1; Marquardt *et al.* 2011).⁵¹ Certainly non-funded networking takes place among stakeholders involved in LEADER or the EAFRD, as do informal partnerships between LAGs (Table A.3.4). Crucial questions arise. For instance, which kind of networking is the most effective? Keeping in mind that the added value of social capital relates to the capacity to mobilise resources towards collective action (Parissaki and Humphreys 2005), one might ask how far should networking be supported if the idea of social networking and the potential effects of social capital should be used in the most effective and efficient way.

3.4.3 The relevance of “Governance” in the instrumental designs

As part of the EAFRD, LEADER and the NRNs are delivered in a multi-level governance system following the principle of subsidiarity and partnership. In contrast to other EAFRD interventions, “governance” has further relevance in the design of both instruments and the objective of contributing to the improvement of governance has been ascribed to them. In the following for LEADER and the NRNs indications in the legislative framework on how far certain governance structures are prescribed and expected to evoke instrumental effects are revealed.

In the context of LEADER, local governance should be improved and the requirement of a PPP should ensure the application of an integrated approach, the involvement of multiple sectors, and synergies between resources. Thus, predefining the mode of governance provides a starting point for regional rural development. Capacity-building for practicing this (externally desired) mode of regional/local rural governance (well) is directly supported. Besides these horizontal governance structures inherent to LEADER, the idea of the bottom-up approach, which emphasises modes of governance in the vertical dimension, is anticipated to allow more targeted spending of funds by directing decision-making to the local level (EC/2005/1698). Furthermore, by devoting decision-making power to the grassroots, the credibility of interventions’ design (cp. Copus and Dax 2008) as well as their own resource mobilisation (World Bank 2007) are likely to increase. Certainly, LEADER features a bottom-up approach, which is strictly framed by regulations from Brussels and the national level; it is stimulated, bordered and controlled following a top-down approach. Introducing interventions following a bottom-up approach can be seen as classical hierarchical procedure, as it forms a processes regulation prescribing binding conditions for political, administrative and economical features to the addressees (cp. Eising and Lenschow 2007). Ideally, bottom-up and top-down approaches complement each other and do not compete, and the LAGs manage to establish self-organising regional networks by simultaneously being an inherent part of the multi-tiered EAFRD delivery system. LAGs’ autonomy, which, as a horizontal partnership, is said to be a relevant variable for the different performances of LEADER initiatives (CEMAC 1999; Metis *et al.* 2010), strongly depends on how Member States actually transpose European legislation into national law, and on LEADER’s overall administrative design (cp. Mantino *et al.* 2008).

For the NRNs, who or what should be targeted in terms of improving governance has not been defined. Ascribing *network structures* as mode of governance to the intervention is a very broad definition. Even if the wider context is obvious, namely rural development policies, “governance” can still refer to many kinds of decision-making processes (Chapter 2). A closer look at the regulatory framework shows that the EC has neither specified the vague term “governance” (Section 2.3.3.1) within the strategic guidelines for rural development, nor

⁵¹ One measure also supporting partnership building with 0.3% of the overall EAFRD budget (€328 million) is Measure 142, *Support for setting up of producer groups*, which is, however, no obligatory element of the RDPs, and is thus not offered in all countries (DG Agri 2010).

has reference to any working paper (e.g. CEC 2001) that could potentially lead to a common understanding of the objective of improving governance among the actors involved in EAFRD activities been provided. Fact is that for the NRNs, the objective of improving governance has not been sufficiently translated from the strategic guidelines (EC/2006/144) into the binding rural development regulation (EC/2005/1698), which forms the main basis for the Member States' RDPs. One could argue that the Member States are obliged to formulate their National Strategic Plan, which is one basis for the RDPs, in accordance with the strategic guidelines set out at the European level, and that they also have to consider European priorities when elaborating their RDP (EC/2005/1698, Art. 20, 36, 52, and 63). Hence it is the responsibility of the Member States to operationalize improving governance as an objective to be achieved by the NRNs. This is of course true. Evidently, however, this only works to a limited extent (Marquardt 2011), although National Strategic Plans and RDPs are approved at the European level. One reason for this may be that not only has this objective not directly been picked up in the EC regulations, but also activities linked to the aim of improving governance are absent from the list of actions to be carried out as a minimum within the NRNs. This vagueness in the EC regulatory framework not only had a clear impact on the RDPs, but also on the way in which NRNs present themselves on their own websites.⁵² Therefore, doubts arise whether improving governance is an aspired objective.⁵³

In contrast, in the context of the LEADER Axis, the objective of “improving governance” has been translated as determining the framing conditions for decision-making and for the partnership composition *inter alia* and referring to related guidance documents (e.g. DG Agri 2011a; OJ 2000/C139/5). Actually, for many regions, applying the LEADER approach does automatically lead to furthered governance as such modes are not commonly practiced. Though, (particularly for the NRNs) the normative formulated objective to “*improve* governance” requires reference points for assessing good and better governance. The challenge of operationalizing the objective ascribed to the NRNs remains.

The White Paper on Governance (CEC 2001), whose analytical focus is quite diffuse (Jordan *et al.* 2005), is not very helpful in this regard, as it primarily focusses on the EU-level and provides insufficient attention on how new modes of governance could be implemented at the national level. Furthermore, so far the literature on rural governance has focussed on the regional or local levels (Mantino 2008; OECD 2006); some authors have concentrated on the notion of multi-level governance within LEADER (e.g. Kull 2008; Metis *et al.* 2010), but rural governance at the national level has been widely neglected. Nevertheless, the literature on governance networks (Chapter 2) provides hints on how this objective could be operationalized by Member States in the context of the NRNs. Furthermore, the principle of good governance (Chapter 2), noteworthy participatory and democratic decision-making, which can be also applied to LEADER, might provide guidance in this regard. When institutionalising such a mode of network governance, the limitation of new modes of governance in terms of legitimacy and accountability (Section 2.3.3.5), as well as national governance contexts have to be kept in mind, as will be shown for the Romanian case in Chapter 8.

⁵² An exception is, for instance, the NRN of Italy, which declared increased participation as a goal and also refers to governance in its strategic concept. Noteworthy in this regard is that at the European level, the objective of improving governance is not only absent from the EAFRD regulation, but DG Agri has also not determined to mention this objective in the presentation of the NRNs on the ENRD website (www.enrd.eu, accessed 26.11.2010).

⁵³ Policy objectives are likely to be defined vaguely, broad, ambiguous for avoid policy failure (Jann and Wegrich 2003); making effective use of flexibility in interpreting objectives might also serve a variety of other reasons including the furtherance of private interests (Sandiford and Rossmiller 1996); the stated objective may even have little or nothing to do with the real objective (*ibid.*).

In how far the ENRD embraces a governance space embedding all NRNs is difficult to draw from the regulatory framework; major reference points are, first, that representatives of the NRNs are involved in decision-making in network committees at the European level, and second, that participation in a part of ENRD activities is obligatory for the NRNs (EC/2008/168).

3.4.4 *General placement of the features of LEADER and the NRNs as policy instruments*

A crucial question is how political processes vary in accordance with different, possibly multi-faceted policy instruments. A basic instrumental property of both LEADER and the NRNs is that they feature a policy instrument complex. Therefore, it is not straightforward to categorise them within the typology of policy instruments introduced in Chapter 2, Table 2.2, which helps to identify instrumental peculiarities and potentials.

To begin with the major categories, like all EAFRD interventions, both instruments neither fall into the category of *Legislative and Regulatory Instruments* when considering the relation between state and target group. At this point it has to be considered that deriving from agreed areas of EU competences, the range of acceptable actions initiated at the EU level in the field of rural development (similar to social and employment policies) is constrained. Within EU rural development policies the use of Regulatory Instruments, taxes, levies or charges is not possible, and the range of instruments available is generally confined to investments or regular payments, loans or loan guarantees, and information and advice (UoG 2008).

The background relation - that between Member States and the EU - however, is a regulatory one, as the implementation of both instruments is obligatory and goes along with negative incentives for non-compliance with the common regulatory framework. Furthermore, common to both instrument-complexes is that most of their elements form – to a greater or lesser degree – *positive incentives*; some of their effects might be neutral, but they do not include any negative incentives. While LEADER covers both categories *Economic and Fiscal Instruments*, as well as *Information and Communication Instruments*, the NRNs fall only into the latter. With LEADER, not only can projects of the final beneficiaries, which are funded under Measures 41 and 42, be counted to the *Classical Economic Instruments*, but Measure 43 also falls into the category of *Economic Instruments*. This is because not only training or technical assistance, but primarily financial support for running the LAG and animating the territory, etc., is provided. “Capacity-building” as a subject of the intervention definitively suggests that Measure 43 belongs to the sub-category of *Enabling Instruments*. Major elements of the NRNs also belong to the *Enabling Instruments*, as circulating EAFRD-related information should enable rural actors to benefit from and judge EU rural development policies. In this regard, the NRNs function as *Meta-Instrument* for the EAFRD.

Another feature of the NRNs which also appeals to the rational and intellectual side of the targeted actors are *Best Practices*, which were taken over from the LEADER programme in the former funding period. By picking up the potential instrumental effect of *Best Practices*, the NRNs are expected to contribute to enhancing the quality of rural development projects and to increasing the effectiveness of EAFRD funds. Like Best Practices, *Symbolic and Hortatory Instruments* belong to the group of *Consciousness-raising Instruments*. From the perspective of LAGs, Best Practices themselves feature a Hortatory Instrument, as they can also be seen as an award for well-performing LAGs and/ or innovative projects. Furthermore, in this regard the EU-wide LEADER logo must be mentioned: in addition to promoting EU-funding, from the perspective of LAGs the logo indicates that values held dear and practices applied in a LEADER-region and their work is labelled with a quality seal, as they have been selected for funding. Thus, the logo is akin to receiving an award (at least to adept experts). Affixing the LEADER logo on all projects funded under the programme is obligatory.

Reasons for this, which can be indirectly drawn from legal or other formal documents, are that the EC wants its contribution to rural development to be promoted (EC/2005/1698, Art. 76), its role in ensuring transparency in EAFRD implementation to be spotlighted, enhancing the visibility of the EU at the sub-national level and promoting the objectives of the Union. Insofar LEADER, but also the NRNs certainly have *information and communication* functions.

The LEADER Axis as such can be categorised as a *Learning Instrument*, as not only within inter-territorial or transnational cooperation projects are the effects of knowledge exchange expected, but it is hoped to find (new) solutions to rural problems, which is further underlined by the programme's emphasis on innovation. However, it still needs to be identified to what extent ideas or innovations emanating from LEADER really inform policy-makers involved in defining new approaches to rural development (similar to Schuh *et al.* 2006). Despite the tripartism of state, civil society and economic partners, as has been defined by Schneider and Ingram (1990) for *Learning Instruments*, this aspect has not been explicitly defined for the NRNs. Though, their design generally offers the potential to be used as a *Learning Instrument*. Seeing the provision of new communication and information channels and other enabling resources in the context of process regulation, it can potentially impact both, the negotiation of constellations at the national level and the societal opinion (Eising and Lenschow 2007). This aims at problem solving at the national level (*ibid.*) and suggests that also the NRNs contain the notion of a *Learning Instrument*.

When examining the type of political relations linked to the instrumental categories, promoting LEADER and the NRNs points to the governmental characteristic of a “mobilising state”, expecting an audience of the people and emphasising democratic patterns (Table 2.2). In terms of legitimacy, both instruments appear as if they seek to make the target group jointly responsible for follow-up interventions and rectify other EAFRD interventions, and to explain governmental decisions, respectively. Their categorisation as *Learning Instruments* brings about the legitimation of the instruments as seeking the benefit for the community and social and economic efficiency. The beneficiaries might consider the political relation as a double-sided one linking them to actors at both the national and European levels, depending on how the programme is delivered.

Also decisive for operationalizing policy strategies are the rather technical and administrative features of policy instruments (Table 2.3). A crucial element of the LEADER Axis is that the projects funded under the main measure, Measure 41, are/should be primarily delivered by the LAGs to the final beneficiaries, implying that funds are only *indirectly delivered* by state agencies. Such an extension of the delivery system beyond the public administration forms a typical notion of “new policy instruments” as introduced in Chapter 2. For Measure 43 no general classification to either *direct* or *indirect delivery* is possible. Seeing the LAGs as the final beneficiaries of Measure 42, it is delivered *directly* through state agencies. For the NRNs, Member States could decide on their own if they apply a *direct* or *indirect delivery* design, i.e. if the network management is settled within state agencies or if this task is outsourced.⁵⁴ Independent from the type of delivery system, a major part of NRN activities has only an *indirect influence* on the target group through the transfer of information. Despite participation being voluntary, beneficiaries of LEADER are to some degree the subject of *direct influence*, as they have to consider the framing regulatory conditions.

⁵⁴ Advantages and disadvantages of outsourcing the NRN management were the subject of discussion during a preparatory workshops on the future of networking in the 2007-2013 period, which took place during the “LEADER+ Observatory steering committee seminar“, 31 January – 1 February 2007, in Brussels (available under http://ec.europa.eu/agriculture/rur/leaderplus/index_en.htm, accessed 21.12.2011). An advantage of outsourcing was considered to be the fact that the communication to other actors might be easier. On the other hand the risk that the network could be taken under the control of one well-organised stakeholder group was considered. It was pointed out that public procurement will be required if management should be outsourced.

For both instruments it might be questioned whether they only provide *direct support* to the addressees to achieve certain behaviour or whether supplementing *indirect support* is by definition strived for with the two instruments. Within *indirect support* other layers of the administration or other actors provide an institutional framework to promote EAFRD goals. In fact, Technical Assistance, under which mostly capacity-building within public administration is supported, is the most common example of *indirect support* (cp. UoG 2008). However, in the case of the NRNs the categorisation depends primarily on whether the ministries see the network only as an *External Instrument* addressing rural actors or also as an *internal* one, i.e. as support to the politico-administrative system like classical Technical Assistance measures. *Indirect support* could also crop up, for instance, when rural inhabitants benefit from the activities of an organisation that realised issues it had learnt from an NRN. In the case of LEADER, supplementing *indirect support* is not self-evident; nevertheless, its aspiration is more obvious: if a LAG serves a whole region, people who are not aware of the programme are also likely to benefit from LEADER activities. In the dimension of accessibility, the NRNs should generally be *universal*, so that everybody can benefit from their products. In this regard, LEADER is *contingent* as well as *universal*: It is *contingent* as regions participating in the programme are selected. Here, contingency should be an incentive for better performance. Then again, despite that within the LEADER regions projects are selected, LEADER should nevertheless feature *universal* characteristics, as the majority of the regional population should benefit from a LAG's activities.

The fact that both instruments address a wide range of rural actors might suggest that they are conspicuously drawing on the understanding of *visibility* held by policy scientists (Table 2.3); however, LEADER and the NRNs are *invisible* in most Member States, as they make up only a small share of the EAFRD budget (Figure A.3.1). Vedung (1998) indicates an evaluation paradox that is likely to go along with policy instruments with an almost invisible character, but which are therefore those instruments most in need of intensive evaluation: they are subject to little evaluation because they tend to be cheap. Furthermore, two trends, outlined by Salamon (2002a), are not reflected in the budgets allocated to LEADER and the NRNs: The more visible a tool is, the more likely it is that it will serve redistributive goals; and conversely, the more special subgroups of the population are being targeted for benefits, the more attractive it will be to use less visible tools. This aspect does not allow direct conclusions on the *capital* or *labour intensity* of the instruments. Administering LEADER is by trend *labour intensive*. The main reason is that it is not an *automatic* tool, but each LAG and each project has to be administered as case-specific, and the processes cannot be generalised like, for instance, area-payments. Thus, in the course of implementation, the performance of the administration becomes an important determinant for the effectiveness and success of the programme. Whether LEADER is less *labour intensive* for state agencies due to the LAGs' involvement in the delivery to final beneficiaries cannot be answered globally, and is likely to depend on the specific design of the delivery systems in the Member States.⁵⁵ In terms of policy-related transaction costs, case-dependency also applies to the NRNs, as NRNs' agendas might include more or less *automatic* elements. Their network design in terms of the advantages that the organisational structures offer for transferring information suggests that they are in this regard, in comparison to other means, not *capital* and *labour intensive*. It was found that complexity in a delivery system, which can be ascribed to both instruments in comparison to other EAFRD tools, does not necessarily imply lower effectiveness (UoG 2008). However, two aspects make the instrumental comparison difficult in terms of effectiveness: First, the common objectives assigned to the instruments at

⁵⁵ Moreover, taking into account that the judgement on capital and labour intensity is in fact made in comparison to the effort linked to other means, with which the same goal could be achieved, no final statement on this issue is possible. Analyses suggest that targeted interventions, such as LEADER with its focus on local delivery, are generally more efficient, but entail very high transaction costs (UoG 2008).

the EU level might have been supplemented by national ones. Consequently, an instrument might be assessed as being *capital intensive* by Brussels, but not by the Member States, or the other way round. This weighing becomes more complex under consideration of differing co-financing rates, not to mention that an instrumental comparison in the context of the NRNs is hampered by a deficit in defining the overall goals to be achieved. Second, assessing *labour* and *capital intensity* for these two instruments comparatively, is burdened, because elements inherent to them, such as strengthening human resources and organisational capacity, as well as the initiated governance processes and the production of social capital, are usually undervalued in efficiency and effectiveness analyses of delivery systems (UoG 2008) because they are of a rather intangible nature. The latter also reveals that devoting resources to support human and social capital appears to be more ‘risky’ than, e.g., funding physical capital, particularly with regard to external legitimacy.

Overall, both LEADER and the NRNs not only share the consideration of networking and governance structures in their instrumental design, but are also characterised by further notions typical for “*new policy instruments*”. These include their general horizontal character, the inclusion of information and communication means, and the more open and flexible relation between instrument and “to be governed”. The notions of new policy instruments also show up in the way the instruments are administered by, for instance, the involvement of third parties, as well as by the avoidance of automatic and command-like elements.

3.5 The implementation of LEADER and the National Rural Network in Romania

The politico-administrative, historico-cultural and socio-economic context influences a policy instrument’s effectiveness (Chapter 2). Furthermore, the literature provided some indications of factors that possibly influence the course of LEADER implementation (Section 3.2). Taking these aspects into account, in this section the framing conditions for the implementation of LEADER and the NRN, as well as the specific national design of these two instruments is described.

3.5.1 Implementing new policy instruments: The Romanian rural development context

3.5.1.1 The Romanian governance and civil society context

As highlighted in Chapter 2, a country’s governance context and the characteristics of its civil society are interrelated and are likely to influence the creation of (societal) social capital. To outline the Romanian governance and civil society context, reconsidering the country’s history is essential, as the associated institutional changes taking place over the last sixty years in Romania have influenced individuals’ interrelations. The socialist regimes and centrally-planned economies, followed by the democratisation of the political sphere and the transition process to a market-oriented economy in the last two decades have changed the “social fabric” (Murray 2008, p. 4). The change in formal institutions also affected informal institutions (*ibid.*), the functions of networks, as well as different forms of trust (Bădescu and Sum 2005; Matějů and Vitásková 2006) including efficacy, interpersonal trust, trust in state agencies and institutional trust. Generally speaking, for post-communist societies and their political institutions it is often said that the legacy of communism and its centrally-planned economies, plus extensive state intervention, ideological propaganda, official hypocrisy, corruption, secret police surveillance, the suppression of meaningful citizen participation and force of cultural change have all continued to shape society’s mentalities and behaviours in terms of trust, cooperation, entrepreneurship, experimentation, and voluntary organisation (Fukuyama 1995; Furmankiewicz *et al.* 2010; Murray *et al.* 2008). Some authors also highlight differences in the developmental paths of those countries, for instance, Shareman

(2003) examines developments in the agricultural sector and Bădescu and Sum (2005) for the countries' democratic experience and its impact on the formation of civil society. And Kunioka and Wolle (1999) conclude that variation in support for democracy in society varies to a greater extent regionally within one country than between the CEECs.

The crucial question for this study is in how far potential legacies are still reflected in the governance and civil society context in Romania and how they differ from the situation in other EU Member States. The overall context of national governance development can be roughly appraised by drawing on the Worldwide Governance Indicators (WGIs) and related statistics (cp. Kaufmann *et al.* 2010). The WGIs cover six dimensions: 1) *Voice and Accountability*; 2) *Political Stability and Absence of Violence*; 3) *Government Effectiveness*; 4) *Regulatory Quality*; 5) *Rule of Law*; and 6) *Control of Corruption*.⁵⁶ Drawing on that system allows one to compare Romania's governance context on an international level (Table A.3.5). Though the data accuracy of WGIs can in some regards be questioned (see e.g. Langbein and Knack 2010; Thomas 2010), and the data requires – at least invites – complementary qualitative explanatory substance, some clear trends can be observed. First, while the situation in Romania for the six WGIs for the randomly selected years 1996, 2002 and 2010 in a worldwide comparison does not break ranks (percentile ranks between 0.42 and 0.74), compared to the other EU-27 countries governance in Romania is at the bottom level. In 2010, for the WGIs *Voice and Accountability* and *Government Effectiveness*, the country had the worst results among the EU-27; for three WGIs (*Political Stability and Absence of Violence*; *Rule of Law*; *Control of Corruption*) Romania has to be listed second to last and for one WGI (*Regulatory Quality*) third to last of the EU-27. These discrepancies between Romania and the EU-27 in terms of trend results of the six WGI dimensions are noteworthy when discussing the implementation of policy instruments with a clear focus on governance, which were designed for the EU-27 context. Another important insight offered by Table A.3.5 is that over time, the quality of governance in the WGI dimensions has by trend not significantly improved in Romania from 1996-2010; the exception is WGI *Regulatory Quality*, which improved at least relatively in the worldwide context between 2002 and 2010. Indeed, despite Romania having been confronted with governance-related requirements since anticipating EU-accession, efforts at improvement have not been manifested in all fields sustainably. This particularly applies to corruption, where there was a noticeable lack of improvement (at least in perceived corruption) after EU accession (UNDP 2011).⁵⁷ One issue for all WGIs is that Romania has established, driven by the obligatory adoption of the EU *aquis*, good laws. However, their degree of implementation and enforcement has to be questioned due to lacking legislative stability and political will (Dragos and Neamtu 2007; EC 2011c).

While the possibilities and limitations resulting from the political and regulatory framework passively perceived by society can be more easily followed in the WGI data, the activity of

⁵⁶ The indicators are constructed using unobserved component methodology and are based on aggregated data from different sources described in detail in Kaufmann *et al.* (2010). The six governance indicators are measured in units ranging from about -2.5 to 2.5, with higher values corresponding to better governance outcomes.

⁵⁷ A Co-operation and Verification Mechanism was established before the accession of Romania to the EU to help Romania to enact an impartial, independent and effective judicial and administrative system (EC/2006/928). Yet, even in the Commission's recent report (EC 2011a) for 2011 it is noted that progress with juridical reform and the fight against corruption still needs to be pursued and should remain a top priority. Furthermore, measures should be taken to improve the recovery of the proceeds of crime, the pursuit of money laundering and the protection against conflict of interest in the management of public funds (EC 2011a). Notably, the Commission found that Romania had not demonstrated sufficient political commitment to reform; in addition, the leadership of the judiciary appeared on some occasions unwilling to cooperate and to take responsibility for the benefit of the reform process (EC 2010a). The Commission's reports on progress with judicial reform and the fight against corruption are prepared every six months. Progress reports for the observed period are available under: http://ec.europa.eu/dgs/secretariat_general/cvm/progress_reports_en.htm, accessed 31.12.2011.

civil society, the patterns of which social capital contributes (Bădescu and Sum 2005), is only indirectly covered by the WGI. As outlined above, for the CEECs there is a presumption of low levels of social capital (LSEPS 2007; Murray 2008), which however, varies considerably (Bădescu and Sum 2005).⁵⁸

For Romania, experts report (LSEP 2007; UNDP 2007a) that there is slow but notable progress in the establishment of civil society organisations, which is mostly technically and financially supported by external actors. The non-governmental sector concentrates on social concerns such as the improvement of Roma living conditions in reference to the education of children, the provision of health services and the protection of human rights (LSEPS 2007). Apart from individual initiatives citizens remain to be hardly mobilised around issues of public concern at both the local and national level (UNDP 2007a), and to participate in associational life (EC 2005a). Also, the share of the population appearing to do voluntary work is, at 10%, low in an EU-wide comparison. In this context, Murray (2008) refers to the assumption that with the lower income levels in CEECs, the opportunity cost of time may be too great to spend on community or social activities. Generally, the values in Table 3.2 presenting the indicators for the creation of social capital underline that currently, Romanian societal life is constrained compared to other EU Member States.

Table 3.2: Social Capital Indicators - Romania in the EU

Parameter	Romania	Romania (Rank)	EU-25 (Average)	Highest ranked Member State	Lowest ranked Member State
Share of people satisfied with the democracy works in the country	24%	22	49%	Denmark (86%)	Bulgaria (10%)
Share of people for which politics in citizens' life is important	35%	20	44%	Netherlands (75%)	Portugal (22%)
Share of people satisfied with their financial situation	27%	26	61%	Luxembourg (88%)	Bulgaria (25%)
Share of people satisfied with their social life	63%	24	85%	Netherlands (96%)	Lithuania (46%)
Share of people for which voluntary work is important ^a	29%	26	59%	Estonia (77%)	Hungary (25%)
Share of people for which voluntary work is not important ^b	50%	2	34%	Hungary (62%)	Estonia (16%)
Share of people who think most people can be trusted	17%	22	30%	Denmark (76%)	Poland (10%)
Share of people who think you cannot be too careful in dealing with people	73%	5	58%	Poland (88%)	Denmark (19%)
Level of generalised (social) trust	17%	23	30%	Denmark (75%)	Poland (10%)

Note: ^a On the question of importance of voluntary work, a considerable part (21%) of surveyed people in Romania stated "do not know";

^b the EU-25 average for this answer is 7%.

Source: EC 2005a

⁵⁸ Murray (2008) points to the circumstance that most studies on social capital rely on a Western perspective and do not consider that due to the path-dependency of social capital formation, other patterns of social capital might exist in CEECs, considering that particular informal networks functioned as a coping strategy for state failures (see Chapter 2). Data in Table 3.2 on Social Capital Indicators is from a study (EC 2005a) which has taken into account the relevance of informal networks. Yet, following the definitions of social capital presented in Chapter 2, for instance, also networks which enable corruption are a kind of social capital; they do not, however, contribute positively to the formation of civil society. Murray (2008) argues that for an assessment of social capital micro-data, differing between kinds of social capital is essential, as in this regard macro-studies, e.g., used for international comparison, are likely to fail.

The presence of social capital is said to be a factor for explaining citizen support for democratic procedures (Kunioka and Wolle 1999). For post-communist countries it has been argued that a tendency towards passive reliance on the state on the part of the citizenry is both a cause and an effect of the low levels of social capital (Putnam 1995; Paldam and Svendsen 2001); key indicators show that for Romania, in an EU-wide comparison, values are still on the bottom level. While only 35% of Romanian people consider politics as important, Romania does not rank that far behind for other indicators. The values for satisfaction with patterns of democracy are again low (Table 3.2). Indeed, more than ten years ago Stewart (1998, p. 68) noted that in Romania, the long communist period had a very bad influence on the behaviour of local communities, as well as on the whole society: the way of perceiving democratic values and attitudes have been perverted to a great extent, so that transition to a democratic society has had to face enormous challenges. Also, a more recent study concluded that the Romanian societal culture still has to assimilate modern and post-modern categories (UoV 2007). However, findings of Bădescu and Sum, which examined support for civil society, show that “the younger generation defying the expectations of the historical legacy approach” (Bădescu and Sum 2005, p. 131) may be seen as a source of optimism for civil society development in Romania.

3.5.1.2 *Governmental administration and public services*

There were many political changes in Romania’s governmental structures after the socialist era: Next to the traditional prefecture directly elected local and county councils were established as deliberative authorities (Coulson 1995). The county level is a tier of the government whose purpose is to coordinate the local public authorities for common interest projects or for operating public services (Dragos and Neamtu 2007). For many years the centrally-appointed prefects have acted as coordinators for de-concentrated central agencies in each county, and as supervisors for local self-government. The prefects still have the authority to check the legality of the local council decisions and to suspend *de jure* the decisions of the local councils if they consider those decisions illegal (World Bank 2008a). Nevertheless, at least significant changes have been made regarding the position of the prefects with the 2006 public administration reform (GoR *et al.* 2008). Hence, prefects are currently highly-ranked public servants with – theoretically – a non-political status (Dragos and Neamtu 2007) and are selected through a national competition led by the Prime Minister (World Bank 2008a). However, the prefects possess less legal power, but still more moral power than the county councils.

Administrative reforms have also included the decentralisation of public services starting in the early-1990s. Thus, step by step, at the local level mayors were confronted with many new competences and tasks after the socialist era. The transfer of competencies to local governments was mainly driven by the aspiration to pass expenditures to local governments and to reduce the central deficit (Bischoff and Giosan 2007) instead of matching those competencies with the adequate transfer of resources (UoV 2007). Most necessary financial means stayed under central authority (Bischoff and Giosan 2007; Dragos and Neamtu 2007). Moreover, despite a major reform in 2007, financial transfers to local government lack transparency and predictability and grant a strong controlling function to county councils at the expense of local councils (Bischoff and Giosan 2007; CEC 2003; UoV 2007; World Bank 2008a). Due to the dependence on financial transfers, in recent years an immediate political migration of many elected mayors to the party (or parties) that won the county and/or national elections can be observed (CEC 2004). Not only due to the indirect influence via the budget authority, “decentralised” public service has to some degree remained central, but also policy-making power in related fields has remained at the national level (cp. World Bank 2008a). On the other hand, administrative capacities at the local level are still not sufficient for dealing

with decentralised tasks and handling the various local needs due to lacking experience and qualified personnel (GoR *et al.* 2008; UNDP 2007b; UoV 2007; World Bank 2007).

In addition to budgetary considerations, another driver for putting (real) decentralisation on the political agenda were the requirements related to the envisaged EU accession (similar to Bachtler and Downes 2000; UoV 2007). Here, decentralisation efforts became primarily evident in the organisation of the administration in charge of implementing EU programmes, but not necessarily in other fields. Until now, the decentralisation process has been carried out without any rules and rather sporadically, not as a consistent policy (CEC 2003; Comsa 2007).⁵⁹ To date, the distribution of responsibilities for public service delivery is still not fully clear, particularly between the local and county levels (World Bank 2008a). For instance, smaller and medium-sized local governments (communes and towns) can undertake the management of shelters for the elderly as an exclusive responsibility if they have administrative capacity (Bischoff and Giosan 2007; Dragos and Neamtu 2007), but there are no clear criteria for defining “administrative capacity”. In practice, the county government most often takes over the administration of the service (Bischoff and Giosan 2007). Thus, political influence over public administration manifests itself mainly due to the lack of capacity at the local level – weak local public administration requires ‘guidance’ from the county level, which in fact means political control (Dragos and Neamtu 2007).

The communes' lack of capacities for delivering public services (adequately) had far-reaching consequences: First, deficits in service delivery led to the people's dissatisfaction with the public administration (GoR 2007). The public administration is not only characterised by cumbersome procedures and a lack of professionalism, but due to the lack of financial capacities, also by inadequate remuneration (UoV 2007). The latter is one reason why the public administration is prone to political influence and might be one explanation why only 30% of the citizens trust the government, and 43% have trust in the town halls (GoR 2007). Second, since 1989 a main concern of the communes was to generate as much public funds as possible to build up infrastructure and human resources aimed at stimulating local economies, following the strategy of growth instead of development (Vincze 2000). Another crucial burden to sustainable regional development is that over 80% of all localities, including most communes, are unable to borrow funds to finance investment needs (World Bank 2007).

The process of reforming local public administration is also held back by the fact that in recent years, Romania has witnessed a process of disintegration of local communities into smaller entities, by creating new legal entities (communes) from the existing ones.⁶⁰ With such a relatively fragmented public administration at the local level, with numerous small to medium size communes which also have a low number of inhabitants, it is difficult to deliver adequate public service (without spending relatively much financial resources). This is one reason why, in 1999 and 2000, microregion-associations were founded in many Romanian counties. These amalgamations of communes are not administrative units; but they jointly develop and co-finance projects (NRDP 2010). In that way it was and is easier to access national and EU funds and to deliver public services, e.g., waste management. However, the foundation of inter-communal associations is not favoured by the communes. In the absence of financial incentives, no mayor or local council would set up associations, preferring to act on their own even if they did not have the capacity to adequately deliver public service (Dragos and Neamtu 2007). Financing activity of such microregion-associations would be facilitated through funds at the central level and the State Office for Decentralisation (*ibid.*).

⁵⁹ Local authorities' organisation, functioning, rights and responsibilities are specified in Law 215/2001 on “Local Public Administration”, and in its amendments. Intergovernmental fiscal relations are regulated by Law 273/2006 on Local Public Finance.

⁶⁰ For instance, data from 2004 and 2005 show that in these two years alone, 163 new communes have been created; the majority of them formed by a single village (Dragos and Neamtu 2007). There is a total of 2,851 communes and 319 towns in the country (NRDP 2010).

Also the county councils have promoted and supported the foundation of associations. However, sometimes supporting the associations financially was connected with the vote of the county council in the associations' decisions. This again leads to limited decentralised power. Furthermore, in Romania there is little experience in building formal PPPs, which has evolved as a means for service delivery in many EU-countries.⁶¹

3.5.1.3 *Romania's rural areas*

In Romania, rural life is of great importance. Compared to the EU-27, a large share of the population lives in predominately rural areas (46% versus 24%) and only few live in predominately urban areas (10% versus 41%) (DG Agri 2010, data for the year 2007).⁶² Still, there are significant differences in population densities across Romania.

Rural areas suffer from a lack of rural focus in policies. As in other CEECs during the Communist period, not only local authorities, but also regional policy was of minor importance (Mandl *et al.* 2007). Following the communist ideology, the development of rural areas was random and almost exclusively based upon an exogenous model of rural development (see also Section 3.5.1.4) embedded into the principles of economics of scale and concentration, and therefore the urban growth poles were seen as dynamic forces (Redman and Mikk 2008; see also Mandl *et al.* 2007). This priority setting, which is, for instance, also reflected in national employment strategies, etc., appears to have long-lasting effects, including increasing disparities. Currently, Romania's rural economy suffers from low labour productivity, an ageing population and rural out-migration (for details, see GoR *et al.* 2008; NIS 2006). Moreover, the countryside is characterised by low wages, open and hidden unemployment, widespread poverty and insufficient infrastructure (NRDP 2010; Otiman 2008). In Romanian rural areas, only 33% of the households are connected to a (fresh) water supply, only 10% of households are connected to sewerage, and only 10% of the roads are in adequate condition (NRDP 2010). The gap between the urban and rural populations who use the internet is the largest in Romania compared to the entire EU; only one-tenth of respondents living in the countryside reported using the internet at all (Shucksmith *et al.* 2006). The basic social service infrastructure, particularly the health and education systems, along with the finance system, is much weaker than in urban areas (NRDP 2010; see also GoR *et al.* 2008). The rural poverty rate is 45% compared to 15-18% in urban areas; the average monthly income per household is 97 Euro in rural areas, and 210 Euro in urban areas (NRDP 2010, p. 15).

In Romania, the primary sector provides 30% of the total employment, and 39% in predominately rural areas (NRDP 2010); it is therefore of high social importance. Its economic relevance, however, is low; currently it contributes just 6.5% to Romanian Gross Domestic Product (GDP) (CIA 2011, data for the year 2010). By contrast, in the EU-27, for the primary sector the average was a 6% share in employment and less than a 2% share in GDP. Romanian agriculture is characterised by a dualistic farm structure; around 69% of the agricultural area is used by commercial farms (Eurostat 2011), but 78% of the agricultural holdings (that is, 3,064,670 farms) are semi-subsistence farms. This is the highest share of all Member States (EU-27 average: 46.6%) (DG Agri 2010).⁶³ Romanian agriculture and the

⁶¹ The respective underlying law regarding the PPP contracts went into force only in 2002 (GO No. 16/2002, updated by Law No. 528/2004). But for participation in LEADER, the Romanian LAGs must obtain the legal status of an association/foundation according to Ordinance no. 26/2000 with the subsequent modification.

⁶² The categorisation into predominately rural, intermediate and predominately urban areas is a variation of the OECD categories which are based on population density and distance to urban centres (DG Agri 2010).

⁶³ Nevertheless, the shifting status of agriculture in the development of rural areas outlined in Section 3.2.1 can also be observed in Romania. Obviously, the relevance of the primary sector declined: From 2002 to 2007 its share in the national GVA (Gross Value Added) decreased by 6.1% and its share in employment by 5.1% (in the same period GVA decreased by 0.4% in the EU-27 and by 1.2% in the EU-12, and the employment rate declined

rural areas are characterised by the high potential to increase the economic power of the primary sector due to favourable environmental conditions, low labour productivity in agriculture (22/100 = Romania/EU-27, 2004-2006 average), the perpetuation of an agrarian structure dominated by the fragmentation of land property, a permanent shortage of working capital and by extremely low opportunities for capitalisation (GoR *et al.* 2008). However, the strong poverty, with the tendency to become chronic, makes the rural economy shift towards the natural, subsistence economy (similar to Otiman 2008); isolation from the market economy is exacerbated by the introduction of international standards in the national systems.

In short, there are considerable disparities between Romania and other European states, but also between rural and urban areas within Romania. Moreover, even the rural regions vary considerably in terms of socio-economic, natural and cultural conditions, as well as in their strengths and weaknesses. Targeted development efforts are badly needed in rural Romania. LEADER, with its focus on addressing regional needs, and using the regional potential seems to be a promising approach that can provide the impetus for successful rural development.

3.5.1.4 Rural Development Policies and their management in Romania

As holds true for most NMSs, in Romania rural development is a relative recent policy field. Besides the negligence of rural areas in regional policies, whose consequences have been described above, during the transition period classical monetary and non-monetary agricultural interventions, investments funds and credits support were provided. Various projects addressing the socio-economic situation in rural areas were also initiated by national actors or foreign donors, but there was no common link between these activities and a rural development strategy (NRDP 2010; Redman and Mikk 2008).

The main factor that finally pushed rural development onto the Romanian government's agenda in the pre-accession period was the need for compliance with EU policies (Redman and Mikk 2008). Generally, the adaption of national agricultural policies demanded – like in most NMSs – significant changes in the sectoral support systems and administrative structures. In Romania, this new regime has so far been characterised – as described by Kovàch (2000) for NMSs in general – by the establishment of bureaucratic bodies and by actors engaging in the cultivation of a new EU-conformant ideology in order to compete for sources of funding. In the field of agricultural and rural development, this first started with the implementation of the pre-accession programme SAPARD,⁶⁴ with which the “EU model of rural policy incentives” (Murray *et al.* 2008, pp. 88) was introduced; its implementation was affected by repeated problems with managing the administrative requirements (Shareman 2003).⁶⁵

For the current funding period of 2007-2013, Romania has faced – despite first experiences with the implementation of SAPARD – difficulties with drawing up and implementing its own National Rural Development Programme (NRDP) for 2007-2013 (Redman and Mikk 2008). It is not only that the country suffers from a “traditionally weak” administrative

by 1.1% and 3.7%, respectively) (DG Agri 2010). The number of farms sank significantly, by 30%, from 2005 to 2007 after a slight increase between 2003 and 2005 (+ 2.0%). The corresponding value for the EU-27 is -6.5%, and -13.2% for the EU-12 from 2005 to 2007. Although these key features suggest a delayed but more radical change of the primary sector in Romania compared to the old EU Member States, no further prognostics on socio-economic patterns shall be made at this point.

⁶⁴ SAPARD stands for Special Accession Programme for Agriculture and Rural Development. The implementation of SAPARD in Romania started in 2000 and lasted beyond accession until 2009.

⁶⁵ The impact of the SAPARD measures was arguably very limited, not only due to administrative problems, but also due to: a) problems with the “goodness of fit” of the available SAPARD measures with the agricultural and rural development problems faced by Romania; and b) the limited accessibility of the SAPARD measures due to the restricted flow of information and lack of available advice to potential beneficiaries and their poor financial status (cp. NRDP 2010; Redman and Mikk 2008; World Bank 2007). According to the World Bank (2007) the programme was only successful in terms of the local administration's uptake of infrastructural investments.

capacity that lacks experience in dealing with non-agricultural measures (Gorton *et al.* 2009), but it also lacks experiences in strategic long-term planning (SCRN 2009). Therefore, with the loss of autonomy with EU accession, adapting to European policies not only turned out to be problematic in compliance with standards and other requirements, but also in programme elaboration that satisfied national and European concerns (for details, see Chapter 7). The NRDP was finally launched in 2008. The community contribution from 2007-2013 amounts to Euro 8.1 billion (EC/2009/545) and the EU co-financing rate is at 82% for Axis-2 measures and 80% for all other measures high (cp. Section 3.1). Within the implementation of the NRDP, however, handling and accessing EU rural development funds appear to remain problematic: Several rural development measures have been delayed, e.g. farm advisory service and measures under the LEADER Axis. Further, while for some measures the absorption of funds fails to appear due to little interest from the side of potential beneficiaries (e.g. Measure 142 *Support for Producer Groups*), other measures are over-requested (e.g. Measure 322 *Village Renewal*).

After becoming aware of the low absorption rates of EU funds, the NRDP implementation has been pushed, but Romania still ranks last among the EU-27 in terms of EAFRD fund absorption, at 17.7% (EAFRD absorption rate at EU-level was 32.4% on 30.06.2011) (ENRD 2011). Taking into account all EU funding sources available to Romania from 2007-2013, the absorption rate was 3.5% in October 2011 (Mediafax 2011). Thus, the agricultural and rural sector is performing comparatively well in fund absorption. Generally, the problems in EU programme management are rather profound, and not necessarily sector-specific obstacles. External pressure is likely to enhance this unsatisfactory situation, as donors who provide state credits [primarily the International Monetary Fund (IMF), the World Bank, and also the EC] see the absorption of funds as essential for economic recovery (EIU 2010). Indeed, not only was the agricultural administration confronted with the challenge of institutional expansion in the run up to EU accession, but it also had to tackle consolidation efforts in response to the fiscal crisis facing Romania, which include staff and salary cuts.⁶⁶

Despite several institutional changes in recent years, some fundamental statements on the administration in charge with the NRDP implementation can be made: The Managing Authority settled in the Ministry of Agriculture and Rural Development (MARD) is responsible for the NRDP implementation.⁶⁷ The Managing Authority is represented at the county level by the rural development department in the 42 Directorates for Agriculture and Rural Development (DARDs).⁶⁸ The Paying Agency for Rural Development and Fisheries, which has evolved from the former SAPARD-Offices, is beyond the handling of financial-technical issues, also involved in the selection of beneficiaries for some measures. The Paying and Intervention Agency for Agriculture (PIAA) in charge of CAP Pillar 1 has a minor stake in administering area-related Axis-2 measures.

3.5.2 LEADER in Romania

3.5.2.1 *The initial situation*

The initial situation for implementing LEADER in Romania described above suggests that realising the features of the LEADER approach will be challenging. This is not only due to the fact that LEADER in Romania is being implemented for the first time; people's mentality

⁶⁶ The agreement with the IMF for further loans to Romania requires the government to reduce the budget deficit; harsh cuts to public spending included a 25% cut in the public-sector wage bill and cuts of up to 25% in public-sector employment starting from 2010 (EIU 2010; see also Box A.7.2).

⁶⁷ Note that the Agricultural Ministry has changed its name during the course of NRDP implementation; for reasons of simplification in this book it is continuously referred to as MARD.

⁶⁸ In the following the rural development department within the DARDs is not explicitly referred to, as no other departments of the DARDs is dealt with in this book.

and policy perception are heavily influenced by four decades of socialism, which generated mistrust of local actors related to institutionalised forms of associations and cooperation, particularly the rural environment is characterised by a low rate of trust in formal affairs and institutions (Mandl *et al.* 2007; Marquardt *et al.* 2009) and 83% of surveyed members of the agricultural administration declared that they see a general problem with collaboration between public and private actors (Marquardt *et al.* 2009). Moreover, until today, hierarchical structures in policy-making and in the administration predominate, and developing new modes of regional governance remains demanding. Though local communities gained some first experience with inter-community associations and pre-accession programmes in the pre-accession period, they still lack capacities for project planning and fund management. Besides registered microregion-associations, a few informal groups including private and public actors were established – mostly externally stimulated and technically and/or financially supported – for realising funded pilot-projects.⁶⁹ However, these initiatives rarely applied an integrated approach and dissolved after their project ended. Another constraint for the implementation of LEADER is seen in the lack of financially strong partners for co-financing projects (NRDP 2010). This concerns both financially strong partners from the private and public sectors. From the administrative point of view, the (little) experience with administering rural development policies gained through the SAPARD pre-accession instrument (see above) can be assumed to be little helpful for managing the integrated LEADER approach with less schematic measures.

Yet the LEADER programme is a completely new and more demanding approach for both the administration as well as for potential beneficiaries. Overall, for the implementation of LEADER in Romania, the SWOT-Analysis (Strengths-Weaknesses-Opportunities-Threats-Analysis) prepared for the NRDP identifies the valorisation of funds and the improvement of governance, as well as the following threats: 1) the existence of non-representative partnerships⁷⁰ and; 2) the low absorption rate of funds.

3.5.2.2 *Design of the Romanian LEADER programme*

Acknowledging the outlined burdens potentially hampering the implementation of LEADER, the EC facilitated the framing conditions for implementing LEADER for Romania (as well as for Bulgaria) in the current funding period. The EC allowed both countries to:

1. Set up an additional preparatory LEADER measure aimed at capacity-building at the local level, whose implementation, however, was to formally start not after 2009 (EC/2006/664; EC/2007/434; NRDP 2010). Thus, the LEADER Measure 43 as introduced in Section 3.2.2 includes for Romania (and Bulgaria) two sub-measures. The additional one, Sub-measure 43.1, for which private co-financing was required, is available to *potential* LAGs. It supports building representative PPPs, and drawing up an RDC in order to participate in the LAGs' selection. Furthermore, under this measure, centrally-organised trainings for potential LEADER beneficiaries are funded;
2. Extend the period between NRDP approval and call for LEADER applications (EC/2007/434), allowing more time for capacity-building;

⁶⁹ Programmes that tried to root at the local level are, for instance, the “Rural Development Project” (2000-2006) of the World Bank (see World Bank 2008b) and the “Local Agenda 21” (2000-2009), a United Nations Development Programme (see UNDP 2007b). Both of these programs initiated and co-financed the implementation of concrete infrastructure projects, whereas the planning and realisation of the projects was technically assisted. The programmes consider more or less a bottom-up or participatory approach and have different sub-focuses, but they do not follow an integrated regional development approach.

⁷⁰ Within the SWOT-Analysis, the phrase “non-representative partnerships” is used without any explanation (NRDP 2010, p. 57). However, looking at the different sections in the NRDP it can be concluded that this phrase refers to a configuration of partnerships which are not representative for the population groups in the regions and do not adequately add weight to the private sector.

3. Direct less EAFRD funds to the LEADER Axis. As mentioned in Section 3.1, while EU-15 have to direct at least 5%, and the EU-10 at least 2.5% of their total EAFRD to the LEADER Axis, for Romania and Bulgaria, the 2.5% clause applies only for the period 2010-2013, and any contribution of the EAFRD for that axis from 2007-2009 shall be taken into account for the calculation of that percentage (EC/2006/1463).

Romania directed 2.3% of its total EAFRD budget to the LEADER Axis,⁷¹ in absolute terms including 20% national co-financing, the total public contribution amounts to Euro 235 million. It is expected that an additional Euro 78 million of private resources will be spent for LEADER activities (Table A.3.6). In the distribution of the LEADER budget in comparison to other Member States, emphasis is placed on Measure 4.3 *Running the local action group, acquiring skills and animating the territory*, for which 25% of the LEADER budget are foreseen (EU average = 15%) underlining the focus on capacity-building. This priority setting is not only reflected in setting up the preparatory Sub-measure 43.1, but also in the design of Sub-measure 43.2. It is divided into two components: a) Running the LAG; and b) Training and animation, whereupon at least 20% of funds have to be spent for activities of Component b, such as training of staff, circulation of information, etc. With 2% of the LEADER budget Measure 4.2 supporting cooperation projects has, from a financial-technical perspective, little weight (EU average = 6%). Fully 73% of the LEADER budget is directed to Measure 4.1, which is slightly below the EU average share of 79% (see Figure 3.1). The NRDP can be interpreted in such a way that projects aiming at the objectives of one or more of the first three EAFRD Axes can be realised under this measure.

According to the Romanian NRDP, the main objective of LEADER is – closely following the European priorities – strengthening governance and use of the endogenous potential of the regions. Additional national objectives and priorities adapted to the socio-economic situation, which are listed in Table A.3.2, were set. Besides the objective linked to the additional preparatory measure, which are *Fostering partnerships* and *Preparing and assuring implementation of the local development strategies*, the main priorities taking into account the small horizon of experience with LEADER are: a) Setting up and developing LAGs; and b) Achieving cooperation between rural actors. Further objectives mentioned are the participation of the local community members, a bottom-up approach and the alleviation of disparities between regions.

3.5.2.3 *Scheduled and realised programme implementation*

Preparations for putting LEADER into action started with an EU Twinning Project prior to accession (see Table 4.2; Chapter 7). The Romanian programme agencies responsible for LEADER are, at the national level, the NRDP Managing Authority settled in the MARD and, at the county level, the DARDs. Further, the Paying Agency for Rural Development and Fisheries (PARDF) is in charge of administrative and financial issues (for details, see Chapter 7). Activities within the Twinning Project include the arrangement of LEADER training for staff of the DARDs, and of potential beneficiaries. Therefore, already in 2006 121 regions were pre-selected. Subsequently, representatives (LEADER-animators) from these regions participated in the trainings by early 2007. No strict eligibility criteria related to the composition of potential LAGs and regional features had to be fulfilled for participation at this stage.⁷² The idea was that capacities should be built up until the formal start of the

⁷¹ Rounding out the percentages, the share for LEADER is 2.3% for both budget variants - for the original planned budget and for the budget which includes the amount Romania received in the context of the European Economic Recovery Plan in the course of the funding period. If the complementary direct payments are not considered as part of the EAFRD budget, resources allotted for LEADER make up 2.48% of Romania's EAFRD budget.

⁷² The decisive criteria for the pre-selection of potential LAGs were easy to identify: the region's classification as a rural area, and a minimum size measured in terms of the number of inhabitants (for details, see NRDP

programme. However, after the first trainings a long period of abeyance followed, as between 2007 and 2009 no further LEADER-specific activities were carried out by the programme agencies. Despite the fact that the prearrangements for LEADER began in good time, obstacles to implementation occurred: Although originally scheduled for 2008, the preparatory Measure 43.1 funded under the EAFRD started with considerable delay in late 2009 (see Table 4.2). The measure was planned to be implemented in three subsequent phases: Phase 1: Raising awareness of local actors regarding the LEADER approach; Phase 2: Training for the representatives of potential LAGs; Phase 3: Financial support for the preparation of LAGs' applications. However, the original plan was not adhered to. The phases occurred partly in parallel, and Phase 3 started prior to Phase 2.

The deadline initially scheduled for the submission of LEADER applications passed without action at the beginning of 2009. Moreover, potential beneficiaries were faced with several changes to the programme guidelines, for instance, the national refinement of the common requirements for LAGs to be eligible changed over time, e.g. in terms of the demarcation of the LEADER regions.⁷³ Also, the deadline for submitting LEADER applications was rescheduled several times. Finally, instead of selecting two groups of 40 LAGs, the competitive selection of 81 LAGs took place in June 2011, after a two-year delay. The criteria used to select the LAGs (see Table A.6.2), the partnership and the strategy of potential LAGs, were only published after the call for applications in 2010. For both Measure 43.1 and for the final participation in LEADER, regions from which no representative had taken part in the initial LEADER trainings could submit applications. Thus, within the three years, new potential LAGs have evolved, and other groups have been reconfigured or have dissolved.

3.5.3 *The Romanian National Rural Network*

Networking, particularly amongst stakeholders who are active in the field of rural development, has so far been rudimentary, and the majority of Romania's agricultural producers (particularly small farms) are not organised. Amongst the few noteworthy stakeholders in this field is the RuralNet, an umbrella organisation comprised of 26 foundations and associations (e.g. the Centre of Rural Assistance and the Carpathian Foundation) engaged in the development of civil society. And a lack of NGOs, particularly local ones, has been seen as major risk for establishing the Romanian NRN in the official NRDP ex-ante evaluation, which otherwise did not point to particular challenges or opportunities arising with the set-up of the network. (NRDP 2010)

From a conceptual point of view, the creation of the Romanian NRN supported by external actors has started very promisingly (Dower 2007).⁷⁴ Initially, a workshop on the scope of the NRN took place in May 2007 with more than 60 rural actors. By early 2008 potential network members were identified and surveyed by the 42 DARDs as county representatives of the NRDP Managing Authority. The DARDs had to select the "most representative actors involved in rural development at the level of each county," (NRDP 2010, p. 447). Fully 436 actors were consulted, of which a total of 434 actors expressed their interest in becoming a member of the NRN. This procedure also enabled suggestions for the advancement of the

2010). In addition to this, the potential LAGs of these regions "only" had to demonstrate that they possessed the potential to function as a group of different types of partners and that they had the necessary administrative, financial and human capacities.

⁷³ The main requirements for the participation in the Romanian LEADER programme correspond to the framing conditions set at European level laid down in regulation EC/2005/1698. One important difference that was finally decided is that the minimum size of LEADER regions is 10,000 inhabitants. There are specific regulations for the inclusion of small towns into the territory and for membership of stakeholders acting at county level in a LAG (for details, see NRDP 2010).

⁷⁴ Upon informal recommendation of key actors at Community level, the MARD sought for external support. The project led by rural development expert Michael Dower was financially supported by the British Embassy as knowledge transfer measure. (Dower, M., message in writing from 27.10.2011)

NRN to be collected. As membership has remained open, by September 2008 the number had risen to 586. An official member list (MARD 2008c) included various stakeholders, e.g. NGOs (29%), professional associations (16%), commercial farms (18%), potential LAGs (7%), universities/research institutes (5%), public/local authorities (5%), and also a few representatives of museums, ethnic and minority groups and religious organisations.

The network was formally set up in September 2008 and defined its mission according to EU requirements (see Section 3.3). It was built around four main components: the Managing Authority of the NRDP (including its county units); a contracted National Network Unit (NNU) responsible for the overall administration and coordination of the network; the National Coordination Committee, which has decision-making power; and the members of the network. The Coordination Committee, chaired by the Managing Authority and consisting of 25 stakeholders representing the agricultural and other ministries, as well as regional and local authorities, NGOs, professional associations, research institutes and other organisations with a stake in rural development, was also established in 2008. An Action Plan, which is foreseen to be accomplished by the network unit by the end of 2015, was drawn up by the Managing Authority. It includes, for instance, setting up a database, a guide, a website, organising events to foster communication and transparency, and providing consultancy services (MARD 2008a). The budget earmarked for running the network and realising the Action Plan seems, with Euro 30.1 million (including national co-financing), sufficient and is above the EU-27 average of Euro 24.4 million (Figure 3.2). In fact, implementing the network unit was planned for the end of 2008. However, due to public procurement problems, the set-up of this entity was still delayed in October 2011.⁷⁵ Hence, for three years the network has been barely functional and except for a newsletter, of which only four issues were distributed in 2008, there was almost no activity within the network. Some actors, however, took their own initiative and set up a Romanian LEADER network in 2010.⁷⁶

⁷⁵ After finalising this study, the consulting firm running the NNU was contracted until the end of 2011. In this connection it was also decided that eight offices representing the NNU at the regional level will be established.

⁷⁶ For more information on the Romanian LEADER network, which is likely to become formally established in 2012, see Box 7.2 and <http://www.leader-romania.ro/>, accessed: 01.01.2012.

Study Design and Research Framework

4.1 Relevant considerations

The reasons for focussing this study on the implementation of LEADER and the National Rural Network (NRN) in Romania are based on the common features of the two policy instruments as inherent parts of the EU rural development policy instrumentation:

1. both instruments contain the idea of networking in their instrumental design;
2. the instruments potentially rely on certain governance structures as policy delivery mechanisms, with a particular horizontal focus (across all EAFRD Axes);
3. they have in common the objective to impact governance structures positively.⁷⁷

Both networking and governance are of central interest when examining the challenges and opportunities arising from the instruments' implementation in Romania, a post-socialist NMS for which making effective use of such instrumental features is uncharted territory.

Overall, as highlighted in Chapter 3, the two instruments can be seen in three respects as “new policy instruments”: 1) they both feature a new instrumental design for the Romanian agricultural administration and the target groups; 2) they are part of the EU mainstream programmes and solely managed within the framework of the CAP for the first time in this funding period; and 3) they follow new modes of governance and have therefore, by definition, the character of “new policy instruments”, a fixed term formed in the 1990s (Chapter 2).⁷⁸

The outlined commonalities of these two instruments already suggest granting analytical priority to networking and governance. Social capital as a desired effect of networking and governance are relevant on the “product side”, but – as shown in Chapter 3 – also instrumentally as a tool for achieving additional policy objectives. Thus, when analysing the implementation process of the two instruments, additional objectives and/or features ascribed to them, which are not directly associated with the concept of networking or governance, cannot be ignored because this would lead to a one-sided and distorted visualisation. Bearing this initial priority-setting in mind, the main research questions to be addressed in this study can be specified as:

- 1) What are the (positive and negative) effects potentially resulting from the implementation (or non-implementation) of LEADER and the NRN in Romania?
- 2) Which (potential) burdens and drivers to a constructive implementation exist?
- 3) Can the instruments' effectiveness be increased through active steering in the running implementation process and/or through a modification of the instrumental design?
- 4) Is the introduction of the two instruments a worthwhile instrumentation for supporting rural development in Romania?

Certainly, the term “worthwhile instrumentation” has to be seen from multiple perspectives, for instance, that of the EU, the Romanian government, the LAGs, and other actors. One

⁷⁷ From a programme-technical perspective, another linkage between the two instruments, concretely between the NRNs and LEADER Measure 42, is that according to the EAFRD regulation (EC/2005/1698), the NNUs are tasked with providing technical assistance to local actors for establishing partnerships with other LAGs.

⁷⁸ Indeed, the policy delivery system of other measures funded under the EAFRD, for instance, of agri-environmental measures, may also be new for the Romanian agricultural administration and feature out characteristics of “new policy instruments” in the classical understanding. The design of those EAFRD measures does not, however, include networking and/or have comparable horizontal character to the same time.

reason for this is that divergence between standpoints is particularly significant in policy delivery in European rural development, particularly because it is delivered in a multi-level governance system (High and Nemes 2007). One example for different judgements on the success of the implementation of LEADER could be that some stakeholders place priority on realising the LEADER approach with its key features, while others see the amount of absorbed funds as the most important criterion for successful implementation.

The research questions may suggest that for developing the conceptual framework of this study, evaluation theory or even the system of the official programme evaluation could be drawn upon. It would also be reasonable to assume that due to the research focus, the framework could be built upon evaluation results and complementary literature. In the following, these possibilities are discussed in parallel to outlining which requirements a conceptual framework addressing the research questions has to fulfil.

This study refers to a very early stage of the implementation process (Table 4.2), which indicates that it is not possible to provide the insight of a classical programme evaluation in terms of judging (final) impacts. Also, it does not aim to evaluate the policies to which LEADER and the NRNs are linked to, which is analytically distinct from evaluating the instruments (Peters 2002) at the heart of this study. The focus is more on examining factors expediting or hampering the implementation process and drawing the instruments' potential in Romania. An important analytical reference point is provided by policy instruments being a decisive determinant for relations between policy-makers, administration and the public, as well as for the processes within the delivery system in the implementation phase.

One might argue that the potential of the two policy instruments should have already been examined within the obligatory ex-ante evaluation, and that the implementation process will be subject to official and ongoing evaluation anyway, and thus this study is superfluous to a certain degree. Yet there is not much doubt that the extent of the formal programme evaluation is insufficient for addressing the questions raised.⁷⁹ Generally – no matter the stage of implementation – networking, which is claimed to result in added value and on whose ideas the instruments are based, as well as governance structures, which should be affected by the instruments' implementation, find little consideration in the programme evaluation (Section 3.4). The official programme evaluation is also to that effect inapplicable to address the research interests, as ongoing evaluation activities are usually started when applications are submitted by potential beneficiaries or even later, when the first funds are spent. However, in the earlier *preparatory implementation phase*, the foundation of the implementation process is established by the administration as well as by potential beneficiaries, which might be essential for the course of a policy instrument.

Furthermore, *public administration* can be seen as an institution that “affects the input, produces the output and has a significant impact on the outcomes of governments' policies,” (ECE 2007, p. 3). Considering this definition, it is crucial to include the administration as an object of programme evaluation for ensuring or enhancing the effectiveness and efficiency of public spending. Unfortunately, administration is hardly ever the subject of formal programme evaluation.

Apparently the research objectives target the policy implementation process, which builds upon the initial policy-formation process. The implementation process starts at that point

⁷⁹ For drawing the potential of the two policy instruments, the ex-ante evaluation of the Romanian NRDP is not very meaningful. Indeed, in the NRDP (2010) prospects along the common programme indicators (as far as they exist) have been roughly outlined, complemented by more profound comments of the external evaluators (*ibid.*; cp. Section 3.5). Independently from the quality of those assessments and the underlying features, aspects important for addressing the research questions are not or are hardly covered. As shown in Section 3.4, they are also widely neglected in the obligatory programme evaluation, and the evaluation system is likely to concentrate on products rather than processes and patterns of causality.

when the responsibility to execute the defined policies is given to the administration (Chapter 2). Yet considering the whole policy cycle (Figure 2.1) it becomes obvious that mistakes may already have occurred during preceding stages. Such mistakes can limit the success of a policy instrument. The question then becomes whether the idea of the selected policy instruments was sufficiently operationalized, and whether their instrumental ideas were translated appropriately into regulations before the administration came into play. In other words, in this study the instruments' regulatory framework is not seen as infinite wisdom. Instead, the theoretical *potential the instruments offer* is to be identified and compared with EU and national regulations for discovering unused potential. A fundamental basis for this research step forms Section 3.4, in which the European legal framework as initial point for the instruments' set-up in Romania has been examined.

There are further reasons to extend the analytical framework: *Policy formation* gains importance when considering that it can influence the implementation process of policy instruments (Bressers and O'Toole 1998; Salomon 2002) by, for instance, decisions on the budget or the responsible organisations. Therefore, it makes sense to pay some attention not only to actors that have significant roles in implementing the instruments, but also those which made the initial political decisions that shape constellations in the implementation process. Furthermore, extending the examination of policy formation around the instruments' implementation process is crucial in the context of the NRNs. The NRNs aim to improve governance and policy delivery. This is a vague definition; the official programme documents also do not offer a clue about what is to be achieved under this objective. Consequently, it has to be proven whether the NRN implementation indeed has (the potential) to impact policy-making processes, and if so, at which stages. This implies that *reciprocal effects between policy formation and policy implementation* have to be assessed.

The classical implementation theory was – inter alia because of distorting policy processes – redeemed by several other approaches for analysing policy-making (Hill 1997; Chapter 2). Among these approaches is the concept of governance, which appears to be appropriate for addressing the examination of the policy-making process in the politico-administrative systems in general, and the delivery mechanisms of the two instruments and their possible impacts specifically. However, solely drawing on the scheduled implementation design for assessing relevant governance processes is insufficient, as it adopts the assumption that public administration operated strictly according to established rules. Applying this assumption to the policy-delivery process is not realistic, as – even if governance structures are institutionalised – informal influences impact policy delivery (see Chapters 2 and 7). In the context of analysing policy networks, Smith (1995, p. 50) notes that it is necessary to “do away with the methodologically convenient, but ultimately unhelpful distinction made between inter-organisational and inter-personal (social) networks.” This instruction is certainly relevant for both, governance processes at the local and at the national level, in the context of LEADER and agricultural policy-making in Romania respectively. However, analysing (informal) governance processes on an interpersonal basis, which is required for dealing with governance in a profound way, can be, especially at the national level, challenging or even critical.

Not only are aspects related to governance hard to assess, so are those related to networking and social capital (cp. Chapter 2; Box 2.1), as they are more process-based intangible effects rather than products, requiring the collection of micro-data (Murray 2008), behavioural attributes of individuals (*ibid.*; Footnote 58) and ideally relational data (Box 2.1). However, as opposed to studying the role of administration in the implementation process and the implementation's preparatory phase, the challenge of assessing the effects of networking and governance processes has raised scientific interest in the past. Indeed, research has been undertaken for LEADER in other Member States and in other implementation contexts, respectively. However, thus far the problem of evaluating the intangible values resulting from

LEADER have not been sufficiently addressed; there are no general systems for assessing and quantifying the impact of networking and partnership processes, the development of governance structures, or showing underlying causal relations.

Moreover, findings on these policy instruments are usually limited to their implementation context, as the consideration of the politico-administrative, historico-cultural, and socio-economic framing conditions is particularly important for policy instruments which focus on partnerships, networking, social capital and governance (see Chapter 2).⁸⁰ However, across the EU-27 history, institutions, culture, government, and civil society “are extremely varied”, (Stern 2009; Section 3.5). Indeed, some authors have grouped the post-socialist countries when speculating – often with whiff of scepticism because of, for instance the presumption of low levels of social capital as legacy of socialism – about implementing LEADER in the NMSs (e.g. Ray 2001a), and its possible impacts (Kováč 2000). This might be appropriate for some common patterns in the implementation of LEADER, but there are certainly national differences in the way LEADER has been embraced in the NMSs (Maurel 2008). Consequently, the Romanian case must – in terms of research concept – be seen individually.

Nevertheless, experiences from other Member States, especially with regard to the LEADER programme (Section 3.2.3),⁸¹ have facilitated the development of this study's research design and have allowed comparison. Despite being context-dependent (Stame 2008), lessons learnt provide clues on the practicability of instrumental features and are therefore valuable for the formulation of realistic policy recommendations. For the NRNs, results are scarce and it is not clear whether the networks will show the desired instrumental effects. Such empirical comparative data must – like the regulatory framework – be judged against the instruments' theoretical potential, as its use is not self-evident.

Having outlined the scientific dimension of the research questions and the priorities set, namely the focus on the instruments and the processes underlying their development, rather than on the policies and products, the minimum analytical coverage of the study, as well as the core parameters can be marked out. Thus, process analysis has to include policy implementation and policy formation, whereupon the concept of governance has been selected as the methodological vehicle.

Considering the Romanian actors involved in the policy-making process, between which the governance structures to be analysed primarily span the (potential) beneficiaries and organisations in charge of policy delivery, is manifest. However, due to at least three reasons, the research design is required to go beyond the national context and consider the country in the European context: 1) rural development policy-making starts at the European level; 2) the NRNs are part of the ENRD; and 3) LEADER Measure 42 not only supports Romanian-internal, but also supports transnational LAG partnerships. The core parameters considered in this study, which can be drawn from the commonalities of LEADER and the NRN as policy instruments, have been defined as networking (including partnership building), social capital and governance. Furthermore, the general focus on the implementation process and the role of the administration, as well as the instruments' classification as “new policy instruments,” which entails the peculiarities of their management (Table 2.4) and the technical-administrative dimension is of central interest.

⁸⁰ See, for instance, Parissaki and Humphreys (2005) in general, as well as Bruckmeier (2000) and Jouen (1999) in the context of LEADER, and Forrest (2003) in the context of networks and governance in the policy-making process.

⁸¹ For an extensive literature review on LEADER see, for instance, Convery *et al.* (2010). In view of the newer Member States (which entered the EU in 2004) there is also primary literature on LEADER in Poland (e.g. Furmankiewicz 2006; Furmankiewicz and Slee 2007 or Furmankiewicz *et al.* 2010), and Hungary (e.g. Varga 2009 or Kovács Katona *et al.* 2006), and a very limited number of studies on the other eight Member States (e.g. Lošťák and Hudečková 2010 for the Czech Republic).

Having said this, it becomes obvious that other parameters usable in policy-making analyses, such as budgetary distribution or indicators suggested in the programme evaluation take a back seat in this study. This does not, however, imply that they are completely neglected. Also, the concept of governance can be case- or question-specifically be conceptually complemented by other theories.

Disregarding the special focus on networking and governance structures, at first glance the study's approach is likely to be characterised as a sort of programme evaluation. However, there are obvious differences: First, for addressing the research question the analysis of the implementation process does not appear sufficient; policy formation has to be considered as well. Second, while programme evaluation concentrates on products, the study focuses on the process(es) of implementation, paying particular attention to the formation of governance structures and social capital. Third, contrary to most official programme evaluations, the study explicitly examines the preparatory phase of the implementation process (including the effect of non-implementation), as well as the role of the administration. Therefore, it can be expected that findings will help improve steering the implementation process in Romania.

Learning about drivers and burdens in the initial implementation phase of the two policy instruments, and experiencing which factors particularly benefit actors, as well as identifying the instruments' unused potential through the application of relevant theories, is likely to constructively contribute to the review or elaboration of the instrumental design of LEADER and the NRNs in the upcoming funding period at both the European and national levels.

4.2 Conceptual framework of the study

4.2.1 Outline of steps in the conceptual framework

Identifying the (potential) positive and negative effects of implementing the policy instruments LEADER and the NRN in Romania is only one aim of this study. The second aim – ascertaining the burdens and drivers that impact the implementation process – can be extended by the sub-objective of improving implementation by actively steering the process and by addressing discovered challenges in the course of implementation (as reflected in Research question 3). This requires immediate, on-going, real-time and no ex-post/retrospective investigations, and therefore an adaptable research design is essential.

Against this background, a conceptual framework that can be applied to the analyses of implementing both policy instruments, was elaborated and filled with research activities adapted to the progress of the implementation processes over time. The conceptual framework in which the research activities described in Section 4.3 are embedded can be outlined in the following steps, which are also illustrated in Figure 4.1:

1. **Analysis of the regulatory framework of the policy instruments** in the context of the associated objectives and intervention logic(s) at:
 - a) the European level; and
 - b) the national level.
2. **Examination of the potential that the policy instruments theoretically offer** (considering theories around and concepts of social networks, social capital, and governance).
3. Assessment of **experience with implementation of the policy instruments in other implementation contexts** (review of empirical literature or empirical data collection).
4. **Assessment of the politico-administrative, socio-economic and historico-cultural parameters relevant for the implementation process.**

5. **Analysis of the implementation process itself in terms of drivers and burdens** from (at least two) perspectives:
 - a) the administration at different levels;
 - b) the potential beneficiaries.
6. **Assessment of interaction between the policy-formation and policy-implementation processes.** Effects of the policy-making process on the implementation and vice-versa have to be identified (also during the implementation).
7. **Assessment of the (potential) effects of the instruments' implementation** considering, in particular:
 - a) effects related to governance structures or networking (which are of special interest in this study);
 - b) further effects related to the objectives strived for, and/or related to special instrumental features (e.g. the integrated approach of LEADER).
8. **Comprehensive comparison** between the following dimensions: the instruments' objectives, the instruments' legal framework, the potential that the policy instruments theoretically offer, experiences made with the policy instruments in other implementation contexts, and the effects identified for the instruments' implementation in Romania.
9. **Drawing conclusions and formulating recommendations on governing the implementation process and on the instrumental design for using the policy instruments' potential (more) effectively.**

4.2.2 Animating the conceptual framework with a research agenda

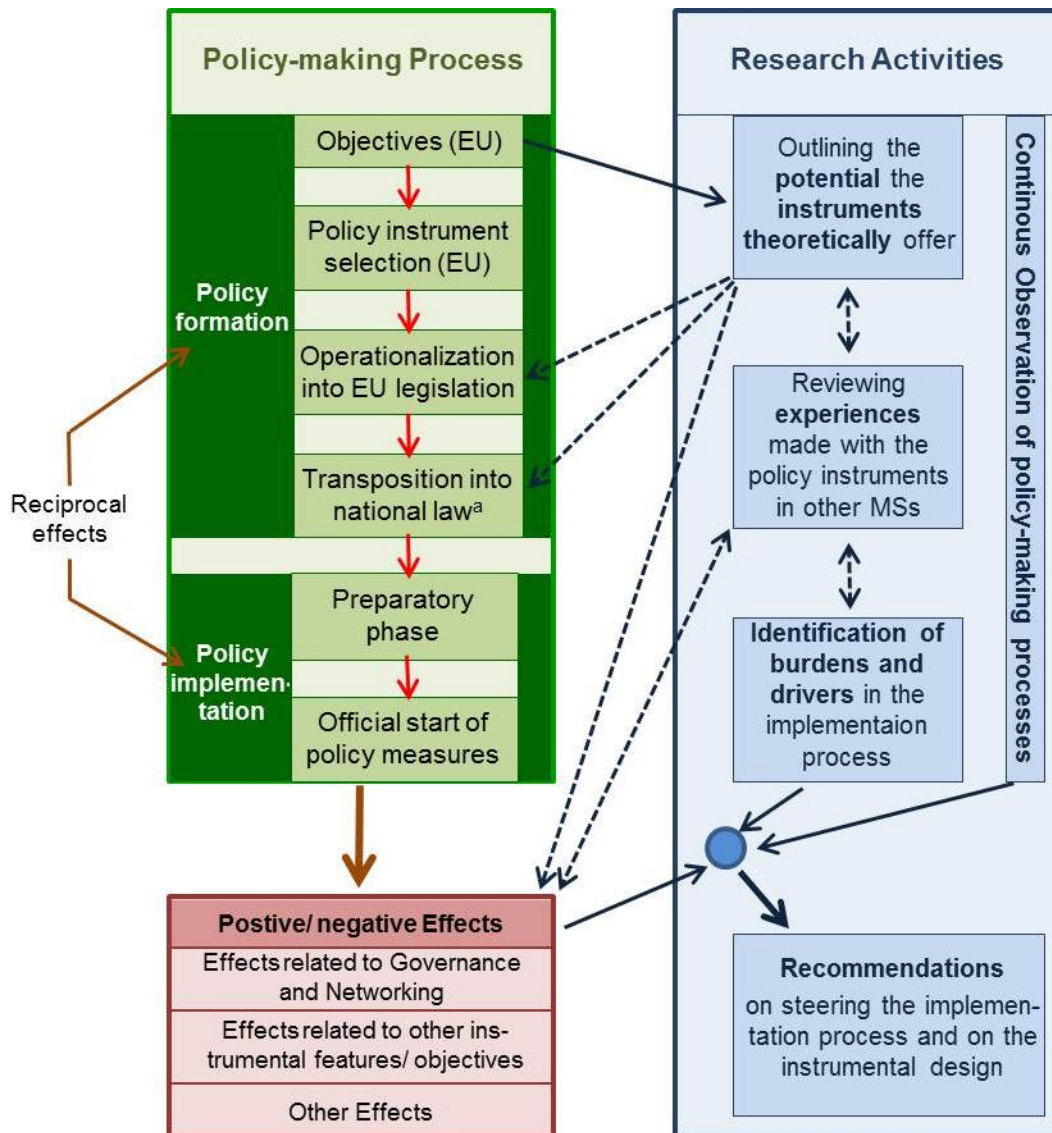
Some of the conceptual steps mentioned above are addressed theoretically, while others are approached empirically. Differences in approaching the steps for the two policy instruments are shown in Table 4.1. A difference in methodological implications between the two policy instruments is that with LEADER, experiences were gained and documented within the formal programme evaluation and complementing research over two decades, while for the NRNs, a new instrument for all Member States, hardly any reports exist.

Moreover, the precursor of the NNUs, the LEADER+ Networking Units with some similarities in their instrumental design were hardly subject of the formal programme evaluation (Metis *et al.* 2010) or of studies.⁸² Therefore, for this study, data on first experiences made with the NRNs across the EU had to be collected empirically. After the empirical data collection, the official mid-term evaluation reports, which only cover the NRNs of four Member States, were published in 2010 (Table 4.2).

For the LEADER instrument, it can only partly be built upon experiences gained with LEADER in the former programme period, namely upon those referring to the key features of LEADER (Box 3.1). Reports on the programme's implementation from a technical/administrative standpoint have to be carefully checked, as the programme guidelines have changed and this kind of preparatory LEADER measure has been set up only for Bulgaria and Romania.

⁸² One exception is the examination of experiences with networking within LEADER+ (Duguet 2006), prepared by the staff of the European Leader+ Observatory Contact Point. In that study the role of the networking units in the LEADER implementation process is considered in slightly greater detail than in the formal programme evaluation.

Figure 4.1: Conceptual framework for analysing the policy processes for LEADER and the NRN in Romania



Note: ^a National priorities can be set and national objectives can be defined.
 MS = Member State ← = Outline of policy processes → = Effects
 X ----> Y = Comparison of X and Y ----> = Interlinkages between Research activities
 ● = Conclusions

As a consequence of analysing two unpredictable implementation processes, the research design had to be continuously adapted to fulfil the requirements of the conceptual framework.⁸³ Table 4.1 illustrates the conducted activities for approaching the conceptual steps for each policy instrument. The implementation procedure is assessed from the perspective of the administration and (potential) beneficiaries/rural actors at different points of time (Table 4.2). Data was collected in the early preparatory phase to assess the initial

⁸³ Due to the unpredictable and heavily delayed implementation of both instruments in Romania the ambition of being close to the action became a particular challenge. An example is that instead of a survey among the members of the Romanian NRN (Research activity E), expert interviews with the members of the network's coordination committee were originally planned. However, due to political tensions between some members of the network's Coordination Committee and the MARD, this procedure was altered.

situation in 2008 (Research activities A1, A2, A3 and A5)⁸⁴ and in 2010 (Research activities C, E and B2), either through a survey or a case study, or both.⁸⁵

Table 4.1: Application of the conceptual framework - Contributing research activities

Conceptual Step	Corresponding Research activity	
	LEADER	NRN
1 Analysis of the regulatory framework of the policy instruments	Reviewing the regulatory documents (desk work)	Reviewing the regulatory documents (desk work)
2 Examination of the potential that the policy instruments theoretically offer	State of the art of related theories (desk work)	State of the art of related theories (desk work)
3 Collecting experiences made with the implementation of the policy instruments concerned in other implementation contexts	Reviewing the empirical literature (desk work)	Empirical work (RA: D)
4 Assessment of the conditions framing the implementation process	Literature review and complementing empirical work (RAs: B1, B2 (and A1, A2 and A4))	Literature review and complementing empirical work (RAs: B1, B2 (A4 and E, to a little extent A1 and A2))
5 Analysis of the implementation process itself from a technical point of view in terms of drivers and burdens	Empirical work (RAs: B1, B2; A1, A2 and C)	Empirical work (RAs: B1, B2 and E)
6 Assessment of reciprocal effects/ interaction between the policy-making and policy-implementation process	Empirical work (RAs: B1, B2 and C)	Empirical work (RAs: B1 and B2)
7 Assessment of the (potential) effects of the instruments' implementation	Empirical work (RAs: A1, A2, A3, A4 and C)	Empirical work (RA: E; to a little extent B2)
8 Comprehensive comparison	Theory/ Desk work	Theory/ Desk work
9 Drawing conclusions and recommendations for using the policy instruments' potential (more) effectively	Theory/ Desk work	Theory/ Desk work

Note: RA = **Research activity** (the RAs listed below are detailed in Section 4.3)

A: Assessment of the initial situation

A1: Survey of potential Romanian LAGs

A2: Survey of DARDs

A3: Case study on potential LAGs

A4: Survey of Hungarian and German LAGs

A5: Expert consultation

C: Case study on potential LAG

E: Survey of members of the Romanian National Rural Network

B: Operation Analysis (OA) of the agricultural administration

B1: Short-term OA

B2: Long-term OA

D: Survey of National Network Units

⁸⁴ For outlining the initial situation for implementing the NRN, a survey conducted by the MARD at the end of 2007/ early 2008 could also be drawn on. The survey primarily assessed network members' attributes and interests.

⁸⁵ Indeed, case studies do only reflect – despite coping with complexity - a small part of the reality. Nevertheless, knowledge gained from case studies has its own convincing power (Scharpf 2000). Bearing in mind the challenges of assessing data on governance, social capital and networks presented in Chapter 2, a case-study approach is essential for assessing interpersonal relations and actor constellations, which is recommendable for profound statements on these issues. Complementing case studies with country-wide surveys allows one to assess the status quo of the implementation processes and its framing conditions, and thus discussing case study findings against a wider context.

While for LEADER the preparatory phase finally switched over in the main implementation phase of at least one LEADER measure in 2010, the NRN activities had not started at the point of the second assessment. The perspective of the administration was additionally assessed by means of expert interviews and participatory observation in 2009 and 2010 (Research activities B1 and B2).

This study does not rely on one method of analysis. Instead, it addresses the research interests with a set of methods and theories, noteworthy are the underlying concept of governance and network theory, as well as Social Network Analysis (SNA), Multiple Criteria Decision Analysis (MCDA) and an adapted Standard Cost Model for calculating administrative costs. The choice of the methods and their advantages and disadvantages for approaching the focal points of networking and governance structures are discussed in each section in the context of each concrete questions addressed. At this point, some overarching issues of the methodological conceptualisation of this study are discussed. During the process of conceptualisation, it was important to assess the dynamics underlying the formation of social capital and governance processes quantitatively without neglecting the normative, cognitive and behavioural dimensions, and without suffering from the disadvantage of qualitative approaches. Furthermore, the practical relevance of methods for enhancing the instruments' implementation was an issue of great importance. Thus, for instance, when investigating tools to evaluate LEADER, the development of LAGs' governance structures was initially assessed by means of SNA, while means of participatory observation for investigating governance processes was tested in the second case study (Research activities A3 and C). Generating practical recommendations was also one major reason for using MCDA in the elaboration process of an RDC functioning as an analytical instrument for tracing the outcomes of governance processes and proofing endogenous development, while at the same time being tested as a tool for participatory integrated planning approaches.

Further comments on the selection of research activities and methods or single elements thereof have to be made: Bearing in mind the possible influence that the historico-cultural context can have on the formation of partnerships and the development of governance structures, the first case study was conducted in the culturally Hungarian-marked part of Romania, and the second took place in a Romanian cultural area in the country. The potential relevance of cultural relations was also one reason for choosing Hungary as a country for examining the external relations of potential Romanian LAGs (Research activity A4), as will be discussed in Chapters 5 and 9.

4.3 Empirical elements of the study

The main research activities are described in this section. For some research activities, additional information relevant for addressing specific (research) questions is provided in the sections concerned. The research activities are also registered in the timeline (Table 4.2), which allows them to be seen in the context of the implementation process of LEADER and the NRN in Romania.

Research activity A Assessment of the initial situation (for implementing LEADER and the NRN in Romania)

The main objective of this research bloc, conducted in the first half of 2008, was to assess the initial situation for the implementation of LEADER and the NRN in Romania from different perspectives [Romanian-internal/-external and (potential) beneficiaries/administration]. Particular focus was placed on actor relations. The research bloc included four e-mail surveys among the potential Romanian LAGs, the Romanian county programme agencies, as well as among Hungarian and German LAGs. The surveys were conducted in the first quarter of 2008. Within a case study on the development of two potential Romanian LAGs, the relevance of social networks and governance structures were analysed in greater detail.

Additionally, experts were consulted. At this early stage, investigations on administrative problems, as well as on experiences with administering the two policy instruments were less relevant, because in Romania, the implementation process had not yet started, and the non-Romanian actors were still confronted with the LEADER guidelines from the former funding period, or were just starting to become familiar with the new ones; and in Hungary and Germany the NRNs were in the process of being established.

A1: Survey among the potential Romanian LAGs

The sample of potential LAGs addressed within an email-survey was generated from the list of potential LEADER regions, from which representatives had participated in LEADER trainings organised by the MARD at the end of 2006/early 2007 (cp. Section 3.5) and from complementary information received from the DARDs. The questionnaires in the Romanian language dealt with: previous knowledge about and experiences with LEADER; education/trainings on LEADER; the implementation of LEADER in Romania and the assessment of involved and/or interested stakeholder groups in the regions; fulfilling the requirements for participating in LEADER (e.g. establishing of capacities, elaborating an RDC); relations between potential beneficiaries and the programme agencies (MARD and DARDs); contacts to and partnerships with other organisations; and the establishment of the NRN. The questionnaire was designed in such a way that issues raised were also fielded from the perspective of the county programme agencies (DARDs). At the time of the survey, 105 Romanian LAGs were active. Of these, 37.1% (39 LAGs) were surveyed.

A2: Survey among the Romanian Directorates for Agriculture and Rural Development

The questionnaire in English that was directed to the 42 DARDs via e-mail was in its content very similar to that directed to the potential LAGs (see Research activity A1), and included an additional block of questions on administering LEADER. To investigate whether a particular challenge is seen with the implementation of LEADER, questions concerning the implementation of other rural development measures were also raised. A total of 33 questionnaires were returned, which equals a return quota of 78.6%.

A3: Case study on the formation process of potential LAGs

A case study on the formation of two potential LAGs in Harghita County was conducted in March/April 2008 to investigate the development process of potential LAGs in greater detail. Besides the issues dealt with in the surveys among the potential LAGs and among the DARDs (Research activities A1 and A2), in the case study governance structures and the relevance of social networks within and around the potential LAGs were analysed quantitatively by the application of Social Network Analysis (SNA), which is described in Chapter 5. By means of open questions, the surveys among potential LAGs and DARDs, which preceded the fieldwork, identified stakeholder groups directly or indirectly involved in the implementation of LEADER in Romania. These stakeholders were the starting point for a snowball sampling (Hannemann 2001; Scott 2001) that drew up the actor networks of the two potential LAGs. Within the case study, semi-structured interviews with 52 actors of the two potential LAGs and 13 organisations were conducted. The results of the two Romanian-wide surveys allowed case study findings to be discussed in a broader context.

A4: Survey among Hungarian and German LAGs

For investigating international relations of potential Romanian LAGs from an external perspective, as well as partnerships and networking activities of actors involved in LEADER, LAGs funded under LEADER+ were surveyed. The questionnaires sent to the 70 Hungarian and 148 German LAGs via e-mail⁸⁶ included questions on existing relations to Romanian

⁸⁶ The questionnaires directed to the Hungarian LAGs were also distributed by the Hungarian LEADER Network Unit during one LAG meeting.

actors, the potential for (further) partnerships with Romanian actors and reasons for not establishing such partnership(s). For reference, these issues were also examined for national or other international (non-Romanian) partnerships. The questionnaires were also in the Hungarian and German languages. The quota of return was 38.6% (27 LAGs) for Hungary and 25.7% (38 LAGs) for Germany.

A5: Expert consultation

Within this research bloc further experts were consulted with a semi-structured questionnaire. The questionnaire primarily focussed on the implementation of LEADER in Romania and relations between actors engaged in LEADER activities in general, whereupon the questions were adapted to the field of activity of each expert. The selection of experts was based on plausibility reasons; this applies, for instance, to the German and Hungarian LEADER+ Networking Unit and the Romanian Managing Authority. Or actors turned out to be crucial for the implementation of LEADER in Romania within the Research activities A1-A4.

Research activity B Operation Analyses of the Romanian agricultural administration

A deeper assessment of the framing conditions of the policy-delivery process of/around both instruments was facilitated through the author's participation in two Operation Analyses of the Romanian agricultural administration. Participation in those analyses, which formed parts of World Bank projects, enabled the author to gain decisive insight into CAP-related administrative processes, their drivers and problems, as well as the administrative culture, governance structures and the political context in Romania. Within this work, findings of the Operation Analyses have primarily been integrated into Chapter 7 on policy-making around LEADER and the NRN in Romania.

B1: 1. Short-term Operation Analysis

The first Operation Analysis⁸⁷ took place from December 2008 to February 2009. Aimed at improving the service delivered by the agricultural administration, particularly the service quality provided to Romanian farmers within the CAP, the quality of the administration's support to policy-makers, as well as the quality and client orientation of advisory and extension services were assessed. Central elements of the analysis were a farmers' survey and a bloc of interviews. A total of 26 personal expert interviews with members of the agricultural administration at the national and county levels, as well as with other key persons, were conducted in January/February 2009.

Although the implementation of LEADER and the NRN was in a period of deadlock at that time (Table 4.2) and no specific investigations in this regard were undertaken, both interviews and the survey offered a comprehensive overview of internal and external information channels and communication flows of the agricultural administration; they also highlighted general and measure-specific problems with implementing the CAP.

B2: Long-term Operation Analysis

The second Operation Analysis of the Romanian agricultural administration, which lasted from spring to autumn 2010, should contribute to achieving the aim of the Romanian government to modernise and improve the administration's ability to fulfil its external commitments.⁸⁸ This analysis included longer-term in-depth investigations of the agricultural

⁸⁷ Review of Public Service Delivery in Agriculture for Bulgaria and Romania, registered by the World Bank under the code KP-P111199-KMPD-BB. Main results of the study can be found in Labar *et al.* (2009) and Marquardt *et al.* (2009a).

⁸⁸ Concretely, the operation analysis examined the strategic management in its political and administrative dimension. In addition, factors promoting and/or limiting the efficiency and effectiveness of the agricultural and rural policy delivery in Romania were analysed.

administration and related organisations. All activities took place between early April and the end of July 2010. Among others, expert and group interviews with MARD-internal and external key actors from all administrative levels were conducted; working groups and discussions were arranged. Furthermore, the operation analysis included a survey among subordinated organisations from the Managing Authority, the Paying Agency for Rural Development and Fisheries (PARDF) and the Paying and Intervention Agency for Agriculture (PIAA). A total of 134 regional and county-level offices were surveyed with a main focus on the implementation of CAP measures, administrative burdens and costs, administrative capacities and inter-organisational relations. The quota of return was nearly 100%. Completed questionnaires were received from all 42 PIAA offices, from all 42 DARDs, from 37 of 42 county PARDF offices, and from 7 of 8 Regional PARDF offices. Complementary case studies on the listed topics were conducted in three counties.⁸⁹

For this study, participation in the operation analysis contributed additional background information on the implementation of LEADER and the NRN, and on related administrative and political burdens, as well as on governance structures. Although the NRN had still not been in place (Table 4.2), the administrative problems causing this circumstance could be investigated. As the preparatory LEADER Measure 43.1 was running during that time (Table 4.2), it was considered in the survey among sub-ordinated organisations, thereby allowing systematic data collection among a representative number of stakeholders. The longer-term orientation of the operation analysis, the several visits of the agricultural administration's organisations and of relevant events, and tracing decision-making processes, allowed the author to perform participatory observation, which was particularly relevant for examining governance processes. Information on the application of participatory observation is provided in Chapter 6. Observations were complemented by *Policy Mapping* of the influence of stakeholders in the policy-making process, which will be subject of Chapter 7.⁹⁰

Research activity C Case study on potential Romanian LAG preparing a Regional Development Concept

A case study on the elaboration process of a potential LAG's Regional Development Concept (RDC) conducted in 2010 has multiple functions in the study's conceptual framework. First, from a programme-technical point of view, the implementation of the preparatory LEADER measure was examined from the perspective of the potential beneficiaries. In this function it complements observations of the Operation Analysis (Research activity B2), where the implementation of this measure was analysed in parallel (Table 4.2) from an administrative point of view. Second, in this advanced stage of the implementation process, it was possible to investigate how far the Romanian LEADER programme is likely to support key features of LEADER, namely integrated endogenous regional development and the objective of improving governance. In this context the policy instrument's design could be analysed in a broader context and also comparison to LEADER in other Member States in the running funding period could be made. Third, by applying participatory observation a second approach to investigating governance structures at the local level could be tested by the author. Fourth, by applying MCDA, a tool for facilitating the realisation of an integrated approach with broad public participation, and for bringing evidence that an integrated approach was followed, could be given a trial.

⁸⁹ The results and policy recommendations of the Operation Analysis are documented in an unpublished report (World Bank 2010); they are also reflected in the monthly Country Reports of the Economist Intelligence Unit (see, e.g. EIU 2010, 2011).

⁹⁰ As the author's research activities went beyond the scope of the World Bank project, results presented in this book are not documented in the World Bank report, and this work does not necessarily reflect the World Bank's opinion or that of other actors involved in the project.

Within this case study, no particular attention was paid to network relations among actors involved in LEADER. The design of the case study is detailed in Chapter 6.

Research activity D Survey among the National Network Units across the EU-27

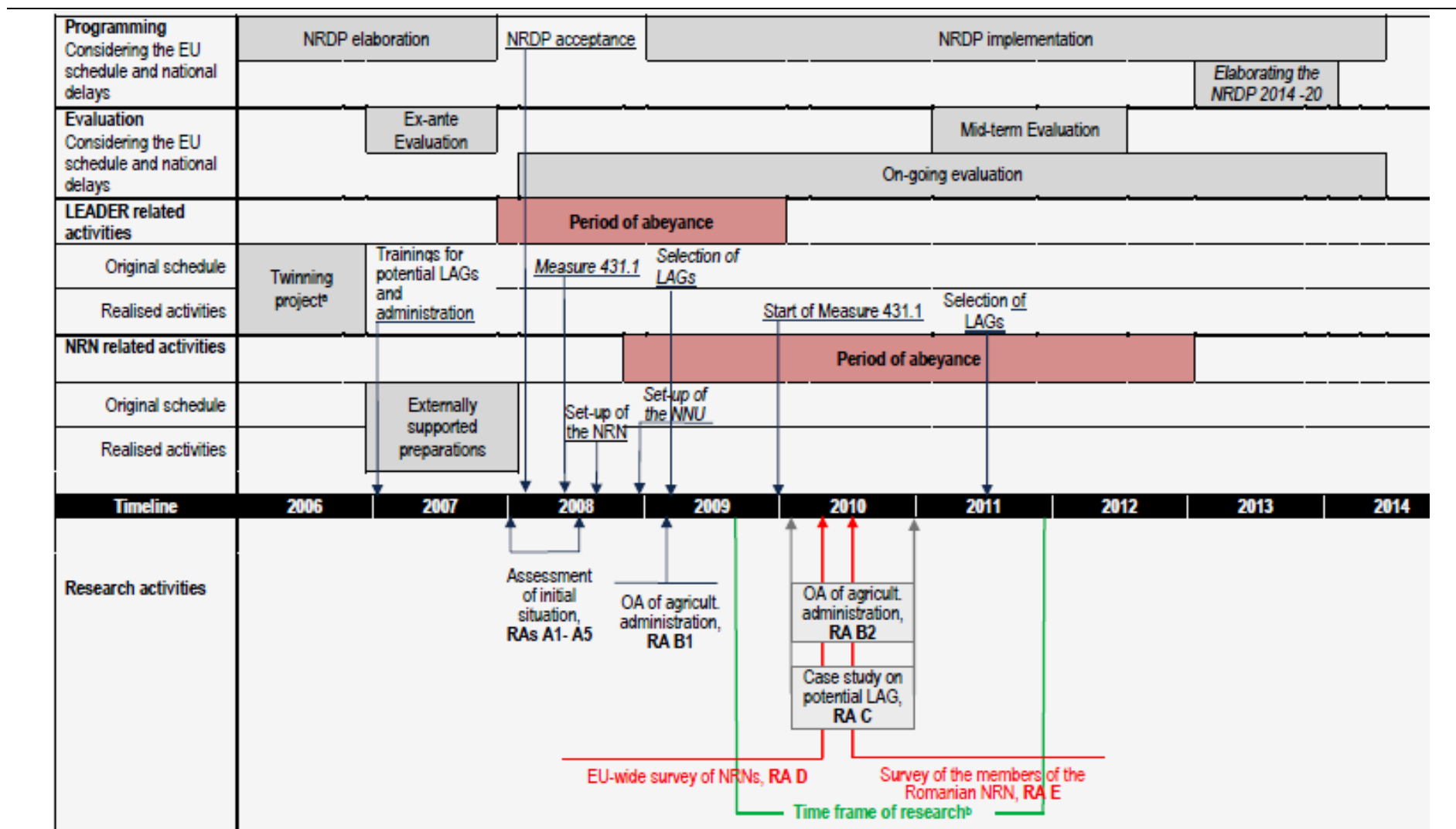
For a reference point on how NRNs work in practice, data was collected among the NRNs across the EU in 2010. At that point most of the NRNs had been working for two years, and thus had had some experience. A survey among the NNUs of the NRNs was conducted in April/May 2010. Questionnaires were distributed via e-mail, and contained four parts: A) Activities of the Network Unit; B) Countrywide and Europe-wide Networking; C) Evaluation; and D) mixed questions on, for instance, the networks' impact on governance structures. The questionnaire deliberately included many open-ended questions in order to gather in-depth information for closing the gap of literature on the NRNs. In this survey, an increased focus on open-ended questions was possible due to the small target group (known to be experts in this field). Out of 32 network units approached,⁹¹ 12 questionnaires were returned, but the responses of one NNU had to be excluded from the data analysis. The modest ratio of questionnaires returned – one third (34.4%, or 37.5% respectively) – can be explained by the fact that the ENRD Contact Point was conducting a parallel survey among the NNUs on the issue of evaluation. Furthermore, three of the networks only had a provisional network unit in place, or none at all. Survey results are laid down in Marquardt (2011).

Research activity E Survey among the members of the Romanian NRN

To identify the status quo and the development potential of the Romanian NRN after two years of abeyance during which the network only existed on paper (cp. Table 4.2), an e-mail survey among members and potential members was carried out in the summer of 2010. The sampling frame was the official list of 586 NRN members published on the MARD website. The questionnaire was sent out to the 398 members registered with an email address. In addition, the questionnaire was distributed to 69 potential LAGs, which had not been enlisted as NRN members. Due to missing email-addresses and not working email-accounts, the questionnaire reached 381 actors. The - at 16.3% - modest rate of return is discussed in Chapter 8. Questionnaire design was based upon the findings of the survey among the NNUs across the EU (Research activity D). The questionnaire in the Romanian language was structured into five main parts concerning the membership in the NRN, the development of the network, members' expectations of the network, a short part on evaluation, and finally a bloc of mixed questions addressing, among others, the topic of governance. Survey results also reflect the implementation process of rural development measures, which should theoretically have been supported through NRN activities.

⁹¹ The questionnaires were sent to the 32 national and regional network units listed on the "Contact list of National Rural Networks" on the ENRD website (www.enrd.eu, accessed 01.04.2010). For simplification, regional network units are also referred to as "NNUs".

Table 4.2: Research activities in the context of the planned and realised schedule of programming and implementing LEADER and the National Rural Network in Romania



Note: LAG = Local Action Group OA = Operation Analysis NNU = National Network Unit NRDP = National Rural Development Programme
 NRN = National Rural Network RA = Research activity

^a Within this project Hungarian, French and German actors supported the Romanian Agricultural Ministry with the preparations for implementing LEADER.

^b The registered period shows the duration of the dissertation project.

Other research activities

To obtain a better overview of the implementation of both instruments across the EU in the current funding period, the participation in events, such as a LEADER Cooperation Fair in Scotland in 2010, events organised by the German NRN, or a meeting of the NNUs in 2010,⁹² was very helpful. These undertakings were particularly relevant for assessing the functioning of the NRNs, about whose running hardly any reports had/have been published.

4.4 Weaknesses of the Study design

When viewed retrospectively, the study design has some weak points. Ideally, the second case study (Research activity C) would have been complemented not only by a nationwide survey among the programme agencies (Research activity B2), but also by a survey among the potential Romanian LAGs participating in the preparatory LEADER measure. As implementation of that measure was unpredictable, however, arranging a nationwide survey was hardly possible. Instead, individual LAGs and other key experts were consulted. Alternatively, a second case study on the implementation of the preparatory LEADER measure could have been conducted in parallel to that described under Research activity C. This, however, would have been challenging in terms of manageability, because Research activity B2 was also running at that time. A follow-up assessment among the LAGs participating in the first 2008 survey (Research activity A1) after the final selection of LAGs might have enhanced study results, but in the middle of 2011 the empirical data collection had already been finalised. Another shortcoming of the study design is that for assessing policy-formation and -implementation processes, the European level was only treated as a passive actor that expressed itself through regulations, or its role was assessed by other actors.

That the running of LEADER Measure 42 supporting the LAGs' cooperation projects, as well as the NRN could not be followed was owed to delays and the unpredictability of the implementation process.

⁹² The LEADER Cooperation Fair was organised by the Scottish NRN in cooperation with the ENRD Contact Point. For details, see: <http://www.ruralgateway.org.uk/en/node/2515>, accessed 17.10.2011. For the agenda and protocols of the NRN meeting, see the documentation of the ENRD Contact Point under http://enrd.ec.europa.eu/en-rd-events-and-meetings/nrn-meetings/en/nrn-meetings_home_en.cfm, accessed 17.10.2011.

Social Networks and Rural Development: LEADER in Romania⁹³

5.1 Introduction

The LEADER programme has a remarkable track record in the EU, and is explicitly designed to embrace and interlink the diversity of rural regions. Yet, its comprehensive character is not only the source of its success but is likely to be a challenge for its implementation, especially in NMSs of the EU and capacity-building might be indispensable. Hence, the statement that in Romania with the CAP also LEADER has to be introduced in the period 2007-2013, is very indefinite, when the instrument's establishment in that country is to be examined. - The programme's implementation requires manifold (social) interactions among various stakeholders: not only are partnerships and EU-wide networking inherent features of LEADER, but multilevel and horizontal processes are also essential for administering the programme. This complexity and the novel governance structures on the one hand, and the Romanian cultural, historical, and political-administrative context on the other, pose serious challenges to the involved LEADER actors, i.e., the beneficiaries and the administration.

Research presented in this chapter concentrates on a very early stage in the implementation process of LEADER in the NMS Romania. While the potential added value of networking and partnerships within LEADER as well as improved local governance is observed in research, the initial phase of LAG evolution has not been the subject of much scholarly attention, although this phase often determines the success or failure of integrated development and partnerships. Also the programme's administrative implementation is widely neglected. The focus of this research is on the formation of *potential* Romanian LAGs in the pre-implementation phase. Their forming social networks are analysed, whereupon the focus is on governance structures and the role of social capital in the capacity-building for fulfilling the requirements for participating in LEADER as well as on the role of the administration and flows of information going along and/or influencing the programme's implementation. The latter entails that not only potential beneficiaries are considered, but all stakeholders directly or indirectly involved in the implementation process. While most studies on networking and governance within LEADER build upon qualitative research, this chapter provides quantitative insights into specific properties, structures, and dynamics of social networks. The core methodological tool used is Social Network Analysis (SNA).

An overview of the situation in the rural areas and the administrative and political setup for the implementation of LEADER in Romania has already been given in Chapter 3. The next sub-section embeds the research into the theoretical context. Next, the research design and the SNA approach are presented. The following two sub-sections are devoted to the presentation and discussion of the SNA results. The chapter finishes with the conclusions.

5.2 Theoretical context

The LEADER concept has been applied in Western Europe since 1991 (Chapter 3). Its once novel and still unorthodox approach to rural development has attracted scholarly attention. In particular, partnerships and networking (e.g., Farrell and Thirion 2005; Moseley 2003; Ray 2001a) as well as local governance (see an overview in Pemberton and Goodwin 2010) have been examined. Actor constellations (Fürst 2007; Sousa Uva 2007) and power relations (Derkzen *et al.* 2008) have aroused particular interest. To the former communist countries in

⁹³ An journal article similar to this chapter was originally published in *Sociologia Ruralis* 52(4): 398-431. Reproduction was kindly permitted by the copyright holders and Wiley Publishing, UK.

the EU some of the programme's features are entirely new, for instance, its integrated rural development approach including horizontal networking and decentralised management, which postulate new modes of governance (Lošták and Hudečková 2010; Maurel 2008). As underlined earlier, practising certain modes of governance depends on the political and geographical context and the social, cultural, economic, and legal systems; thus, it can be expected that the countries' recent political and civil heritage of socialism inevitably gives rise to a different implementation context from that in states with longstanding democratic traditions (Furmankiewicz *et al.* 2010; Macken-Walsh 2010). Consequently, the governance model of LEADER is received differently in the context of the NMSs and therefore, rural governance in the NMSs is indeed a subject of growing interest. Nevertheless, in fact, there are still many open questions, including the role of supra-local governmental actors (Furmankiewicz *et al.* 2010) and the long-term impact of new modes of governance in the NMSs. The preliminary evidence from the NMSs suggests significant cross-national variations in the responsiveness of local communities to the LEADER approach (Maurel 2008). The fact that Romania is known as one of the most civically "fragmented" Eastern European countries (Pop 2002, p. 338) instigates particular speculations on the perception of the LEADER approach in that country and on challenges of its introduction. However, although macro-structures within a country or region – such as legislation, types of regimes, level of decentralisation and level of participation in policy-making – affect levels of social capital and there is data at the national level for such indices available (Section 3.5), the behavioural attributes of individuals and relations among them and how communities adapt and organise themselves within these macro-structures requires further investigation (similar to Murray 2008; see also Box 2.1; Chapter 4; Footnote 58).

The initial phase of potential LAGs is crucial since it often determines the success or failure of integrated development and partnerships (Ray 1999). Capacity-building is also decisive for becoming selected for participating in the programme (see Shucksmith 2000). Furthermore, Convery *et al.* (2010) point to the relevance of the initial situation of a LAG for the development of its governance structures with respect to "who" is involved and "why". Also, the development of collective actions (Juska *et al.* 2005) and the qualities of a particular network (Lee *et al.* 2005) much depend on the pre-existing context or on pre-existing social networks, respectively.

In this chapter two important gaps in the literature are addressed. First, it is focus on the initial phase of implementing LEADER, including sowing the seeds of the EU programme and the development of potential LAGs. Second, the role of administration in the LEADER implementation process, which will be subject to in-depth investigations in Chapter 7, is examined.⁹⁴ - Although administrative issues can have a significant influence on a policy instrument's effectiveness (Peters 2000) they have found little consideration in the context of LEADER. Having outlined these focal points the following comprehensive research question is raised: What relevance do social networks have for the implementation process of LEADER in Romania?

Social networks – in the form of "networking" and partnerships – are inherent to LEADER (Lukesch 2003; Marquardt *et al.* 2009b; Chapter 3). Their benefits are often described as social capital (Farrell and Thirion 2005; Moseley 2003). Repeated social interaction, trust and norms are relevant for its creation, and social control as well as benefits for individuals or collective action might result from its creation (Chapter 2). That said, the LEADER approach

⁹⁴ Indeed, comparing the investigation period of the research presented in this chapter with the course of implementation of LEADER in Romania (Table 4.2) shows that apparently no major administrative action occurs until the end of 2009. Nevertheless, the question for the driving and/or missing forces of the lingering implementation remains, not to mention, that it was planned that programme agencies stay in permanent contact with the potential LAGs once trained at the end of 2006/ early 2007 (Section 7.3.1).

itself is advocated as being based on social capital (Shucksmith 2000). Viewing social capital as both a prerequisite for and outcome of applying the LEADER approach is not contradictory. In the present case of partnership building, ideally, local actors find in such social structures enabling various stakeholders to cooperate; this is facilitated through social capital (Coleman 1988). Its presence then allows reaping the benefits of collective action (cp. Ray 2002). This social production of creating power to act and accomplish common goals is one (important) form of capacity-building (similar to Shucksmith 2010) and is also reflected in governance processes. Still, some ambiguous elements related to social capital, such as uneven distribution of its benefits among actors involved (Lee *et al.* 2005) or exclusive effects emanating from partnerships (Nardone *et al.* 2010), remain.

The network approach allows embracing the concept of social capital, which refers to the relationships among social actors (Bourdieu 2001). - As learnt in Chapter 2, a number of approaches describe the phenomena and concepts of the different kinds of networks (Weiligmann 1999). An essential initial point for network-analytical research is that, despite being a multifarious field, the key feature of network theory is its focus on relations, i.e., on relations between individual actors in social networks (Stenlas 1999). Actor relations are manifested in different kinds of ties, e.g., exchange relations. There is, however, no consensus among network theorists about how to interpret certain network properties (Stenlas 1999). Granovetter (1973), for instance, introduced the differentiation between strong and weak ties. Following that concept, the strength of a tie is formed by a combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services that characterise the tie. For assessing causes and effects of networks, network theory can be fruitfully supplemented by case-specific theories such as those on innovation transfer (Jansen and Wald 2007).⁹⁵

Following a network theoretical approach for pursuing the research interests is not only advantageous because of the direct link to two key features of LEADER, but also because many pivotal features of the programme's implementation process are based on social networks. Implementing LEADER implies the creation of effects on institutions, stakeholders' configurations, and decision-making processes among local and administrative actors when it comes, for instance, to the foundation of formal partnerships or the execution of new administrative actions. From a technical perspective, the implementation of LEADER requires the transfer of information. Because the network concept is multidimensional and works on different levels of abstraction (Chapter 2; Table 2.1), it does not only allow the reflection of different kinds of social interactions and the examination of them as a comprehensive set network-analytically but it also allows the formation of an essential basis for the interpretation of less tangible aspects such as the creation of social capital or the distribution of power. The network perspective thus provides integrated insights in terms of the drivers and constraints of such processes.

5.3 Study design

Although local governance, networking, and social capital have attracted researchers' attention, there are as yet no general systems for assessing the impact of networking and

⁹⁵ Beyond the general background on network theory provided in Chapter 2, fields of network applications, that are close to the research presented in this chapter, are, for instance, theories of policy networks (Scharpf 2000; Windhoff-Heritier 1993) and information networks (see e.g. Weiligmann 1999) as well as those of regional networks. The literature on regional development refers to several approaches based on network theory, for instance, innovation networks (see e.g. Pilon and DeBresson 2003) or the approach of the "learning region" (Seri 2003; Stahl and Schreiber 2003), which follows the idea that regional actors learn to organise themselves to assure the sustainable development of their region.

partnerships and governance processes.⁹⁶ Also, the application of one of the strands of network theory does not necessarily remedy this circumstance. Thus, while qualitative research on networking and governance within LEADER (e.g. Convery *et al.* 2010; Pemberton and Goodwin 2010; Scott 2004) is common, and studies which assess interactions only using indirect indicators such as the number of associations and members (see e.g. Farrell and Thirion 2005) can be found, quantitative research directly assessing the impact of the relationships of actors is rare (e.g. Nardone *et al.* 2010 apply a synthetic measure for capturing LAGs' internal social capital).

This chapter provides quantitative analyses of social networks on the basis of relational micro-data by applying SNA. SNA traditionally belongs to the quantitative methods (Wasserman and Faust 1994)⁹⁷ and can reveal with mathematical and statistical features the underlying dynamics of social networks, i.e., the changing network properties over time (Wagner *et al.* 2005). SNA allows the systematic assessment of social capital, governance, and information (cp. Jansen 2000; Sedült 2005; Wald 2011). SNA concentrates on the relational dimensions of network structures (Hollstein 2006), while the entities' attributes are secondary (Wald 2011). This is a clear difference to the paradigm of the empirical-analytical social research (Sedült 2005). Subjects of SNA can be both networks as organisational structures, as well as empirical or even abstract phenomena declared by the researcher as a network for the purpose of investigation (Table 2.1).

In SNA, a social network consists of “a finite set or sets of actors and the relation or relations defined on them” (Wasserman and Faust 1994, p. 20). The term “actor” is used for individuals as well as (formal and informal) organisations. As opposed to institution-economical and neo-institution-economical approaches, SNA is not inherently linked to specific structural conceptions (Jansen and Wald 2007; Schulz-Schaeffer 2000); SNA allows the nature of relational structures between entities to be investigated. Even less predictable informal structures can be identified (Schenk 1984), which is an important advantage, particularly when assessing governance structures with different degrees of institutionalisation. Another merit of SNA is its approach to the understanding of non-reducibility: single relations are considered in a comprehensive network. The underlying question is (Hollstein 2001): what effect do certain network properties have for interpreting interactions in a network? This means that not only is the position of single actors important, but also the actor constellation in the overall network context is considered. This becomes relevant since, for instance, a statement about the power of a certain actor cannot be made based on a single relation between this actor and another because the power of individual actors is “not an individual attribute, but arises from their relations with others” (Hannemann 2001, p. 75).

The core of the empirical research is a SNA within two case-study LAGs in Transylvanian Harghita County, Romania (**Research activity A3**, see Chapter 4). The social network relations were identified within semi-structured interviews conducted in spring 2008. Additionally, the research presented in this chapter draws on unique and nationwide surveys: 39 potential Romanian LAGs⁹⁸ as well as various (programme) agencies, among them 33 Romanian DARDs, were surveyed in early 2008 (**Research activities A1 and A2**). Moreover,

⁹⁶ The lack of a coherent system for assessing the intangible values resulting from LEADER (Chapter 3) has become obvious in formal programme evaluations, where qualitative data collected across the EU Member States can rarely be aggregated. The issue of assessing the impact of LEADER is discussed, e.g., in Grieve and Weinspach (2010), High and Nemes (2007), Midmore (1998), and Schuh *et al.* (2006). The latest guide on assessing the impact of LEADER (Grieve and Weinspach 2010) suggests the application of SNA for complementary in-depth research of individual LAGs, but it cannot provide a LEADER-related example.

⁹⁷ For details on the evolution of the SNA methodology and its peculiarities, see Box A.5.1.

⁹⁸ In this and the following chapter, the LAGs in Romania are referred to as “potential” because selection of those that will receive financial support under LEADER had not yet taken place. Hereafter “potential” will be omitted to improve readability of the text.

survey data from LAGs in two selected EU countries, Hungary and Germany (**Research activity A4**), in which LEADER is already successfully implemented, complement the database. In Romania, 72% of LAGs emerged from microregion-associations. This characteristic also applies to one of the two case-study LAGs (LAG-MA). The second case-study LAG developed bottom-up (LAG-BU). For the SNA, experiences with LEADER in the EU-25 were reviewed to identify potentially influential factors within the implementation process in Romania. While some factors could be directly translated into relational data, e.g., “informal contact”, others had to be operationalized either into network relations or attributes linked to the actors in the network. Noteworthy at this point - despite SNA is seen as suitable means for operationalizing and analysing, for instance social capital, there is no unique approach to do so and the interpretation of assessed structure of social network, is not self-evident, and again different approaches are suggested by scientists (cp. Bartol and Zhang 2007; Inkpen and Tsang 2005; Jansen 2000; Noteboom 2003; Sedült 2005; Stenlas 1999). Comprehensive network data were collected among the stakeholders of the case-study LAGs. The networks were identified by snowball sampling (Hannemann 2001; Scott 2001). The starting point for the snowball sampling procedure were stakeholders directly or indirectly involved in the implementation of LEADER in Romania. Open questions in the Romania-wide surveys that preceded the fieldwork for the SNA ensured that all key actors were considered in the SNA. Within the study, 52 actors of the potential case-study LAGs and 13 organisations were surveyed with a contact matrix for collecting relational data. A contact matrix reveals whether or not there is any relation among all actors in the network.

Two kinds of social networks can be distinguished: a) open networks, in which actor relations are surveyed through open questions and only a part of a network is constituted; and b) complete networks, in which the sample of actors is fixed. The properties of complete networks, even if differing in size, can be compared with each other. In this chapter both, open and closed networks are calculated. While for some SNAs the full sample including the administration and the two LAGs with their networks was used (see e.g. the communication network presented in Figure 5.1), other analyses based on sub-samples of actors. Changes in the actor constellations of the case-study LAGs were revealed through retrospective data collected between 2006 and 2008. Different types of relations were analysed, including "forms of communication", "formal and informal contacts", "experience with other actors", and "flows of information" (see Table 5.1).

Table 5.1: Analysed social network relations and their methodological attributes

Relation	Form of data collection		Type of SNA	
	Contact matrix	Open questions	Complete	Open
Communication	✗		✗	
Formal contact	✗		✗	
Informal contact	✗		✗	
Initial information		Who first told you about LEADER?		✗
Current information		Who gives you current information about LEADER?		✗
LAG-internal information flows		Who informs you about the LAG? Whom do you inform about the	✗	
LAG-external information flows		Whom do you inform about the LAG? (Who informs you about the		✗
Outreach of the LAG		Who alerted you to the LAG and whom did you solicit to join the		✗
Relation established through LEADER	✗		✗	
Experience with other	✗		✗	
Importance of the contact	✗		✗	

Communication structures are important because they affect cooperation, norms, and social learning, among others (Murray 2008). As a set of actors can be interlinked by various relations at the same time, several networks with different network properties can be analysed for one set of actors. It is differed between *multiplex* and *uniplex* relations. A relation between two actors is classified as *multiplex*, when it is relevant in different contexts (cp. Schnegg and Lang 2006).

The data was processed using the SNA software UCINET (Borgatti *et al.* 2002). In the graphical presentation of networks, actors are represented as nodes connected by lines. Table 5.2 summarises the SNA terminology and important network properties and their calculation.

Table 5.2: SNA network properties

Network property	Description and calculation
Network size	Number of actors in a network.
Network density	Number of ties in a network, expressed as a proportion of the maximum possible number of ties, which is: $\frac{n \times (n-1)}{2}$, where n = number of actors.
Degree(-centrality) (of an actor)	Total number of actors to which the examined actor is connected. This measure is standardised by expressing it as a percentage of the maximum possible connections.
- Out-degree	Relations to which the focused actor is connected by outgoing arrows.
- In-degree	Relations which have arrowheads directed toward the focused actor.
Network centralisation	Measurement of how tightly the graph is organised around its most central point(s). The differences between the centrality scores (e.g. the degree-centrality) of the most central point and those of all other points are measured. Centralisation, then, is the ratio of the actual sum of differences to the maximum sum of differences (Scott 2001, p. 90).
Isolator	Actor with a <i>degree</i> of 0% – i.e., with no <i>in-</i> and no <i>out-degree</i> .
Betweenness (of an actor)	For each actor, the proportion of times that they are "between" other actors, e.g., for sending information, is measured. This measure is standardised by expressing it as a percentage of the maximum possible <i>betweenness</i> that an actor could have had.
Weighting of relations	<i>Binary</i> data reflect whether there is any relation between actors or not. <i>Valued</i> data consider the intensity of the relation numerically.

5.4 Development of potential Romanian Local Action Groups

The pre-development phase is decisive for the development paths of LEADER regions. It begins with the first initiative, continues with capacity-building and strategy elaboration, and results in the formal application process (see also Ray 1999). The empirical work presented below gives a detailed and unique insight into this phase in Romania. However, due to delays for an indefinite time in the implementation process (Section 3.5; Table 4.2), the application itself is not included in the network-analytical tracing of the development paths of two potential LAGs.

In principle, both case-study LAGs could have started to build up capacities for participating in LEADER at an early stage because initial pieces of information about LEADER had already reached them in the 1990s. For instance, actor BU-1 of LAG-BU had heard about LEADER shortly after the programme was launched in the EU-15 from the Council of Europe. In the following the social networks of LAG-MA, which evolved out of an intercommunal microregion-association (cp. Section 3.5), and of LAG-BU, which emerged bottom-up, are analysed. The two LAGs are compared in terms of three major funding criteria (NRDP 2010): (1) the foundation of a PPP; (2) regional outreach in terms of the target population served and the human, financial, and administrative capacities created; and (3) the

elaboration of regional development strategies and establishment of management structures, as well as (4) their compliance with the participatory approach of LEADER and their adoption of new modes of governance.

5.4.1 Establishing Public-Private Partnerships

Establishing a PPP is a major requirement for LAGs to become eligible for funding under LEADER. Nonetheless, the survey of Romanian LAGs revealed that in early 2008 the majority (76%) still had no legal status. Regional development activities in the territory of **LAG-MA**, started in 2000 when a microregion-association was founded by the communes; it was financially and technically supported by the County Council. In 2006, the microregion-association began preparations for participating in LEADER. It featured a closed network of ten mayors and a regional manager. The *density* (definition in Table 5.2) of the communication network, i.e., the overall proportion of ties, was 100% in 2006 (Table 5.3),

Table 5.3: Development of densities for selected relations of the social networks of the case-study LAGs

	LAG-MA		LAG-BU	
	Established in 2000		Established in 2002	
In 2006	11 Actors		7 Actors	
	Network density (%)	Centralisation (%)	Network density (%)	Centralisation (%)
Communication <i>binary</i>	100.00	0.00	80.95	13.33
Communication <i>valued</i>	93.50	1.67	34.87	37.50
Formal relations	84.30	0.00	50.00	16.67
Informal relations	39.67	44.44	40.48	30.33
Multiplex relations	37.19	44.67	14.29	13.33
In 2007	15 Actors		24 Actors	
Communication <i>binary</i>	80.95	12.09	47.00	44.66
Communication <i>valued</i>	71.14	15.66	34.75	35.08
Formal relations	67.11	15.38	18.30	43.48
Informal relations	25.78	49.45	25.72	50.20
Multiplex relations	22.67	46.70	5.07	13.83
LEADER ^a	2.86	18.13	28.96	90.12
Relation established through LEADER activities	5.7	---	11.20	---
No contact ^b	18.57	---	52.36	---
LAG-internal transfer of information	5.56	75.61 (OutDegree)	2.98	41.98 (OutDegree)
Early 2008	24 Actors		28 Actors	
Communication <i>binary</i>	at least ^c 74.00	---	at least ^c 45.00	---
Up till 2008	27 Actors (LAG members + external actors)		35 Actors (LAG members + external actors)	
Alerted to join the LAG	---	37.44	---	12.69

Note: ^a The relation "LEADER" was registered if two actors solely had contact through LEADER activities.

^b Actors have "no contact" if they communicate personally (beyond saluting) less than once per year.

^c For this calculation, relations between recently joined actors were not considered, only their relations to established LAG members. Therefore, the real network density might be higher than the density shown here.

which implies that all actors were connected to each other and well embedded in a fixed actor constellation from 2000 to 2006. The *density of valued network relations*, which accounts for the actors' contact frequency, is also high at 94%. 37% of the relations were multiplex

(meaning formal and informal contacts); multiplexity can be seen as an indication of strong ties (Granovetter 1973). However, additional private and public partners had to be included to formally establish a LAG. One key constraint was that the general public was not aware of the potential LAG. Only selected public employees and individual business people were "invited" to join. It soon became clear that public partners were preferred by the communes over local civil society organisations, which is no uncommon phenomenon (HCC 2005). Commune authorities are generally better able to calculate the activities of public entities, which are also better equipped with administrative capacities and institutional relations. However, the LEADER guidelines permit the involvement of public partners only up to 50%. The microregion-association therefore opened its network strategically. The network of the relation "alerted to the LAG", which indicates which actor has won new LAG members, is highly centralised around the microregion-association, its key actors, and the LAG-external County Council (Table 5.4). Abruptly, the total number of LAG members increased considerably by 2008 when the application deadline neared (Table 5.3). Moreover, the low density (5.7%) of the network of "relations established through LEADER activities" indicates that most LAG members had known the "invited" actors before. However, the 'invited' actors take an outsider position in the LAG-MA. They are not well connected and have a low degree of links in the communication and LEADER-related information networks.

Table 5.4: Actors' position in selected social networks of the two case-study LAGs

In 2007	LAG-MA		LAG-BU	
	15 Actors		24 Actors	
	Actor	Degree (%)	Actor	Degree (%)
Communication (binary data)				
Highest ranked actors	Regional manager	100.00	LEADER-Animator	100.00
	Consultant	100.00	Private actor BU-5	100.00
	President	100.00	Private actor BU-1	95.65
	Mayor MA-11	100.00		
	Mayor MA-12	100.00		
Communication (valued data)				
Highest ranked actors	Regional manager	96.43	LEADER-Animator	75.00
	Mayor MA-11	96.43	Actor BU-5	70.65
	President	94.64	Mayor BU-6	55.44
LAG-internal transfer of information				
Highest ranked actors	Regional manager	78.26	LEADER-Animator	55.56
	President	34.78	Private actor BU-1	22.22
	Mayor MA-15		Private actor BU-9	11.11
			Private actor BU-2	11.11
Isolators	2 Actors	0.00	0 Actors	0.00
Transfer of information about the LAG to internal and external actors				
Highest ranked actors	Regional manager	65.52	LEADER-Animator	43.59
	President	31.03	Private actor BU-1	23.08
	Mayors MA-6, MA-8, MA-15, Representative of a NGO/ employee of a commune	3.00	Private actor BU-22, member of two associations	7.69
Relation established through LEADER activities				
Highest ranked actors	Regional manager	28.57	LEADER-Animator	91.30
	Consultant	28.57	Private actor BU-5	30.44
	Mayor MA-2	21.43	Private actor/ pastor BU-7	26.09
	Mayor MA-5	21.43		
Alerted to join the LAG^a				
Highest ranked actors	Microregion-association	40.00	Private actor BU-1	15.63
	Regional manager	20.00	LEADER-Animator	15.63
	County Council	20.00	Private actor BU-5	15.63
	President	20.00	Private actor BU-9	12.50
Isolators	19 Actors	0.00	20 Actors	0.00

Note: ^a In this network a high degree of an actor indicates that the actor has alerted many other actors to join the LAG.

Furthermore, the *density* of the communication network decreased substantially after the network expanded. While all possible ties were active (*density* = 100%) from 2000 to 2006, the proportion of the maximum possible number of ties decreased to 81% in 2007 and to at least 74% in 2008 (see Table 5.3, Note c). The invited actors had created an imbalance in the LAG-MA and, probably, due to the reduced density, caused a lower level of trust and social control within the network (see the findings of Russo and Rossi 2009). Owing to such network constellation, with a core of high density with multiplex relations, less integrated individual private actors found it unappealing to conclude a contract with the microregion-association. Moreover, some actors' expectations were wrong. Invited businessmen believed LEADER to be similar to the pre-accession programmes. Instead of receiving co-financing for single (independent) projects, they found themselves confronted with complex integrated regional development strategies which potentially thwarted their individual investment strategies. Once they had gained a clearer understanding of LEADER, their interest in the programme decreased.

LAG-BU was initiated in 2002 by seven private actors, some of whom were well embedded in the region. The initiative grew slowly into a loose, outgoing network of 28 actors with a mixture of informal and formal relations. Interestingly, the proportion of the maximum possible number of ties (*density*) within the communication network decreased over the years. It was 81% between 2002 and 2006, 47% in 2007, and at least 45% in 2008 (Table 5.3). When the initiative had to register as a potential LAG in 2006, the *density* of the networks of formal and informal relations was 50% and 40%, respectively. Only 14% of the relations were multiplex. The *valued network density* remained at around 35% over time. The contact frequency among the founders from different villages remained moderate, and a lack of contact of new members is compensated for by the dense communication relations among new and old members within villages.

Overall, compared to LAG-MA, the relations within LAG-BU show a less binding and less tight notion. The much more diverse actors in the LAG-BU – including better-off business people, teachers, and farmers – collaborated owing to their common interest in developing their region. This is an essential prerequisite for establishing social capital (Farrell and Thirion 2005). LAG-BU also accepted economically weaker members. This can partly be explained by the remote and mountainous location in which mutual aid is inherent in the local culture, for both the poor and the elites.⁹⁹ Furthermore, norms are held dear in a rural milieu, and social control, which tends to be strong in a non-anonymous context, exerts pressure to respect them.¹⁰⁰

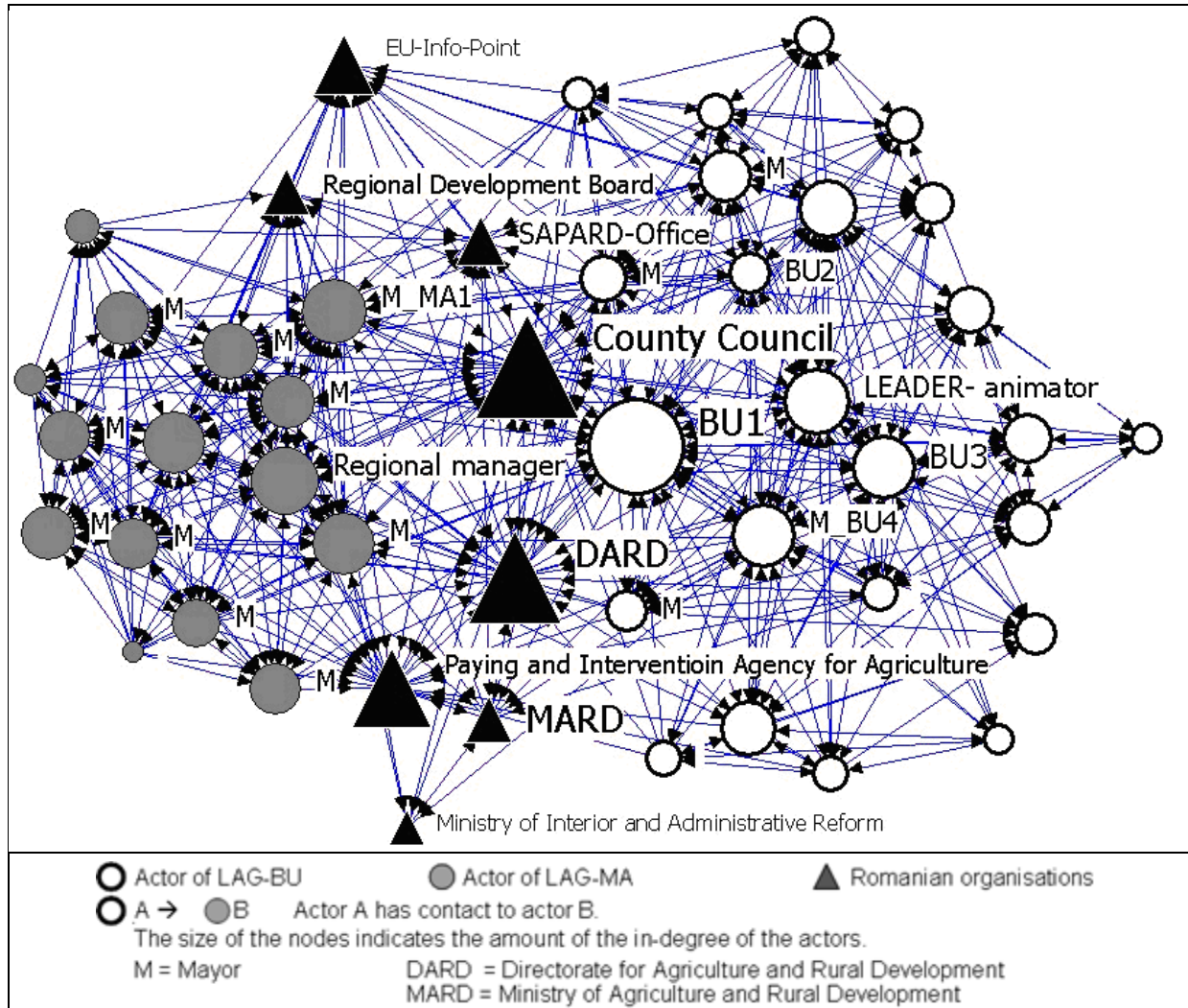
Although LAG-BU was socially well embedded in the region, the necessary collaboration with mayors was not a matter of course. To persuade mayors to become involved, private actors with a strong supra-regional reputation served as connectors. Due to their high *in-degree* (definition in Table 5.2) in the communication network, they were able to exert influence within the region. For instance, the private actor BU-1 is well known by many

⁹⁹ The correlation between mutual reciprocity as a (survival) strategy and limited local opportunities is illustrated by Meert (2000). Among other things, he shows that deprived rural households rely more on their social networks because of, for instance, a less dense network of public services or limited access to markets, while deprived urban households can rely on the welfare state. For an outline of similar coping strategies of villagers, see also Matějů and Vitásková (2006). Also, the participation in such exchange networks is certainly likely to decrease with higher socio-economic status in disadvantaged areas (see Matějů and Vitásková 2006).

¹⁰⁰ A geographical definition of rurality or a rural milieu is not sufficient, or following Pahl (1966, p. 322), a “fruitless exercise”. Although there is no commonly agreed definition of rurality or rural areas, it is widely accepted that rurality and certain features of the social structure are interlinked. [See, for instance, Harrington and O'Donoghue (1998)] Henkel [1999], and Pahl [1966]) While Pahl denies any spatial dependency of rurality, it is suggested in this chapter that rurality should be seen as a characteristic which can be temporarily linked to a place through social structures. In line with Harrington and O'Donoghue (1998) and Henkel (1999), certain social phenomena such as the relevance of traditions and church are taken as important indicators.

individual and organisational actors beyond the region (Figure 5.1; Table 5.5). He facilitated the integration of four mayors into LAG-BU by 2006. With an *in-degree* of 68%, he is more central than the mayors of LAG-BU. It is noteworthy that this convincing power results from weak ties as indicated by the less central position of actor BU-1 in the *valued* communication network – most of his relations are characterised by a low contact frequency.

Figure 5.1: The in-degree-centrality in the communication network between the actors of both potential local action groups and selected organisations



In the case-study region, social capital in the form of the large personal networks of individual key actors was used in the interest of the community for controlling the power of the mayors. Similarly, power imbalances resulting from an unequal distribution of financial resources among actors might be compensated for by social capital (see also Derkzen *et al.* 2008; Shucksmith 2000). However, it is also likely that groups with weak social and cultural capital are excluded from the LAG (cp. Shucksmith 2000).

In summary, numerous obstacles stand in the way of meeting the requirement to establish formal PPPs, and they differ depending on the structure and development of the LAG network. On the one hand, LAG-MA can build on a contracted network of strong ties among members of equal status. On the other hand, the consolidated network of mayors hindered the integration of new, especially private, actors. LAG-BU draws on a less dense network with a high ratio of informal relations, which is a challenge, and requires an even higher level of trust because - as Bartol and Zhang (2007, p. 8) point out - “weak ties generally offer greater

opportunities for aspiring leaders to expand their capacities than do strong ties”. Nevertheless, transforming an informally coined, less dense network into a formal PPP is difficult owing to the widespread aversion to formal affairs in Romania (cp. Section 3.5.2.1). Compared to the open, participatory approach of LAG-BU, it is effortless for LAG-MA to establish the trust which is needed for signing a contract (see Matějů and Vitásková 2006; Murray 2008) because actors are already linked through strong ties and "selected newcomers" are known. However, the more open, non-binding, and informal network structure of LAG-BU facilitates the inclusion of diverse members.

5.4.2 Critical mass on regional outreach – who is served by LAG activities and to what extent do LAGs advance human, financial, and administrative capacities?

The Romanian LEADER programme stipulates that LAGs must demonstrate human, financial, and administrative capacities. Furthermore, when applying for LEADER they must have reached a critical mass or, in other words, a certain level of outreach in terms of population in the communes involved.

In the case of **LAG-BU**, it was not possible to attain the minimum of 10,000 regional inhabitants. Ultimately, this led to the break-up of LAG-BU in late 2008. Despite the support of an external LEADER-animator from a supra-regional organisation, which was appreciated by almost all actors, efforts to attract mayors and formal members from the neighbouring communes failed. It appears that LAG-BU faced constraints to expanding its social network, because there was not enough time for trust to be consolidated. The establishment of trust was hampered by a lack of social and geographical propinquity. New actors could be attracted by the LEADER-animator, but had difficulty integrating fully because they lived in a different, less rural social milieu (see Footnote 100) and were geographically separated, which hampered the development of the social network in LAG-BU (see also Stahl and Schreiber 2003). This phenomenon is highlighted in the SNA by clusters bridged by the LEADER-animator. The cluster affiliation correlates with both the geographical position of the actors and certain socio-cultural attributes.

According to Diller (2002) strong ties impart trust. Given what makes up strong ties, according to Granovetter (1973), and that many members of the potential LAG-BU only got to know each other through LEADER (the *density* of the relation “Relation established through LEADER activities” is 11.2%) or had no contact in 2007 (Table 5.3), more personal meetings among the actors would have been needed. Apart from the fact that ties might become stronger through increased contact frequency, the duration of a relation underpins its stability (Hollstein 2001). This stability then again potentially leads to increased trust. Therefore, more time would have been needed for LAG-BU to consolidate. The actors involved in the original initiative, the slowly-grown network, continue to collaborate even without the possibility of obtaining financial resources from LEADER.

For the ten communes of **LAG-MA**, it was less difficult to formally reach the critical mass. However, LAGs emerging from microregion-associations are likely to serve only a relatively small number of selected regional stakeholders. Such lack or deliberate avoidance of participation leads to a decreased legitimacy for regional public spending (Böcher 2008; Bruckmeier 2000; Goodwin 1998 and Ray 1999). Because LAG-MA does not represent a slowly-grown open network, it lacks the social capital that would enable it to make the best use of the endogenous regional potential. As the stimulus for cooperation is a crucial feature of community formation (Murray *et al.* 2008), it also raises doubts whether such a constellation will survive when financial resources from LEADER run out.

Table 5.5: Calculation of the in-degree-centrality in the communication network

Consulted actors	39 Actors of both potential LAGs and 9 organisations		
Network size	48		
	Actor	In-degree (%)	
		binary	valued
Ranking (following the <i>binary</i> results)	County Council	74.47	56.92
	Private actor BU-1 (LAG-BU)	68.09	35.11
	DARD	65.96	42.02
	Paying and Intervention Agency for Agriculture	53.19	36.70
	Regional manager (LAG-MA)	44.68	34.57
	Mayor MA-1 (LAG-MA)	42.55	33.51
	LEADER-animator (LAG-BU)	42.55	32.99
	Mayor BU-4 (LAG-BU)	38.30	24.47
	Private actor BU-3 (LAG-BU)	34.04	23.40
Programme agencies	MARD	42.55	14.89
	DARD	65.96	42.02
Distribution			
Min		4.26	3.19
Max		74.47	56.92
Mean		28.73	21.12

Note: Binary data reflect whether or not there is any contact between actors.

Valued data reflect the contact frequency: 0 = no contact, 1 = once a year; 2 = once a month; 3 = once a week; 4 = more than once a week.

5.4.3 *Elaborating regional development strategies and establishing management structures*

Participation in LEADER requires the elaboration of a regional development strategy. As of early 2008, only 28% of the surveyed Romanian LAGs had designed such strategies. This was not the case for the studied LAGs. The Romania-wide survey showed that, local actors find it extremely difficult to formulate strategies on their own. This is not only due to a lack of experience, but also due to missing proactiveness and independent thinking. In fact, they would prefer to choose from a list of pre-defined measures. In addition, the LAGs were confronted by programme bureaucracy and strict LEADER criteria. This discourages local actors, including affluent people, who would be particularly desirable LEADER partners.

Setting up functioning management structures proved problematic, mainly because local actors found it difficult to assume responsibility in formal matters. By 2008, 40% of the surveyed Romanian LAGs had neither a formal head nor had they set out organisational rules.

The analysis of the internal information flows in the two LAGs reveals that their networks have almost no reciprocal ties and no cross-links. In **LAG-BU**, the honorary region-external LEADER-animator has by far the highest *out-degree* (Table 5.2), which indicates her importance in distributing information. However, the network is not highly centralised (Table 5.3) owing to the practice of word-of-mouth information transfer with longer paths and so-called *isolators* (definition in Table 5.2; Table 5.4), who do not receive any information on LAG matters. In **LAG-MA**, a paid regional manager has the highest *out-degree* and most of the other actors have an *out-degree* of 0%, implying that they do not provide or forward any information. The SNA highlights the effects of professional management in LAG-MA: no *isolators* are found in the network on LAG-internal information (Table 5.4); it has a very high degree of *centralisation* (Table 5.3) and short directed paths that transfer information from the management to the LAG-members. As a result, less information about the LAG is transmitted to external actors.

Table 5.6 summarises the comparison of the development of the two potential LAGs in terms of network-analytical findings related to partnership and capacity-building, cohesion, and their organisational structures.

Table 5.6: Development of potential local action groups in Romania: Comparison of experiences by a LEADER initiative emerging out of a communally steered microregion-association and a bottom-up initiative

Potential LAG	Developed out of a Microregion-association (LAG-MA)	Bottom-up development (LAG-BU)
Initiated by	Microregion-association	Private actors
Initial composition	10 mayors + regional manager	Mixed (businessmen, priests, poorer farmers, etc.)
Network properties	Closed network, multiplex relations	Slowly grown, loose, outgoing network
Cohesion	Formal contract	Same interests, rural milieu: norms, social control
In need of ...	Social and commercial partners	Mayors
Development factors	No information to outsiders; individual actors are 'invited'	Actors with high supra-regional reputation; request of the 'critical mass'
Organisational structures	Paid regional manager; direct transfer of information	Word-of-mouth information transfer; support of an external honorary LEADER-animator from a supra-regional organisation

5.4.4 Adopting new modes of local governance

Asking for PPPs in LEADER introduced a new approach to governing resources in Romania. However, the local actors rarely implement associated modes of governance. One reason is that they did not realise that LEADER aims at new ways of regional governance. Although there is no commonly agreed definition (Blumenthal 2005), regional governance can be understood as organisational structures of interdisciplinary and horizontal (inter)actions among equitable partners without any kind of hierarchy (Clarke 2006; Weyer 2000) aiming at regional self-monitoring associated with cooperation (Fürst 2007). Several authors (e.g. Böcher 2008; Clarke 2006; Stoker 1998) refer to the interactions or negotiations between governmental and non-governmental actors as a "flexible pattern of public decision-making" (Clarke 2006, p. 44). Based on this it is obvious that neither of the two case-study LAGs fully employs these principles and can organise themselves to decide on the development of their region. Even in the bottom-up grown LAG-BU, the "partners" at the local level are not equal as group members, and reputable actors are needed to persuade the mayors to collaborate. LAG-MA still faces the challenges of giving non-governmental actors voice and vote, and neglects participation. Participation and democratic features are important indicators of good governance (CEC 2001; Grieve and Weinspach 2010).

Practising LEADER-like modes of governance is further constrained because many people shy away from making independent decisions.¹⁰¹ Therefore, most local actors depend on a leading key actor who is proactive and takes the initiative.¹⁰²

¹⁰¹ Although made nearly one decade ago, Heller's (1999) observations that some people in Romania still had not understood what democracy means, namely that democracy not only accords rights but also duties, can still be found in the case-study regions. (For details on the perception of democracy in Romania, see Section 3.5.)

¹⁰² Looking for actors taking initiative, it must be considered that NGO density per inhabitant is low in Romania (Pop 2002; UNDP 2007a). A significant part of the existing NGOs are not "grassroots" NGOs, but are constituted and/or financed by national or foreign players. The historically-rooted cultural differences which predate the communist period between the area of Transylvania where the case-study regions are located and the rest of the country lead to the question of whether or not there are differences in the development of civil society.

5.5 Flows of information – A key for success and power

Investigating the sources and flows of LEADER-related information allows identifying key actors in the implementation process. It is looked at both *initial information* (when actors heard about the LEADER programme for the first time)¹⁰³ and *current information* on the programme.

5.5.1 Informal information flows as a complement for the shortcomings of a weak agricultural administration

The analysis of the *flows of initial information* pointed to foreign actors as an important trigger for raising interest in LEADER: for instance, German students who had worked on a rural development project in Romania and the Hungarian LEADER Center (Figure 5.2). The high number of Hungarian actors is due to the fact that 85% of the population in Harghita County are ethnic Hungarians (NIS 2006). The importance of a common cultural background for establishing social networks also became evident in the Romania-wide survey since, for instance, other potential LAGs benefitted from their contacts with France (cp. also Chapter 9).

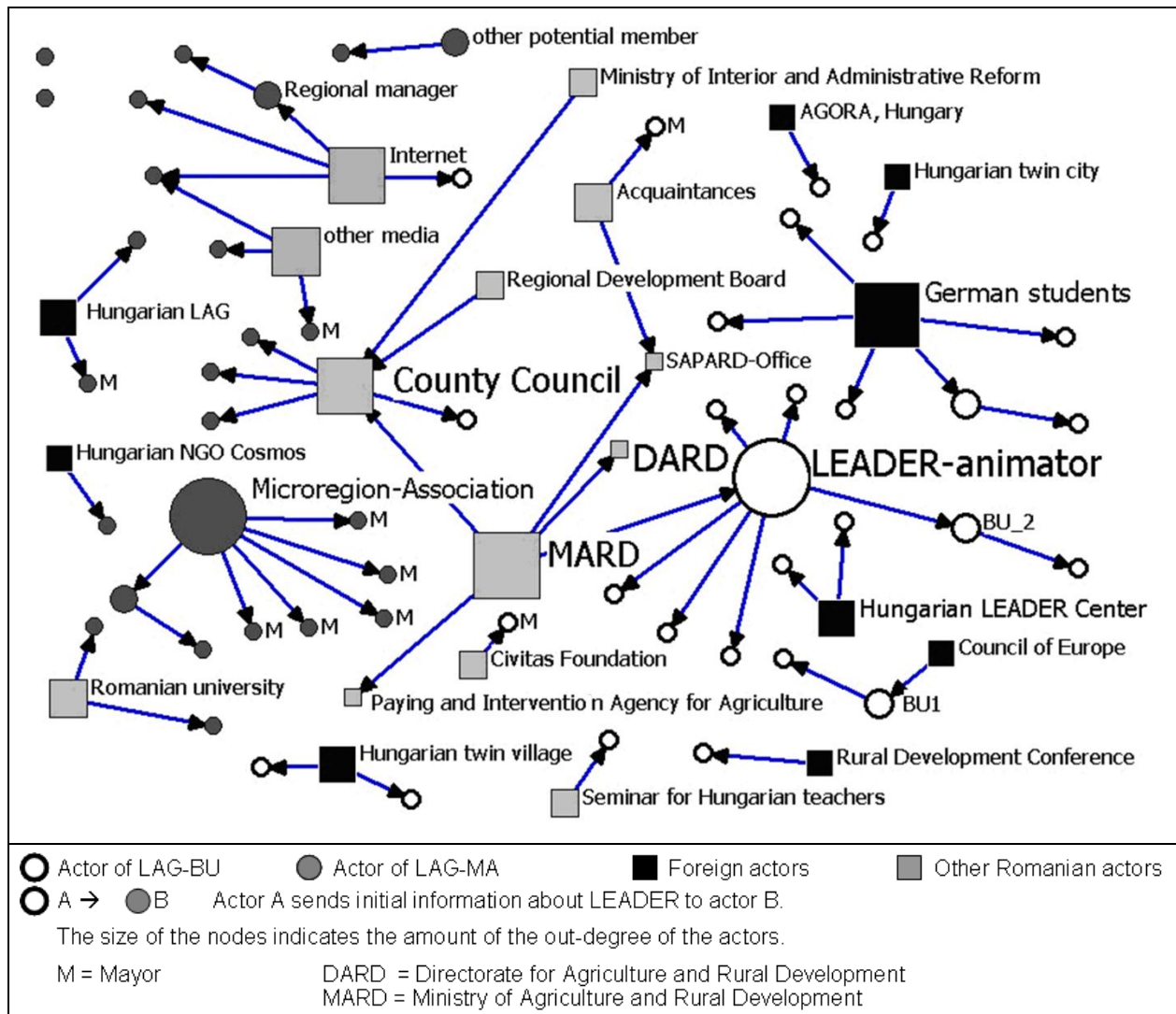
The LEADER-animators of LAG-BU and the regional manager of the microregion-association of LAG-MA have the highest *out-degrees* (each 7.9%, Table 5.7), indicating their importance as a source of initial information about LEADER. Foreign actors together have a high *out-degree* of 22.4%. They are thus significantly more important as a source of information than the programme agencies, namely the directorate (DARD) at the county level and the ministry (MARD) at the national level (0.0% and 6.6%, respectively). Nevertheless, MARD has a relatively large icon in Figure 5.2, indicating a comparatively high *out-degree*. This is due to the fact that MARD provided initial information about LEADER to subordinate agencies, DARD and two additional agencies (the Paying and Intervention Agency for Agriculture and the former SAPARD-Office) (Figure 5.2). However, almost none of the local actors had heard about LEADER through MARD or its means.

Noteworthy, awareness among the rural population of the abstract LEADER programme was triggered mostly through face-to-face communication. This can be seen as a sign of “strong ties” in terms of intensity compared to communication via media. Leaflets or the internet were less important. Indeed, one factor inhibiting the transfer of information about LEADER is the programme’s complexity: 68% of the LAG-BU actors and 54% of LAG-MA actors stated that they find the programme bureaucracy difficult to understand. Just over half of the surveyed DARDs (54%) stated that the LEADER guidelines were easy to comprehend.

According to Bădescu and Sum (2005), support for democracy, trust in the rule of law, and corruption do not vary regionally. However, they found differences in attitudes, specifically trust in other ethnicities, efficacy, and trust in NGOs are all higher among Transylvanians. Moreover, Transylvanians are more frequently active members in association life (*ibid.*; see also Pop 2002; UNDP 2007a). These findings suggest that it will be even more difficult for potential LAGs in other parts of Romania to mobilise the third sector. Following the 2008 Romania-wide survey, at that early stage of LAG capacity-building NGOs and foundations made up on average 18% of the partners within LAGs, other private actors and communes made up 37% each, and other actors accounted for 8%. Explicitly noted as underrepresented stakeholder groups, were, for instance, farmers and gypsies.

¹⁰³ “To have heard of LEADER for the first time” was specified in the questionnaire and related to a respondent having consciously heard about the programme who would then theoretically be able to transfer the information received. This does not necessarily imply that the programme had been understood by the respondent or that sufficient knowledge on it was gained what would have required to interpret the information within a cognitive frame (Nooteboom 2003).

Figure 5.2: Social network: Flows of initial information about LEADER



The *network of current information* about LEADER (Figure 5.3a; Table 5.8) highlights again that MARD is a source of information for different agencies. Typical means of information used by the programme agencies (e.g. brochures) play a minor role. In the current information network, the LEADER-animator of LAG-BU has an outstanding *out-degree*, 19.4%. The County Council, although not officially responsible for LEADER affairs, also has a high *out-degree* of 10.5%. Another institution that appears in the information networks (Figure 5.2 and Figure 5.3a) is the Regional Development Board¹⁰⁴ – albeit not in a central position. Public employees with no contact with the agricultural administration receive information about LEADER through this channel (Figure 5.3a). The relevance of the internet as a source of information is discussed in more detail below; with an *out-degree* of 27%, it ranked first. The Romania-wide surveys and the case studies show that rural people in Romania are poorly informed about LEADER and thus insufficiently aware of the advantageous possibilities of the programme. Interestingly, this applies even to actors already involved in LAG activities.

¹⁰⁴ There is a Regional Development Board in each of the eight development regions, which comprise the 41 Romanian counties and the municipality of Bucharest. It is a deliberative body without legal status and is involved in the coordination, design, and monitoring of non-binding regional development planning in the relevant administrative unit.

Table 5.7: Calculation of the out-degree-centrality of sources of initial information on LEADER

Consulted actors	52 actors of both potential LAGs and 9 organisations	
Network size	77	
	Actor	Out-degree (%)
Ranking	LEADER-animator (LAG-BU)	7.90
	Microregion-association (LAG-MA)	7.90
	MARD ^c	6.58
	German students	6.58
	County Council	5.26
	Internet, non-specific ^a	5.26
Sum of the out-degree of all foreign actors^b		22.39
Programme agencies	MARD ^c	6.58
	DARD	0.00
Distribution		
Min		0.00
Max		7.90
Mean		0.99

Note: ^a This category is used when respondents could not name a specific webpage.

^b The network includes nine foreign actors/organisations.

^c Includes entries in media published by the MARD.

Table 5.8: Calculation of the out-degree-centrality of sources of current information on LEADER

Consulted actors	Actors of both potential LAGs and selected organisations			
	Real network		Virtual network	
Network size	68		69	
	Actor	Out-degree (%)	Actor	Out-degree (%)
Ranking	Internet, non-specific ^b	26.87	MARD-Homepage	54.41
	LEADER-animator (LAG-BU)	19.40	Internet, non-specific ^b	26.47
	County Council	10.45	LEADER-animator (LAG-BU)	19.12
	Other media	8.96	County Council	10.29
Selected actors	MARD ^a	5.97	MARD ^a	7.35
	DARD	0.00	DARD	0.00
	Regional manager (LAG-MA)	4.48		
Distribution				
Min		0.00		0.00
Max		26.87		54.41
Mean		1.54		2.30

Note: ^a Includes entries of media published by MARD.

^b This category is used when respondents could not name a specific webpage.

For instance, in both information networks one finds *isolators*, who stated that they had not received any information about LEADER. They often became active in regional development activities independent of LEADER or were persuaded to join a LAG, such as the businessmen in LAG-MA. Yet, despite the obvious deficits, a fair judgement on the weakness of the Romanian agricultural administration in promoting LEADER is difficult because there is only rare information on this issue in other NMSs. Maurel (2008) reports for Poland, Hungary, and the Czech Republic that, besides the internet, transmitter organisations such as local authorities or civil society organisations are relevant for spreading initial information about

the programme. The ex-post evaluation of LEADER+ explicitly pointed to two international rural development organisations as promoters of LEADER in the NMS (Metis *et al.* 2010).

5.5.2 *Keeping and gaining power by steering flows of information*

Comparing the general communication network (Figure 5.1; Table 5.4) with the LEADER information networks, actors with many contacts in the region and knowledge about LEADER, but who nonetheless do not actively promote the programme, can be identified. This is particularly true of mayors. Most mayors of both LAGs are very well embedded in the communication network having a high *in-* and *out-degree*, but they have a low or no *out-degree* in the information networks. This suggests that they want to avoid too broad participation while still pulling the strings. Furthermore, considering its low centrality in the information networks (Figure 5.2; Figure 5.3a; Table 5.7), it is remarkable that DARD is regularly contacted by nearly as many local actors as the County Council. The *in-degree* of DARD is 66.0% and that of the County Council 74.5%, while the respective percentages are 42.0% and 56.9% for the relations *valued* according to the contact frequency (Table 5.5). Thus, the County Council is in a key position as an information transmitter.

Those who transfer information can – intentionally or unintentionally – transform information, in a positive sense by adding important explanations, or in a negative sense, for example, by concealing certain issues. Therefore, the *betweenness* (definition in Table 5.2) of an actor is an indicator of power. The more agents depend on one individual agent in the network to make connections with other actors, the more power this particular agent has (Hannemann 2001). The values of the *betweenness* in the network on current information about LEADER (Table 5.9) show that the County Council indeed has a crucial position with a value of 0.18%. It disseminates information to a number of actors who rarely use other sources of information. Its key position also becomes apparent in Figure 5.2: flows of information run from two ministries at the national level through the County Council to other actors, particularly to mayors. In Harghita, the pivotal position of the County Council led to both positive and negative impacts. On the one hand, it could motivate mayors to become active in LEADER at all. On the other hand, it influenced the decisions on which communes merged to LEADER regions, which inhibits the realisation of the bottom-up approach. - The County Council can still exert influence, particularly on mayors since they depend on it in many regards (cp. Section 3.5.1.2).

5.5.3 *The potential of the MARD-Homepage as tool for spreading information and balancing power*

The MARD-Homepage theoretically offers a convenient link to relevant information. Nevertheless it is currently not used sufficiently by LEADER actors (Table 5.8), although more than half the actors are aware of the MARD-Homepage and a large share of them (85%) has access to the internet. Two reasons appear to prevent local actors from using the MARD-Homepage: (1) many do not search actively for information; (2) local actors consider the MARD-Homepage unattractive and uninformative. Indeed, despite modifications of the programme schedule, the section on LEADER was not modified at all over the course of a whole year (from October 2008 to October 2009).

The potential of the MARD-Homepage is analysed by looking at a virtual network (Figure 5.3b): All actors who know the homepage are considered active users of the current information about LEADER available there. When comparing Figure 3a and Figure 3b, the effects are obvious. In the virtual network (Figure 5.3b) the homepage has the highest *out-degree* (Table 5.8). Consequently, the relative *betweenness* of the County Council and therefore its position of influence shrink drastically (Table 5.9).

Figure 5.3: Transfer of current information about LEADER

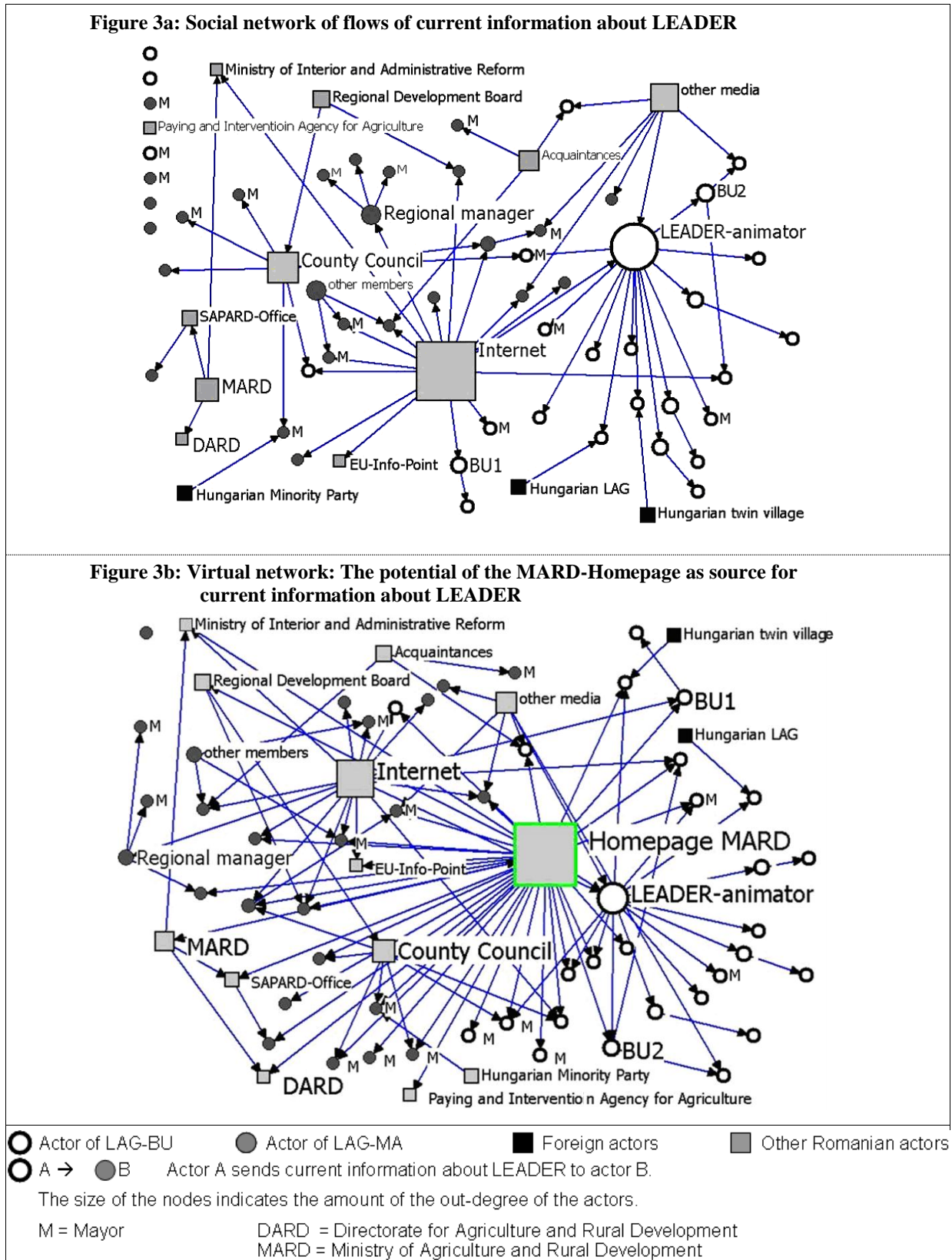


Table 5.9: The betweenness-centrality of sources of current information about LEADER

	Real network		Virtual network including the MARD-Homepage	
Consulted actors	52 actors of both potential LAGs and 9 organisations			
Network size	68		69	
	Actor	Betweenness (%)	Actor	Betweenness (%)
Ranking	LEADER-animator (LAG-BU)	0.77	LEADER-animator (LAG-BU)	1.19
	County Council	0.18	MARD-Homepage	0.98
	Employee of commune BU-2 (LAG-BU)	0.09	County Council	0.18
			Employee of commune BU-2 (LAG-BU)	0.13
Programme agencies	MARD ^a	0.00	MARD ^a	0.00
	DARD	0.00	DARD	0.00
Selected actors	Regional manager (LAG-MA)	0.02	Regional manager (LAG-MA)	0.07
Distribution				
Min		0.00		0.00
Max		0.77		1.19
Mean		0.02		0.04

Note: ^a Includes entries of media published by MARD.

The LEADER-animator and one active employee of a commune (BU-2) in LAG-BU keep their high *betweenness* in the virtual network, even though they do not have the highest *out-degree* and cannot reach as many people directly as the MARD-Homepage. These two persons cross-link different sources of information and the members of the LAG-BU. Hence, although a homepage can potentially serve a high number of actors and can thus effectuate balancing power in an information network, personal involvement on the part of individual actors is needed for cross-linking and for integrating actors without access to the internet, as well as for ensuring that the idea behind LEADER is well understood.

5.6 Conclusions

Already in this early phase implementing LEADER presents a real challenge for all involved actors in Romania and a number of factors inhibiting the programme's smooth introduction have been identified: political influence, which is exacerbated by weak administrative networks, heritage of the socialist era, particularly the antipathy to formal institutions reflected in the partnership process and a lack of initiative, as well as the programme's complexity. Research presented in this chapter reveals that it is essential to assess the interplay of social networks underlying the implementation process to understand how the LEADER instrument functions. Viewing different social relations simultaneously, particularly power relations are set into another light.

By applying Social Network Analysis, the interdependency of various kinds of regional-internal and regional-external networks can be quantitatively underscored: LEADER group formation and, ultimately, selection and success probabilities depend on the origin of a potential LAG and its embeddedness in local power structures and in supra-regional and even supra-national networks. Moreover, the (in)direct influence of administrative and information networks in the pre-implementation phase do not only affect the programme's uptake but also severely impact the internal governance structures. These effects affect path-dependent

features of potential LAGs' development. Therefore, the consideration of the pre-implementation phase becomes much more crucial, and a timely review of LEADER activities appears meaningful. Bringing together stakeholders directly and indirectly involved in the pre-implementation phase, multi-perspective reflection, which can be understood as social learning, is likely to enhance the steering of the further implementation process. While High and Nemes (2007) highlight the potential value of social learning when evaluating LAGs' development endogenously, the present results underline that bringing together potential beneficiaries, the administration, and other key actors also appears promising.

Disentangling the analysed network processes, it is clear that EU-wide networking (not only within LEADER, which will be further examined in Chapter 9, is a key element of successful LEADER implementation: external actors, especially foreign ones, are central in the networks of initial information about LEADER. Furthermore, they might facilitate partnership processes and contribute to better governance. The work of supra-regional organisations is also important. They assist LAGs in complying with the complex LEADER guidelines and developing new modes of governance.

Another decisive network feature is the network-radius. The more actors with different network-radii are involved in local initiatives, the stronger the group tends to be. Ideally, strong local ties, which imply social control and facilitate the creation of trust, organisational structures, and capacities, are combined with weaker, far-reaching relations for obtaining relevant information and external support. Weak ties signal the LAG's openness and thus its ability to win and integrate new members. Moreover, numerous weak (and/or strong) ties of individual private and civil actors are important. Such a large personal network confers the reputation needed to maintain the power balance with local governments.

Administrative networks are crucial. If they are weak, as in Romania or other NMSs, smooth implementation of LEADER is threatened. Cornerstones in the process, such as the preparation of applications, must be set off and undue influence of other parties avoided. Therefore, effective and efficient transfer of credible information is essential. The administration's website is a potentially strong tool for information dissemination; however, its potential is currently not being sufficiently fulfilled in Romania. Printed media have a comparatively low impact; instead, more face-to-face communication is decisive for bringing the complex LEADER approach close to the people. 'Facework' contributes to creating interpersonal trust (Giddens 1991). Besides, when direct interaction between beneficiaries is missing, trust is further constrained by unclear procedures with regard to programme implementation. Those severe impacts of administrative shortcomings point to the need for a more detailed examination of the origin of such failure of the politico-administrative system, which will be subject of Chapter 7.

Early provision of information on LEADER enables timely capacity-building. Moreover, the findings stress that by whom and when information on the programme is first received largely determines the development of a potential LEADER region because that is when the basis of a LAG is formed. The development of LAGs can take very different directions, e.g. communally driven or bottom-up. Most Romanian LAGs evolved from local governments' microregion-associations. Hence they can build upon their already formally established organisational structures; however, they face challenges in integrating other actors, particularly private ones, due to their closeness and inflexible structures tailored to the communal authorities. The case study of a bottom-up evolved LAG shows that privately initiated informal networks, which are driven by common objectives, are likely to grow into diverse networks. Despite the bottom-up evolved case-study LAG showed openness and diversity, the inclusion of mayors turned out to be problematic.

While in some NMSs, e.g., Lithuania (Macken-Walsh 2010), problems in the development of potential LAGs occurred due to the lack of third-sector organisations, in Romania deficits in

participation due to the reluctance and even conscious avoidance of information dissemination is a major issue. The mayors hold a key communication role at the local level, yet they are not particularly interested in promoting the programme's participatory approach because they fear losing power. Participation is at the heart of LEADER; however, it is a criterion that is difficult to verify in the LAG-selection process. Thus, in communal-driven LAGs, participation is often limited to a minimum. Only those actors needed for founding the required PPP are invited to join. Kovács Katona *et al.* (2006) describe this phenomenon in a similar way for Hungarian entrepreneurs and Lošták and Hudečková (2010) for local elites in the Czech Republic.

Despite their non-LEADER-like features, microregion-associations will probably be more competitive in the selection process due to their specific structures, powerful mayors, and their administrative capacities. They often have experience with EU programmes, which helps to cope with the complex LEADER guidelines and to elaborate a regional development strategy. Also, in other NMSs, such as Poland (Furmankiewicz 2006; Furmankiewicz *et al.* 2010) and the Czech Republic (Hudečková and Balzerová 2010; Maurel 2008), it is reported that local governments are central in LEADER processes. In Hungary and the Czech Republic, many LAGs also developed from microregion-associations (Hudečková and Balzerová 2010; Maurel 2008). The reasons for empowering local governments and/or their associations in other NMSs are similar to those found for Romania.

The developments in the case regions have shown that time is a crucial factor in the implementation process of LEADER. The findings from the network analysis underline that time for capacity-building is essential if a true LEADER approach is to be followed. If time is not a prohibiting factor, then the open, participatory, and integrated notion of LEADER increases the probability that actors of greater social distance come together within the process of forming a LAG. However, building the trust and strong ties needed for founding a partnership in such heterogeneous groups requires more time than in closed and already consolidated networks of selected known actors. In Romania, time is furthermore particularly essential for establishing social capital for counteracting the lack of trust between public and private actors and the general aversion against collective action. It is not only a matter of a difficult working relation between local governments and third sector organisations, as found by Furmankiewicz *et al.* (2010) in Poland, but also about entering into a formal contract. This obstacle seems to be more severe than in the other NMSs.

Governance-related LEADER principles become irrelevant if those in power are unwilling to share political influence. In Romania, hierarchical political-administrative structures, especially with the leading role of the mayors and the strongly positioned county councils, are therefore an obstacle to LEADER. It is found that actors of high supra-regional reputation were needed for curtailing local governments' dominance. Indeed, in other NMSs as well, local governments often have the leading role in decision-making processes (Furmankiewicz *et al.* 2010; Maurel 2008). In addition, in Romania, the superior County Council tries to steer local development processes.

Generally, local actors seem to lack initiative and need leadership. Passivity strengthens the traditional political institutions and inhibits better governance. Overcoming this deeply rooted heritage of the socialist era can hardly be achieved by capacity-building in the pre-implementation phase; rather, it is a long-term process. Having studied cooperation in the agricultural sector in post-socialist countries, Tisenkopfs *et al.* (2011) conclude that farmers consider collaboration more positively if they become aware of Western experiences. This will certainly be an important factor for LAG building in Romania. The present findings further suggest that it would be interesting to investigate the relevance of trust in social capital formation in and through the mediation and transmitting processes driven by regional-external actors, which turned out to be crucial to overcoming the aversion to formal partnerships and to plausibly transferring the idea of LEADER in greater detail.

Although it is rarely found and is probably initially less successful in the LEADER competition in Romania, the study has shown that slowly-grown, open, bottom-up networks might be the better choice for kicking off integrated rural development and new modes of governance in the longer term. These networks have incorporated LEADER principles such as participation and are therefore better prepared to use the regional endogenous potential. Having established and properly nurtured social capital, they are likely to be more sustainable even without external funding. LEADER provides not only (initial) funding, but also offers thought-provoking stimuli, which have the potential to fruitfully pervade Romania's local communities gradually and finally initiate truly endogenous local development efforts.

Does the EU LEADER instrument support endogenous development and new modes of governance in Romania? Experiences from elaborating an MCDA based Regional Development Concept¹⁰⁵

6.1 Introduction

Endogenous rural development and new modes of governance are on the tongues of Europe's rural development stakeholders. The LEADER programme – as introduced in Chapter 3 - aims at using rural regions' endogenous potential effectively and at improving local governance building upon PPPs. LEADER originates from a process searching for answers to the problems of rural societies. This resulted not only in a sophisticated concept combining various features for approaching rural development (Box 3.1), but also in the incorporation of terms like 'bottom-up' or 'participative' in the vocabulary of European and national rural development policies in order to signal new styles of intervention (cp. Ray 1999). These rather flowery phrases, however, sometimes raise false hopes as they often do not reflect reality: neither the programme design nor the spending of funds always follows the implied principles (see e.g. Böcher 2008; Bruckmeier 2000; Convery *et al.* 2010; Marquardt 2012a).

Like the framing concept and the overarching objectives of this work, research questions in this chapter are raised against the fact that success and failure of LEADER are certainly country-specific, because they depend among others on the politico-administrative, socio-economic and historico-cultural environment (Bruckmeier 2000; Jouen 1999). And thus, still suffering from after-effects of socialism (Section 3.5) many obstacles and challenges in the programme implementation in Romania, which have become obvious already in the previous chapter for the very early stage of implementation, are to be expected. Recapping Chapters 2 and 3, this scepticism about the smooth implementation of the complex LEADER programme is reasoned in the difficult environment of the young democratic country that is, on the one hand, clearly in need of successes in targeted rural development, but, on the other hand, still in the middle of a restructuring of its administrative bodies and has almost no experiences in integrated rural development.

Specifically, in this chapter it is asked (1) in how far an endogenous approach can be practically implemented by local initiatives in Romania; and (2) how the LEADER implementation enforces the adoption of new modes of governance, in this case the participatory decision-making of public and private partners. It is drawn on a 2010 case study in which a potential LEADER LAG has been externally supported in its decision-making for elaborating a Regional Development Concept (RDC).¹⁰⁶ Thus, similarly to the previous chapter, the focus is on the crucial early phase of local initiatives, in which the basis for endogenous development is established, and which is generally underrepresented in rural research. However, there are clear differences between the subjects of these two chapters, as

¹⁰⁵ An journal article similar to this chapter was originally published in the *International Journal of Rural Management*, 6(2): 193-241. Copyright © Institute of Rural Management, Anand, Gujarat. All rights reserved. Reproduced with the kind permission of the copyright holders and the publishers, Sage Publications India Pvt. Ltd, New Delhi.

¹⁰⁶ The terms "Regional Development Concept" (RDC) or "Regional Development Strategy", to which it was referred to in Chapter 5, or modifications of these terms are not used consistently in the LEADER jargon. As a rule of thumb, an RDC builds upon strategic considerations or on a Regional Development Strategy and is by trend more concrete. For this chapter it is important to note that the final RDC goes beyond the formulation of objectives and includes selected categories of measures through which the objectives should be achieved, as it will be described below.

the variation in the investigation period (2008 vs. 2010) may already suggest. First, in the RDC elaboration process local actors do not only have to express the intention to jointly develop the region and to form partnerships, but also to manifest how to do so. Thus, other notions of LEADER, like the integrated approach to regional development, become more relevant. Second, from a programme-technical point of view, the preparatory LEADER measure (Measure 43.1) formally launched in late 2009 (cp. Table 4.2) had already started. This measure supports local actors in capacity-building for participating in the programme including the preparation of the application and managing their region sustainably following the LEADER-approach (for details, see Section 3.5). Consequently, at this stage of the implementation process local actors' capacity-building for applying for LEADER and for being competitive in the LAG-selection process was much more targeted as well as administrative concerns and the programme design became more relevant.

Results are based on participatory observation of the decision-making processes and expert interviews (**Research activity C**, see Chapter 4). The project was embedded into actions financed under the preparatory LEADER measure. Experiences with the application of Multiple Criteria Decision Analysis (MCDA) for the facilitation of local decision-making including broad public participation are reported and analysed. The aim of the application was to use MCDA as a tool for a coherent elaboration of an integrated RDC, which forms the core of a potential LAG's LEADER application. The ideas of the endogenous and the neo-endogenous regional development approach are considered. The latter incorporates not only local but also extra-local factors. In this case particularly the impact of the programme design at the national and European levels on using the region's endogenous potential is focussed on.

While background information on the LEADER instrument itself and about the initial situation in Romania have been provided in Chapter 3, in the following section some rural development approaches and their practical implications are overviewed going beyond implications which can be directly drawn from the legislation. That overview is essential for estimating LEADER's theoretical potential also in fields other than networking and governance outlined earlier, for understanding the research design, the methodology and the MCDA concept, which are introduced in the third sub-section. In Section 6.4 the results are presented and discussed. Finally, conclusions are drawn.

6.2 Stock-taking of the rural development vocabulary surrounding the endogenous approach

Rural development policies nowadays are well stocked with catchwords such as 'governance' or a development approach that is 'endogenous', 'bottom-up' or 'participatory'. These catchwords are very abstract and are often used without carefully considering their exact meaning (see e.g. Talbot *et al.* 2007). This may easily lead to a contradiction between expectations raised, the details in the actual programme design, and the reality faced by actors involved in the programmes' implementation. Generally, there exist different opinions on details of the approaches behind these terms (Baldock *et al.* 2001; Thomson and Psaltopoulos 2004). Therefore, to be able to provide a) an assessment if LEADER in Romania can potentially achieve what has been announced, and to b) identify factors which have impact on the realisation of an endogenous approach and on improving governance, one needs to be clear on the related rural development terminology.

Endogenous development has emerged from other (rural) regional development approaches, which themselves are intertwined or build up on each other. Particularly fundamental is the integrated approach. *Integrated rural development* has a long tradition as it was already applied in the 1970s in developing countries (Ruttan 1984). The approach was introduced on a larger scale in Europe only in the early 1990s (Bröckling 2004; Shucksmith 2010; Thomson and Psaltopoulos 2004). Fact is that nowadays that what is called integrated rural

development is highly varied in content (Tisenkopfs 1999). - In its basic understanding, however, integrated development, which is also applied to non-rural contexts, means that social, economic and environmental aspects are holistically considered within a regional strategy aiming at a sustainable development of a region (cp. Bröckling 2004; Scott 2002; Stahl and Schreiber 2003). Within the LEADER programme the integrated approach has been operationalized primarily through the requirement of the consideration of multiple sectors, and only guiding documents point to the importance of considering the framing social, economic and environmental conditions (cp. Box 3.1). **Territorial approaches** are area-based and contrast sectoral development approaches.¹⁰⁷ The size of a region – which can be seen as the operating level of a territorial approach - results from the depth of planning. Manageability is of particular importance for integrated territorial development. Further criteria for defining a territory can be applied such as for instance homogeneity. **Endogenous development** is a concept that is embedded in an integrated territorial approach. The logic of the endogenous approach is that the territory concerned can think “in terms of cultivating its own *development repertoire*” (Ray 1999, p. 525, emphasis in the original). In other words, this approach is about using the stock of regional resources as endogenous potential for developing a territory. Ray states that the term “neatly encapsulates the principles of endogeneity: the idea of local *ownership* of resources and the sense of choice in how to employ those resources (physical and intangible) in the pursuit of local objectives” (*ibid.*, p. 525, emphasis in the original). Hence, endogenous development cannot result exclusively from top-down actions. Therefore the **bottom-up approach**, meaning that decisions are made at local level, is inherent to endogenous development; but it is also applied in other fields, e.g. sectoral planning. Neither the endogenous nor the bottom-up approach, do necessarily imply that a **participatory approach** is followed.¹⁰⁸ Participation means that an initiative is inclusive, is open for the contributions of various (all interested and concerned) stakeholders, and that their opinions are taken into account. If applicable referring to a ‘true endogenous approach’ might emphasise that a participatory approach is followed.

The endogenous approach was further developed to a **neo-endogenous approach** (Ray 2001a). It rests on the assumption that a development trajectory emerges of an interplay of internal and external forces (Hubbard and Gorton 2011a). Thus, ‘neo’ identifies the roles played by various manifestations of the extra-local (Ray 2006). Actors in the politico-administrative system (from the national up to the European level) as well as in other localities are all seen as part of the extra-local environment “potentially recruitable” by rural localities for developing their region (*ibid.*, p. 278). The distinction of the endogenous and a

¹⁰⁷ The meaning of the term "region" is explained, for instance, in Böcher (2008) and Bruckmeier (2000). The terms “area” and “territory” do not necessarily bring about the idea of the term “region”, which implies that a certain area has been demarcated for a specific purpose, which might be expressed through cultural or natural homogeneity etc. (see Böcher 2008 and Shucksmith 2010). An area-based approach (without the attribute integrated) to rural development could, for instance, also refer to special measures offered to farms in all mountainous areas.

¹⁰⁸ In this point, it is not agreed with Ray (2006, p. 27), saying that generally by looking at development approaches a synonym for ‘endogenous’ would be ‘participative’. Certainly, when following an endogenous approach, preferably a participatory approach should be followed and it can be argued that for using the social resources of a region most effectively, the interests of all inhabitants should be considered. However, an endogenous approach might also be followed if only a limited number of actors in a region are involved. In the Report of the European Court of Auditors (ECA) on LEADER (ECA 2010) it is discussed that it is not self-evident, that an endogenous approach entails participation. Also Talbot *et al.* (2007) indirectly reflect on the careless use of “endogenous” in the rural development rhetoric. Though, independently of the question whether it is related to the endogenous approach or not, and despite it is not formally counted to the key features of LEADER (Box 3.1) a participatory approach is described by authors as the nature of LEADER (see e.g. High and Nemes 2007; 2000/C139/5). It also appears that LEADER’s integrated notion is mixed up with its preferably inclusive notion, which is linked to participation. For the distinction of these two terms in policy-making see, e.g. BG (1999).

neo-endogenous approach however, is not commonly applied. In practice, most interventions intended to support endogenous rural development, including LEADER, would have to be classified as neo-endogenous, as they themselves represent an extra-local impact.

Having enrolled these approaches going beyond what is offered in the LEADER legal framework, the relevance **Governance** (Chapter 2; Section 3.4) in regional development can be refined. In the field of regional rural development the term governance gained importance when it was accepted that the way of governing an area is crucial to its economic and social trajectory (Goodwin 1998). Hence, certain modes of regional governance are seen as tool for successful endogenous development. And despite the concept of governance itself does not offer an underlying theory (Stoker 1998), they are used as normative concepts (cp. Connelly *et al.* 2006) assuming that new modes of ‘regional governance’ or ‘local governance’,¹⁰⁹ which are central in this chapter, lead to a more effective and sustainable use of regional resources. Normatively - similarly to the general discourses around new modes of governance (Chapter 2.3.3.1) - these terms point to interdisciplinary organisational structures and horizontal (inter)actions among equitable partners (Clarke 2006; Fürst 2007; Weyer 2000) and often to negotiations between governmental and non-governmental actors (Böcher 2008; Clarke 2006; Grieve and Weinspach 2010). More specifically, some authors emphasise regional self-steering and –monitoring (Fürst 2007; Sousa Uva 2007) looking at regional governance rather from an institutional economical perspective having in mind the common ownership of the regional potential. The ability of governance initiatives to achieve common goals depends among others on the capacities to act collectively (UoV 2007), which might be quite challenging in rural development as it requires balancing interests of various stakeholders (cp. Tisenkopfs 1999). Though, if such systems function appropriately, and practicing a participatory democracy is anticipated in (LEADER) regions, they supplement parliamentary democracy (Wade and Rinne 2008).

6.3 Area of investigation, Study design and Methodology

In this section the study design and the methodology applied for analysing the MCDA-based RDC elaboration process are briefly described. The selected case region is introduced in Section 6.3.1. Qualitative data was collected through participatory observation and expert interviews (Section 6.3.2.1). The research design is structured around an MCDA, which was applied for facilitating the decision-making process of the case LAG on its RDC (Section 6.3.2.2).

6.3.1 The case region and its potential Local Action Group

The case study took place in a potential Romanian LEADER region. The region includes seven communes located in two counties. It is diverse with its border region being linked to the county capital and an industrial park, but an overall rural environment in a hilly area. The primary sector is dominated by forestry and small- to medium-sized farms (where farming is often semi-subsistence based). Despite the attractive natural environment and rich cultural heritage, touristic infrastructure is missing. Before it was resurrected with the proclamation of LEADER with its demarcations based on geographical and historical facts, the region as such was not known to the broad public.

¹⁰⁹ In the LEADER-related regulatory framework it is referred to “local governance”. The main reason for this is probably that “regional level” already has a specific connotation in the EU regulations (cp. e.g. EC/2005/1698, Art. 2); it refers to the sub-national level. From the political science point of view, the usage of “local governance” in the context of LEADER might be misleading, as LEADER is explicitly not bound to politico-administrative units and is thus linked to “regional governance” as it is used in political sciences. For more implications of the terminological differentiation, see e.g. Benz (2004).

Motivated by the announcement of LEADER by the agricultural administration in 2006, one mayor publicly mobilised neighbouring communes and further stakeholders to jointly compete for the participation in LEADER. A local representative of the potential LAG, who works for one commune and is member of an involved association, participated in LEADER seminars early 2007. This local person also served as regional manager later on. After a longer period of inactivity until the preparatory LEADER measure was launched in summer 2009 (Chapter 3; Table 4.2), the potential LAG was formally established in January 2010 in the form of an NGO consisting of 26 public and private partners (seven communes, five NGOs, e.g., a youth organisation, an agricultural school and 13 private actors including businessmen and farmers). At around the same time works on the elaboration of the RDC started. This activity was co-funded under the preparatory LEADER measure (20% of the overall sum of 49,700 Euro had to be covered by the potential LAG itself). Funds could be spent for technical assistance, the preparation of information material and the organisation of forums and workshops. The initially scheduled period for drafting the RDC set by the programme administration was extended to six months during the elaboration process for many LAGs. The final deadline for submitting LEADER applications was in November 2010.

6.3.2 Study design and methodology

6.3.2.1 Collection of qualitative data

The RDC elaboration was accompanied by participatory observation. The strength of participatory observation is that it allows insight into contexts, relationships and behaviour (Mack *et al.* 2005) and thus also into decision-making processes. Observation – in opposite to written statements and interviews – allows, for example, to determine whether the claims of intent are realised in practice, or whether they merely conceal issues like undemocratic decision-making (Midmore 1998). Moreover, through participatory observation, researchers can also uncover factors important for a thorough understanding of the research problem but that were unknown when the study was designed (Mack *et al.* 2005). A disadvantage of this method is that the mere presence of the observer may affect the actions of the observed (Vinten 1994). In this case, no significant bias has to be assumed because participatory observation took place during workshops, in which the observer, the author, took the role of a neutral facilitator. RDC development is usually a moderated process and also other region-external resource persons participated in the workshops.

The aims of the participatory observation were a) to identify factors that affected the realisation of an endogenous approach, and b) assessing the development of new governance structures. An important observation criterion for both is the nature of participation. Further, statements on following an endogenous approach can be primarily drawn from assessing the coherence between the final version of the RDC on the one hand with the regional potential, needs and objectives as identified by the residents on the other.

When observing governance structures, informal and formal decision-making structures have to be differentiated. For the latter, the introduction of a new mode of governance can be more easily described, for instance, the foundation of a PPP. However, there is no single indicator for assessing the development of governance structures, and how the modes of governance are practiced (i.e. - in a broad understanding - the quality of governance), nor a commonly used set of indicators for assessing (local/ regional) governance structures. In opposite to governing standards at the state level (cp. Chapter 2), no set of principles of good governance have specifically been formulated for the field of action at the level of a region (Benz 2005). Due to the differences of regions it can hardly be expected that a common model will become accepted (*ibid.*). The diversity of regions also entails that territorial governance is a very particular field of research depending on the regional characteristic (UoV 2007). Therefore, governance structures were assessed along widely accepted principles of good governance

namely *participation*, *equality of partners*, *transparency*, *democracy*, respectively democratic decision-making, *quality of communication* and *conflict management* (CEC 2001; Grieve and Weinspach 2010). These principles were applied as reference points for observing the LAG's decision-making process for two reasons: Firstly, the formal introduction of a new mode of governance does not imply that this mode is applied in practice. - Informal governance structures based on the personal relations and characteristics of involved actors can pervade and impact formally institutionalised actions. Secondly, observing principles of good governance also allows statements on how far a 'true' endogenous approach has been followed.

In addition to participatory observation, local experts were consulted about LAG meetings, in which the external facilitator could not participate, and on their opinion about the application of the MCDA approach. Expert interviews were also conducted with further stakeholders involved in the LEADER implementation process in Romania. This allows setting research results in a broader context and, for instance, to compare the situation of the case region with that of other potential Romanian LAGs. Finally, in order to sharpen the focus of observations and interviews, complementary findings on local governance processes of other authors were taken into account.

6.3.2.2 Multiple Criteria Decision Analysis for supporting the elaboration of a Regional Development Concept

Elaborating an RDC and setting priorities usually involves many objectives and several actors with different values and interests. MCDA (Belton and Steward 2002; Figueira *et al.* 2005; Munda 2008) is an approach that considers different dimensions of decision alternatives and varying preferences for criteria. It aims to structure and model the actual choice problem for aiding decision-makers. The approach is based on explicit documentation of objectives, preferences and rankings of options. This increases transparency and evaluation in the decision-making process. First experiences with facilitating the formation of EU rural development policies by MCDA are discussed, e.g., in Kirschke *et al.* (2004, 2007), Pohl (2001), Prager and Nagel (2008), Wegener (2008) and Ziolkowska (2008).

In the case study presented here, MCDA was applied for facilitating the LAG's decision-making on its RDC. The role of external experts, i.e. the facilitator, who worked in the case region, and further German-based experts, in this process was the provision of the method and support in the implementation. From the menu of MCDA methods, the Analytical Hierarchy Process (AHP) (Saaty 1980) and the software Expert Choice were selected. Compared to other MCDA approaches the AHP provides a simple and intuitive procedure and outputs (cp. Pohl 2001) which was seen as an advantage for its application with a limited timeframe and in a context where actors were lacking experience with the LEADER programme as well as with formal decision-making methods.

The MCDA approach has to be adapted to the RDC elaboration process: 1) the participatory notion of LEADER and the perspectives of multiple regional stakeholders have to be explicitly considered; and 2) the demands of the Romanian LEADER guidelines on an RDC (Box 6.1), which require, for example, the identification of main and sub-objectives as well as selection of rural development measures (cp. Table A.6.1) for achieving the selected objectives. Both of the mentioned issues are facilitated by MCDA, which quantifies information on preferences and assesses the relations of objectives and measures to be selected.

The MCDA approach was introduced at the first workshop of the LAG members (Table 6.1). At this workshop furthermore the requirements for the participation in LEADER were presented to the LAG members and their expectations of the programme were inquired. Table

6.1 outlines the application of the MCDA process for deriving the objective hierarchy, the ranking and the selection of measures.

First, ideas on objectives for the development of the region were collected through questionnaires. This survey was conducted among (a) LAG members and potential members at a first workshop; and (b) among local residents via seven public forums, which were organised by the potential LAG across the region. On each event a SWOT-Analysis (Box 6.1) was jointly elaborated with the participants. The SWOT-Analyses helped to turn the actors' perspective from a personal view to one considering the development of the region as a whole. Afterwards they were surveyed individually on RDC objectives. Altogether 142 individuals contributed to this tracing of strengths, weaknesses, opportunities and threats and to the identification of objectives.

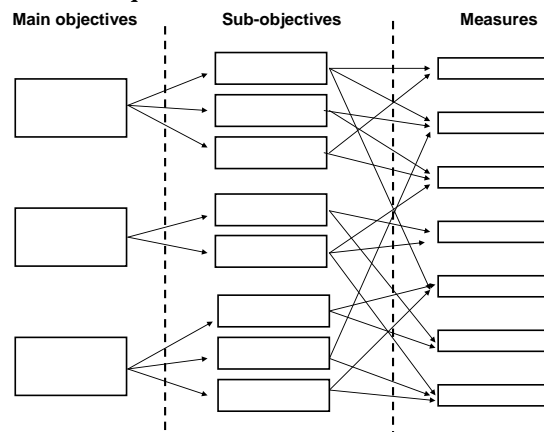
Box 6.1: Demands on a Regional Development Concept for participating in LEADER in Romania

An RDC forms the main part of a LEADER application and is the basis for the selection of LAGs. Guidelines on the required content and format were published in Romania by the Agricultural Ministry (MA NRDP 2010a). The guidelines set strict rules for the description of the region, the documentation of the LAG's functioning in

terms of decision-making and the foreseen financial distribution in the RDCs. Decisive elements for developing the strategy are, first, the SWOT-Analysis (Strengths-Weaknesses-Opportunities-Threats-Analysis) on the potential LEADER region for identifying its development potential and, second, a schematic framework on the relation between main objectives, sub-objectives and measures (Figure 6.1). That scheme can be seen as core of the RDC. While the objectives can be defined by the potential LAGs themselves, this freedom of choice is limited for the measures foreseen to be integrated in the RDC. The NRDP states that LEADER projects, which are selected and realised by the LAGs, have to contribute to the achievement of at least one of the three EAFRD Axes (cp. Chapter 3), meaning that all mea-

sures listed in the EC documents (Table A.6.1) could become part of an RDC. As the number of objectives of an integrated RDC should be manageable, the crucial task for a potential LAG is to identify and select the priority main objectives and sub-objectives for the development of its region and to select the measures, which contribute to achieving these objectives in the best way.

Figure 6.1: Relations of main and sub-objectives and measures required in an RDC within LEADER in Romania



Source: MA NRDP 2010a; modified

Elaborating a decision problem and developing a hierarchy of objectives is the first step of any MCDA application and summarised under the term 'problem structuring'. Thus, for categorising and structuring the survey results (the named objectives), a hierarchy of objectives, was first drafted by local and external experts, and then discussed in a mixed stakeholder group of around 30 persons. Afterwards it was jointly modified at a second workshop with (potential) LAG members before a final agreement was reached. Then, applying the MCDA approach AHP, the importance of the agreed objectives was assessed by members of the future LAG and further potential members individually by pairwise comparisons of the objectives. Based on these assessments, weights reflecting the relative importance of each objective were quantified. The assessments of the objectives' importance were calculated for the group of '*local actors*', consisting of 16 formal members¹¹⁰ and 30 potential members of the future LAG, who participated in the second workshop, which

¹¹⁰ Note that not all members of the potential LAG participated in all workshops.

focused on tourism and was open to interested actors. Afterwards, a second model named ‘*local experts*’ was calculated. It is based on a joint assessment of the regional manager and three additional experts in charge with managing the preparatory LEADER measure in the region, who had discussed and definitively considered the results of the forums, the model ‘*local actors*’ and the situation in the region. The resulting weights of objectives were discussed with the local actors. For highlighting and debating differences in the assessment of local actors and local experts and thus for keeping the feeling of ownership, the work was continued with both models.

Table 6.1: Steps in the RDC elaboration process for the identification of priority main and sub-objectives and rural development measures

Steps	Time
1. Collecting objectives from each actor individually after a joint SWOT-Analysis at the first workshop of LAG members	16-17 February 2010
2. Collecting objectives from people of the region via questionnaire after a joint SWOT-Analysis at public forums	1-11 March 2010
3. Pre-structuring objectives suggested during the steps one and two (desk work of external experts)	12-22 March 2010
4. Elaboration of a tentative objective hierarchy (ordering the objectives into main and sub-objectives) by local and external experts	
5. Second Workshop of (potential) LAG members: a) Presentation of the results of the survey conducted on the forums b) Discussing and adapting/revising the hierarchy of objectives c) Completing questionnaires (1. round) by LAG members and other participants of the workshop: pairwise comparisons for assessing the relative importance of objectives	23-24 March 2010
6. Calculating and discussing the results of the local actors' assessment of the relative importance of objectives by local and external experts	25-31 March 2010
7. Completing questionnaire (2. round) by local experts for assessing the relative importance of objectives	1. week of April 2010
8. Pre-selection of rural development measures for the regional development concept omitting measures that cannot be integrated into the RDC from a technical point of view	1. week of April 2010
9. Estimating the potential impact of rural development measures on the achievement of objectives by local experts	1. week of April 2010
10. Calculating rankings of measures using the AHP and discussing rankings with the LAG members	April – May 2010
11. Selection of measures (including adaptations to changing programme guidelines)	May – July 2010

For simplifying the selection of rural development measures from the EC regulations (Table A.6.1), a technical pre-selection was done by the local experts supported by the facilitator. From the EC menu of 38 measures, 15 measures, which can hardly be delivered under LEADER, were excluded from the beginning (among them *Early retirement* and *Area payments*, see Table A.6.1). Another 13 measures were omitted, because they imply a high administrative burden and/or potentially lost resources for the beneficiaries; this mainly applies to not area-related investment measures of Axis 2, which would involve several agencies if implemented.

The potential impacts of the preselected measures on each objective were estimated by the local experts, who were familiar with the rural development measures and the respective regulations. On this way it could be avoided that due to a lack of knowledge measures were erroneously assessed and ranked by the local actors. The measures were then ranked by applying the AHP algorithm according to these impact estimations and the assessed importance of the objectives for developing the region. Again, the calculations of rankings were made twice - for local actors and local experts based on their respective assessments of the objectives' importance.

Finally, the rankings of measures according to each single sub-objective as well as the overall ranking were presented to the LAG as a basis for discussing the final selection of measures for the RDC.

6.4 Results and Discussion

First outcomes of the MCDA-based RDC elaboration are presented (Section 6.4.1). Building upon the comparison of the situation of the region, the interests of the residents, the (interim) results of the MCDA and the final RDC, then factors, which affected the intended endogenous approach (Section 6.4.2) and the development of governance structures (Section 6.4.3) are discussed.

6.4.1 Outcomes of the MCDA facilitated RDC elaboration

The outcomes of the elaboration of the RDC are presented chronologically, following the steps introduced in Table 6.1. One outcome of the initial workshop was that local actors were not very familiar with the LEADER approach and the programme design. Nonetheless, they came with a bundle of expectations (Box 6.2). Beside their desire to gather resources for improving the situation in the region, and the appreciation of processual and interrelational dimensions of regional development, many LAG members showed a thinking from a community perspective. The group is not a close-knit one focussing on commonly predefined aims.

Workshop as well as forum participants also identified regional specifics and potentials. Among the potentials were, for instance the UNESCO heritage and the local industry park, but also unused resources of mushrooms and wood berries. Thereupon, objectives for the development of the region were collected from each participant individually during the workshops and forums (Steps 1 and 2 in Table 6.1). A broad spectrum of possible objectives for the development of the region was the result. It included the development of all economic sectors, as well as social, environmental and cultural goals.

Box 6.2: Expectations of the members of the potential Local Action Group on the implementation of LEADER in Romania

During the initial workshop members of the case LAG were asked to note their expectations of the implementation of LEADER in Romania. Certainly, not all of the local actors had understood the LEADER approach completely yet. Nevertheless, most of them laid down their expectation in writing assiduously. The range of answers can be grouped into the following main categories: 1) Accessing financial resources for the development of the region; 2) Citizens' involvement in (local) decision-making ('dialogue'); 3) Responds to real local needs; 4) Decentralisation and improvement of the functioning of the local administration; 4) Changes of the mentality of the people in terms of collaboration and partnerships, property, work, interpersonal relations and trust; and 5) Effective development of rural regions, particularly establishment of a proper business environment.

Next, a hierarchy of objectives (Box 6.3), i.e. a division into main and sub-objectives was suggested by the local experts and the facilitator at the second workshop (Steps 4 and 5 in Table 6.1). This proposal was not very intensively debated, because all objectives were derived from the individual suggestions and ideas of the participants. Only a few 'non-LEADER-like' objectives (that are not feasible under LEADER) had to be omitted or reformulated. For example the objective of improving the traffic and technical infrastructure, was seen by some as a big issue for the region. However, big infrastructure projects are generally not funded under LEADER because they lack 'innovative character' and are seen as 'normal local government activities' (ECA 2010). Here it was finally agreed to include the sub-objective *Improving the regional facilities* in the list of goals.

The next important outcome was the weighting of the main and sub-objectives (Steps 5 in Table 6.1). For the assessment of the objectives' importance and deriving weights, the discussions on the public forums regarding strengths and weaknesses, as well as surveyed objectives and project ideas were recapped. Thus, the opinions of the participants of the forums, which reflect the regional population in terms of sectors, gender and age in a good way, potentially came into consideration.

Box 6.3: Hierarchy of objectives as basis for the Regional Development Concept

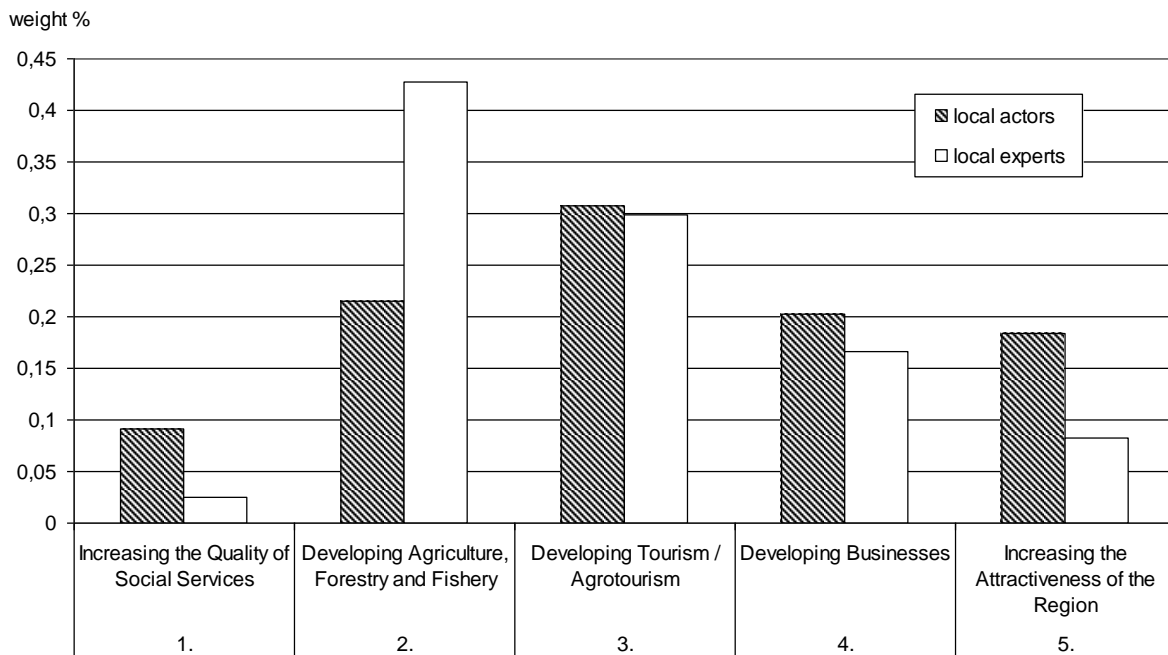
Overall goal: Development of the Case Region	
<p>1. Increasing the Quality of Social Services</p> <p>1.1. Increasing social inclusion</p> <p>1.2. Extending service infrastructure</p> <p>1.3. Improving public safety</p>	<p>4. Developing Businesses</p> <p>4.1. Promoting small and medium-sized businesses</p> <p>4.2. Creating an appealing environment for investors</p> <p>4.3. Developing human resources for business activities</p>
<p>2. Developing Agriculture, Forestry and Fishery</p> <p>2.1. Extending organic farming</p> <p>2.2. Improving economic efficiency of agriculture/ forestry/ fishery businesses</p> <p>2.3. Initiating value added chain/enhancing local products</p> <p>2.4. Sustainable management of natural resources</p> <p>2.5. Developing human resources in the primary sector</p>	<p>5. Increasing the Attractiveness of the Region</p> <p>5.1. Valorising culture, cultural heritage</p> <p>5.2. Improving the image + the publicity of the region</p> <p>5.3. Protecting the environment</p> <p>5.4. Creation of jobs</p> <p>5.5. Improving the regional facilities</p>
<p>3. Developing Tourism / Agrotourism</p> <p>3.1. Establishing + improving touristic attractions</p> <p>3.2. Developing accommodations for tourists</p> <p>3.3. Developing structures for promoting tourism</p> <p>3.4. Developing human resources in the tourism industry</p>	

Based on the pairwise comparisons of the objectives, two AHP-models were calculated (Steps 6 and 7 in Table 6.1). This AHP-based process of deriving weights from pairwise comparisons is described in detail in Saaty (1980, 2005). The AHP-models reflect the relative importance of objectives for the overall development of the region (Figure 6.2; Figure 6.3). The first model, ‘*local actors*’, refers to the whole group (46 respondents); the second model, ‘*local experts*’, is based solely on the weighting of objectives by four local experts (see Section 6.3.2.2).¹¹¹ The original ideas behind the two-model approach were a) to avoid biases in case the composition of actors participating in the weighting is distorted or presents only a part of the LAG’s stakeholders; and despite it had already be strived for extending LAG members’ view on the region b) to ensure that a comprehensive assessment the region’s potential including locals’ opinions and statistics etc. is reflected in the weighting by the local experts.

The weights for the main objectives (Figure 6.2) show that the local experts rated the development of the primary sector as most important and as more important than the whole group of local actors. Furthermore, they assessed social services as less important than the local actors. The latter see the development of the touristic sector as most important for developing the region. Certainly, due to the overall purpose of the event, local actors interested in tourism were highly represented.¹¹²

¹¹¹ Note that the differences of the ranked objectives resulting from the two models cannot be directly compared with each other: If a value for a certain objective was 2 in the one model and 1 in the other, this does not necessarily mean that the importance of this objective is twice as high in the one model as compared to the other. It only shows that the importance is higher in the one model.

¹¹² Further calculations showed, however, that the impact of the overrepresentation of actors interested in tourism

Figure 6.2: Weights of main objectives for the Regional Development Concept

Note: The weights reflect the relative importance of the objectives and were derived by pairwise comparisons using the AHP method. The model 'local actors' considers 46 (potential) LAG members, the model 'local experts' bases on a joint assessment of four LAG members who are particularly familiar with the LEADER programme. The 'local experts' took preceding interim results of the RDC elaboration process explicitly into account.

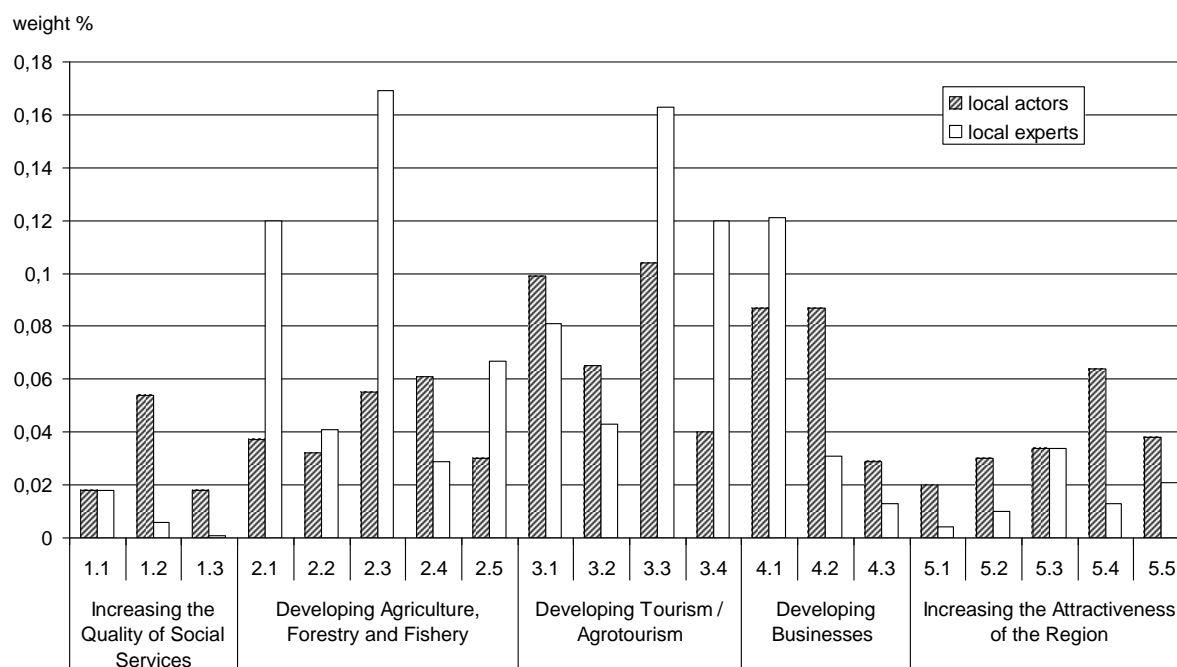
Also the weights of the sub-objectives (Figure 6.3) show differences in the assessments of local experts and actors especially for the following sub-objectives: 2.1 *Extending organic farming* and 2.3 *Initiating a value added chain* (for agricultural products). Both sub-objectives are given a higher weight by the local experts. Under the main objective *Developing tourism* high differences occur for sub-objectives 3.3 *Developing structures for promoting tourism* and for 3.4 *Developing human resources in the tourism industry*, which are again ranked higher by the local experts. Of comparatively high importance for the local actors as compared to the local experts are, for instance, sub-objectives 1.2 *Extension of the service infrastructure*, 2.4 *Sustainable development of natural resources*, 4.2 *Creating an appealing environment for investors* and 5.4 *Creation of jobs*.

Generally, most local actors tended to give priority to more concrete objectives with an immediate impact having in mind rather feasible projects such as, for instance, establishing silos or a kindergarten, while the local experts are used to take a broader view. Concerning the tourism related objectives this is directly reflected in the results since local experts gave a high importance to the sub-objective 3.3 *Developing structures for promoting tourism* while local actors preferred, for instance, the sub-objective 3.2 *Developing accommodation for tourists*. The lower weights for objectives related to social services by local experts might be due to their knowledge of alternative funding possibilities under which the LAG's social aims can be better achieved. Further, the fact that LAGs receive additional scores in the LAG selection for demonstrating that their concept is complementary with other funding

was not significant: For this purpose the weights were additionally re-calculated without considering the estimations of non-LAG members, who attended the workshop due to their interest in becoming a future member or their interest in the tourism subject. Results show, that tourism still remains the highest ranked main objective, albeit less distanced to the second ranked objective. Since this test showed no significant bias in the results, the original model 'local actors' considering all assessments of local actors were used together with the model 'local expert' in the further elaboration of the RDC.

programmes (cp. Table A.6.2) directed the local experts to think about most suitable and complementary instruments. If at a later stage LAGs met the challenge to realise possibilities for complementarity, which can be easily laid down in an RDC only for raising the chances of being selected, it would be constructive. However, in the present case this instance together with the potential difficulties to finance social measures under LEADER led at first to a low weighting of social objectives by local experts although social projects played a considerable role during the discussions. This example gives some indication how priorities for objectives can be biased by administrative settings.

Figure 6.3: Weights of sub-objectives for the Regional Development Concept



Note: The weights reflect the relative importance of the objectives and were derived by pairwise comparisons using the AHP method. The model ‘local actors’ considers 46 (potential) LAG members, the model ‘local experts’ bases on a joint assessment of four LAG members, who are particularly familiar with the LEADER programme. The ‘local experts’ took preceding interim results of the RDC elaboration process explicitly into account. The numbers of the sub-objectives refer to Box 6.3.

The deviations in the assessments that are shown by MCDA became subject to further discussion. However, the very limited timeframe for developing the RDC inhibited using the full potential of the possibilities offered by MCDA.

In the next step, objectives to which future projects have to contribute to had to be selected. It was decided to concentrate for this purpose on a reduced number of three main objectives.¹¹³ Thus, for the RDC the objective *Increasing the Quality of Social Services* was omitted. The choice of objectives for being integrated in the RDC followed the weighting of the model of local experts: *Agriculture, Tourism and Small Businesses* were chosen as main objectives for the RDC. Indeed, following the model of the local actors would have led to the same objectives albeit in another order. As it will be further discussed in Section 6.3.4, no arguments or technical reasons for not following this procedure were raised by the local

¹¹³ Note, besides being aware of the good practice to keep the number of main objectives on a manageable number, local experts mainly decided to integrate only three main objectives in the RDC, as the guide drafted by the ministry suggests this (cp. Figure 6.1). Maximising the chances of becoming selected for funding had a high priority. Similarly, as Maurel (2008) reported for LAGs in the Czech Republic, Hungary and Poland, formal and informal guidelines were perceived as grammar for success, for a successful application respectively.

actors. *Increasing the Attractiveness of the Region* was defined as additional horizontal objective.¹¹⁴ By doing so, the integrated approach was at least conceptually satisfied, as certain important dimensions like environmental concerns did not get out of sight despite the concentration on only three main objectives in the RDC.

As the number of sub-objectives had not obligatory to be reduced, their number was kept to allow flexibility in the implementation of the RDC. Nevertheless, their weights are reported in the RDC to be used as indication in the internal project selection process at a later stage.

For deriving a ranking of the ten measures, which remained after omitting hardly deliverable measures from the EC menu of 38 measures (Steps 8 in Table 6.1), the local experts assessed their impact on all sub-objectives (cp. Table A.6.3) (Steps 9 in Table 6.1). In contrast to the reduced number of objectives finally integrated in the RDC the final ranking and selection of measures for the RDC (Step 10 in Table 6.1) was based on the derived weights of all objectives and the estimated impacts of the pre-selected measures on these objectives (cp. Table A.6.3) based on the AHP.

Table 6.2 shows the overall ranking of the rural development measures for the two models ‘*local actors*’ and ‘*local experts*’. Main discrepancies are found for Measure 123 *Adding value to agricultural and forestry products* and Measure 133 *Supporting producer groups*, which are both ranked better in the model of the local experts. The main reason for this different ranking is that both measures mainly impact on the agricultural related objectives that were weighted higher by the local experts. In turn Measure 312 *Supporting the development of micro-enterprises* is ranked higher in the model of the local actors. Applying sensitivity analysis, which reveals how far the ranking of alternatives is influenced by prioritizing certain criteria (Brinkmeyer and Müller 1994), revealed that this is due to its estimated impacts on the objective *Increasing the Attractiveness of the Region* which was seen as more important by the local actors.

Table 6.2: Ranking of rural development measures for the overall objective ‘development of the region’

Rural Development Measures ^a	Rank	
	Local Actors	Local Experts
111 Vocational training ^b	2	1
121 Farm modernisation ^b	9	7
123 Adding value to agricultural and forestry products ^b	8	4
125 Infrastructure development for the development and adaptation of the agricultural and forestry sector ^b	10	9
133 Supporting producer groups	6	3
312 Support for the creation and development of micro-enterprises ^b	5	8
313 Encouragement of tourism activities ^b	1	2
321 Basic services for the economy and rural population	3	5
322 Village Renewal ^b	4	6
331 Training and information for economic actors	7	10

Note: ^a The complete official names of the rural development measures is provided in Table A.6.1.

^b Measure is offered under the Romanian National Rural Development Programme.

■ Measures selected for the Regional Development Concept

■ Measures later omitted because they are not offered in the Romanian National Rural Development Programme

¹¹⁴ The relevance of the horizontal objective will be reflected in the selection criteria for projects to be realised within the RDC in that way that projects submitted under a main/sub-objective will receive higher scores if they contribute to the horizontal objective.

Despite tourism is not of highest priority as main objective, Measure 313 *Encouragement of tourism activities* is ranked high, as it was assessed as having comparatively high impact on many sub-objectives of other main objectives (Table A.6.3). Measure 111 *Vocational training*, due its horizontal focus, is ranked high in both models, although the local actors weighted the human resources related sub-objectives lower. The last examples underline the MCDA's significance of considering the cumulative impact on a coherent system of objectives for ranking RDC measures, allowing to find those which potentially contribute most to the overall objective and allowing the group discussion of differences in the assessments.

The MCDA results were commonly accepted by the group. Yet, a final strategic adaptation of selection of measures was made by the local experts: Trainings on writing RDCs as part of the preparatory LEADER measure (cp. Section 3.5) were provided, when most RDCs were nearly finalised, as the ministry did not keep the original schedule of the measure. During the trainings rumours were spread that measures that are not part of the NRDP (Table A.6.1), were not welcomed by the administration. Additionally, ambiguity on selectable measures was evoked by a non-binding guide, which was not consistent with the NRDP (cp. Box 6.1). It was published by the ministry during the course of the RDC preparation and maintained in the status of a draft until the submission of the applications. Hence, local experts were afraid of facing additional administrative efforts and disputes and of losing resources if such unfavoured, non-NRDP measures would be included in the RDC. Therefore, it was decided to omit Measure 133, Measure 321 and Measure 331 – no matter how high their ranking was. It must be stressed, that the freedom of choice was severely narrowed by this: only seven out of the former 23 measures, (ten measures, respectively after the pre-selection), were left to choose from. The results were presented to the local actors, who – relying on the experts - nodded through the decision. The following six measures were finally selected for the RDC: 111, 121, 123, 312, 313 and 322 (Figure 6.4). Measure 125 *Development of infrastructure for the development of the agricultural and forestry sector* was not included as it received a low rank by both, the local actors and the team of local experts.

Measure 121 *Farm modernisation* was included although the argument was raised that projects under this measure are likely to be individual projects and thus have little impact on the development of the whole region. The main reason for including Measure 121 was that the local experts had already received a number of project proposals (e.g. from forum participants and hearings), which could be realised under this measure; examples are: building up storage capacities for fruits, vegetables and milk. This high interest made it likely that co-financing could be achieved.

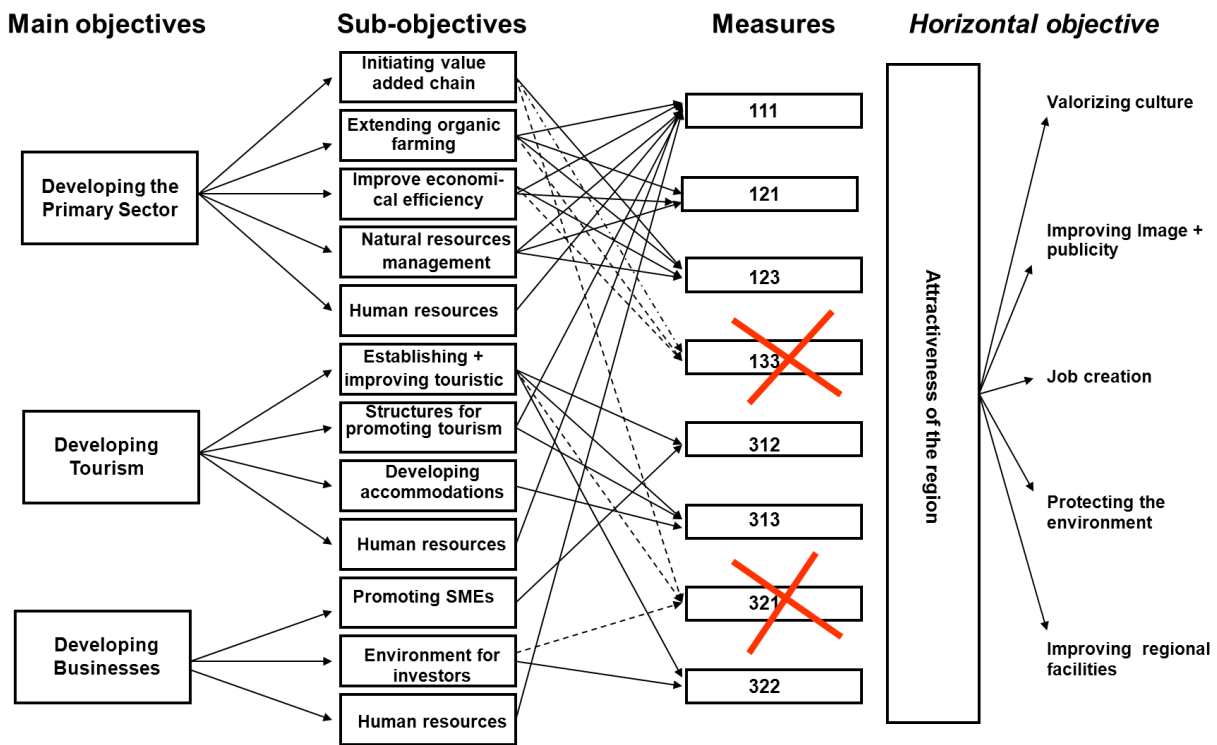
Further modifications of the already completed RDC were undertaken after the final selection criteria (Table A.6.2) were published by the ministry.¹¹⁵ With the hope to increase the chances for selection by adapting to these criteria, additional 'operational objectives'¹¹⁶ such as supporting semi-subsistence farmers (cp. Table A.6.2) were formulated by many applicants. Even potential LEADER regions where semi-subsistence farms do not play a major role in the agricultural sector declared the support of these holdings as an 'operational objective'. For this reason, the case LAG added four operational objectives: 1) semi-subsistence farmers, 2) young people, 3) producer groups and associations and 4) environmental issues. The agreed hierarchy of objectives was not modified; instead it was decided to operationalize these additional objectives by means of project selection criteria. Thus, projects proposals which address these issues would receive higher scores in the LAG-internal project selection. From a methodological point of view the issue of the selection criteria could have been adequately

¹¹⁵ A preliminary draft of selection criteria was known since 2008, but the final list of selection criteria and their weighting (Table A.6.2) was published only during the preparation phase for applications.

¹¹⁶ The term 'operational objective' was not specified by the Romanian Managing Authority.

operationalized within the MCDA procedure, if the final selection criteria had been announced earlier.

Figure 6.4: Finally selected main objectives, sub-objectives and measures for the Regional Development Concept



Note: SMEs = Small and medium-sized enterprises

This RDC scheme presents the originally selected main and sub-objectives. The measures, however, are not the first choice of local actors which had to be adapted to the unwritten LEADER guidelines. Due to those, Measure 133 and Measure 321, which were ranked high following the MCDA approach, had to be omitted; here indicated through the crossed measures and their discontinued connection to the sub-objectives.

6.4.2 Which factors further endogenous development in Romanian regions?

Indicative for the realisation of a true endogenous approach is broad public participation and the reflection of the situation and the potential of the region (as identified by the local residents) in the final RDC. However, looking at the whole RDC elaboration process, it already becomes obvious that external factors had considerable influence (Figure 6.5). This external influence originates from a) the LEADER programme design itself, especially the national guidelines and the programme administration; and from b) external technical assistance.

The initial conditions were favourable for a successful endogenous approach. Broad public participation of several stakeholder groups in the RDC elaboration took place. The public opinion was, without doubt, incorporated by the potential LAG into their RDC. The MCDA approach, although offered by external experts, clearly facilitated this endogenous decision-making process without having direct impact on the autonomy of the decision process. The strongest limitations for true endogenous development originated from the programme's administration and the LAG's will to avoid administrative burdens and possible loss of resources, which resulted in a very limited leeway for the RDC content. First, the small number of available measures hindered the optimal use of the endogenous potential of the case region: (at least) two preferred measures were abandoned due to this limitation in the case study. In other regions, especially the 'non-compatibility' of environmental measures of Axis 2 might be even more relevant and hamper an endogenous and an integrated approach.

Second, the selection criteria (Table A.6.2) are critical. The content of the RDC was adapted with additional ‘objectives’ which did not result from the assessment of regional needs, but were operationalized only for increasing the chance to be selected. It seems that selection criteria are used by the national authorities to steer local policies. This clearly endangers the endogenous approach of LEADER, particularly its bottom-up notion. If however, such additional objectives will actually be achieved after the LAGs’ selection is doubtful, because a LEADER group has some freedom in steering the funding to different objectives of their RDC. These limitations in the RDC design led to further impacts, which in turn indirectly hampered the endogenous approach: the effort of selecting and ranking objectives and measures made in the case region was comparatively high. When external constraints, like changes in the programme guidelines, limit the room for manoeuvre, this leads to frustration, especially if they happen at a late stage. It was found that the initially high engagement in the RDC elaboration process and strong feeling of ownership decreased due to this reason.

Another weak point is related to the obligatory SWOT-Analysis, which is prone to ‘manipulation’. Since the SWOT-Analysis is theoretically highly useful, its coherence with the selected objectives in the RDC is checked and scored during the LAG-selection process (Table A.6.2). Obviously, there is an incentive to ‘harmonise’ the original SWOT-Analyses to the finally selected objectives before submission. In the case region, actors were not tempted to adapt the SWOT-Analysis as concerned issues had been picked up anyway. Nevertheless, also here, attention was paid, that certain keywords corresponding to the selection criteria and preferred by the national authorities, are used within the introduction of the RDC. To strengthen the endogenous notion, it might therefore be much more important to ask for a proof that the SWOT-Analysis actually reflects the opinions of the regional residents (e.g. survey results). This redounds to legitimacy and should also help to improve the quality of the RDC. In other words, selection criteria should stimulate a true endogenous development by concentrating on how the RDC was elaborated.

In a nutshell, it is found that the Romanian LEADER programme design itself contributes to inhibiting a true endogenous development. On the other hand, for the local people it is most important to get access to extra-local funds for developing their region – one main motive for engaging in LEADER activities (Box 6.2). Explicitly following an endogenous approach stands second in line. Ray (2000) found that local initiatives adopt the endogenous approach as an opportunistic strategy for raising external funds by employing the rhetoric desired by the programme authorities. In the Romanian case, not only the desired rhetoric is adopted, but even the direction and content of the RDC and thus the LAGs’ action potential is changed by such strategic behaviour.

Another notable factor that might further or inhibit endogenous development is external assistance for preparing the RDC. Most (potential) LAGs in the EU make use of external assistance. Obviously, this can affect the realisation of an endogenous approach. For instance the SWOT-Analysis should be performed by the ‘people concerned’, but in reality the RDCs are often prepared by consultants. The degree of local participation varies from case to case (ECA 2010; Scott 2004).¹¹⁷ Typical reasons for little stakeholder involvement are a) a lack of time due to strict deadlines (Kovács Katona *et al.* 2006; Scott 2004); b) a lack of resources for paying experts for the additional effort needed for following a participatory approach (Kunze 2009); c) a lack of experience (Scott 2004); d) a lack of proactiveness of the locals to engage for the RDC elaboration (Chapter 5); and e) an exclusive partnership, which does not want to share decision-making power in LEADER affairs (Chapter 5).

In the case study the external consultant concentrated on supporting the decision-making process itself and not on its results, i.e. they focussed on guiding in ‘how to act’. The

¹¹⁷ Note that the RDCs of most LAGs across the EU, including a description of the elaboration process, are published online on the websites of the LAGs.

application of MCDA allowed guiding the local actors through the decision-making process in such a way that the content of the RDC was still endogenously grown. Though, time was a constraining factor because participatory approaches are time-consuming. Experiences from other countries show that for elaborating an RDC including regional inventory taking and consultation of regional residents one year preparatory time is needed. Definitively, MCDA helped to facilitate the RDC development by efficiently structuring the process and by providing a factual basis for the discussions.

The following four main factors contributed to the potential positive effect of applying MCDA: 1) Only a small number of experts had to be familiar with details of rural development measures, as once the measures' impact on single objectives were assessed, their ranking could be derived from weighting feasible objectives; in other words, the design of the applied MCDA procedure has proven to work as an adapter between the abstractness of an RDC and the ways of thinking of the people in the region. 2) The subjective parts, namely the preferences for objectives, are made more transparent, compared to commonly-used verbal-argumentative methods. 3) In comparison to verbal-argumentative methods, MCDA is also advantageous for following the intended integrated approach, as the measures' contribution to low prioritised sub-objectives is also considered. In other words, despite prioritisation, all objectives are still considered as a coherent system. 4) MCDA facilitates to overview the complex mosaic of different standpoints of local knowledge. To be able to fall back on MCDA facilitated the ranking of measures. The choice of objectives and measures is based on a ranking in which the opinion of the local actors is made explicit. EU-wide evaluation results show that even when LAGs have undertaken action for public involvement, there was no evidence how, or if, the consultations had influenced the LAG's SWOT-Analysis or the determination of RDC objectives (ECA 2010). The application of MCDA could contribute to remedy this deficit.

6.4.3 Practising new modes of governance – a challenge?

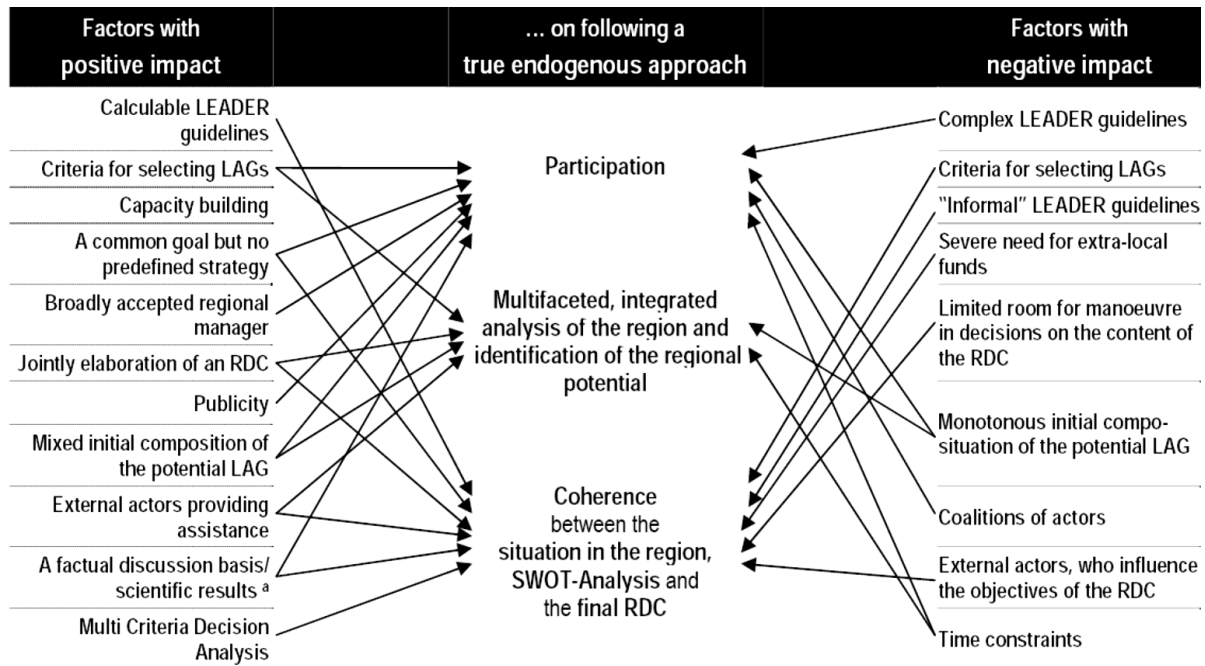
While Stoker (1998, following Kooiman and Van Vliet 1993) explains that the creation of governance structures cannot be externally imposed, Böcher (2008) supports Knieling *et al.* (2001) in saying that regional governance does not come about naturally and must be initiated. Both opinions are not directly controversial: experiences show that by introducing new forms of governance, like PPPs within LEADER, governmental authorities have to learn an appropriate operating mode, which challenges hierarchical ways of thinking. This is true even in the traditionally democratic old Member States, but applies all the more to the Romanian potential LAGs, because decision-making on regional development involving public and private partners was not commonly practiced up to now.

For observing the development of governance structures in the case region the following principles of good governance were considered as reference points: **participation**, **equality of partners**, **transparency**, **democracy**, respectively democratic decision-making, **quality of communication** and **conflict management**, whereupon the dimension of good governance are very much intertwined (UoV 2007). The findings described below are also visualised in Figure 6.6.

As mentioned above, it can be expected that many stakeholders are ultimately more concerned about accessing funds than about 'participation' and 'governance' (Box 6.2). The prospect of resources for developing the region might thus be a strong trigger for adopting a new mode of governance in the form of public-private collaboration. The programme design and especially the selection criteria can, as described above, be used to steer such processes. A minimum level of **participation** is, for instance, ensured through composition requirements of LEADER partnerships; and selection criteria brought about an increased variety of LAGs' composition. In this way it may be obviated that weak or little organised stakeholder groups are not represented in a LAG, which is an often reported circumstance (see e.g. Bruckmeier

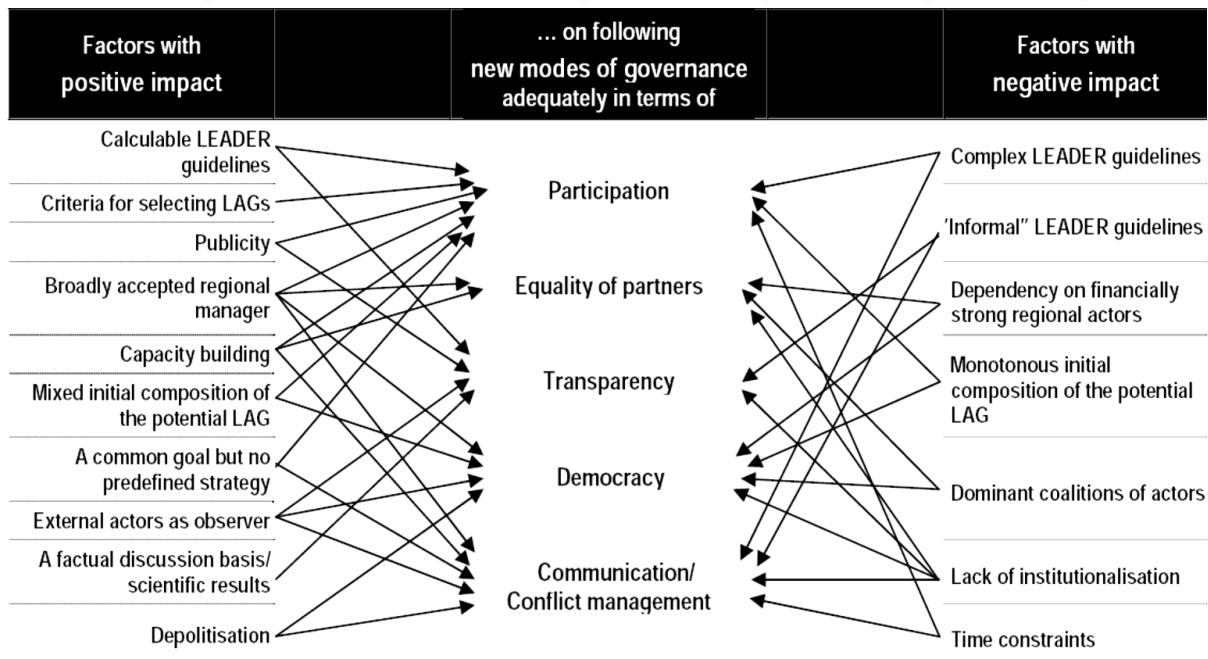
2000; Shortall and Shucksmith 1998). Though, such prophylaxis does not entail that LAGs are inclusive.

Figure 6.5: Factors with positive or negative impact on following an endogenous approach within the elaboration process of a regional development concept



Note: ^a For instance, results from studies on the region.
 RDC = Regional Development Concept; SWOT = Strengths-Weaknesses-Opportunities-Threats

Figure 6.6: Factors with positive or negative impact on applying modes of regional governance adequately within the elaboration process of a regional development concept



Note: RDC = Regional Development Concept
 Principles of good governance (participation, equality of partners, transparency, democratic decision-making and communication/conflict management) functioned as indication for judging if a factor has positive or negative impact on governance processes.

For the case region, it was found that some actors had to get used to the participatory approach. Moreover, some of them were not even aware, that a participatory approach, which might entail less power for the individual LAG members, should be followed. This became obvious when discussing the organisation of the public forums. The intervention of the well-accepted regional manager helped to convince the LAG members of the advantages of broad public participation. Not surprisingly, in retrospect the experiences and results of the forums were much appreciated.

Ensuring participation cannot, however, guarantee that (other) principles of good governance are followed – local elites might still be able to dominate and pursue their interests (see e.g. Böcher 2008; Bruckmeier 2000; Furmankiewicz 2006; Lošták and Hudečková 2010). Moreover, despite they are a ‘creation of LEADER’, LAGs do not necessarily follow transparent, democratically legitimised processes of decision-making (Bruckmeier 2000) which would be necessary for rectifying public spending under LEADER.¹¹⁸

For legitimisation and increased *transparency*, procedures might be institutionalised to a higher degree (cp. Shortall and Shucksmith 1998). In the case region, although the PPP was formally established, rules for collaboration were not sufficiently defined and the LAG acted rather on an ‘ad hoc basis’. It was the RDC elaboration process itself that offered an opportunity to establish new modes of governance: the LAG members have to decide and lay down in the RDC how they want to collaborate on the longer-term. Institutionalising a LEADER-like mode of governance is challenging for LAGs. On the one hand, rules should not favour single stakeholders in the decision-making process; on the other hand, some actors whose resources are valuable for the LAG might demand a privileged position.

Experiences show that even if rules are set, informal power might lead to irregularities in the decision-making process (ECA 2010). Kovách (2000, p. 186) states that “the political elite [in Eastern European countries] is able to subordinate civil organizations (...) to its authority”. (See also Maurel 2008) Such subordination was also observed in Chapter 5 for other potential Romanian LAGs, but did not take place in this case region. In contrast to Kovách’s observations, in the case study the members of the potential LAG, who had not worked together in that constellation before, used the workshops as a cross-sectoral discussion forum, indicating a good *communication structure*. Also Scott’s (2004) finding that the lead partner or the initiator of a LAG has, to a large extent, ownership of the process at this early stage of strategy formulation, did not apply for the case LAG. Moreover, there is the risk that discussions lack *democratic procedures* and are negatively affected by (governmental) politics, as first, mayors might have to learn to subordinate to other actors, and second the mayors of the case LAG belong to different parties and political dispute could be expected. However, it was found that the atmosphere in the discussions was civilised and fair. Dominant or high ranking personalities backed off and acted discrete. Suggestions of the paid regional manager such as, for instance the proposal to depoliticise the forums by treating mayors as guests instead as patrons, were commonly accepted. The atmosphere was thus characterised by *democratic decision-making* and an *equal treatment of the partners*. This factual atmosphere might have been supported by the presence of external actors (cp. Vinten 1994), but was also present in their absence. ‘Controversies’ were only caused by a different level of knowledge on the NRDP measures, which is decisive for the understanding of arguments with regard to measure selection (cp. Box 6.4). Thus, *conflict management* by the regional manager was hardly required.

Why is the potential LAG of the case region doing so comparatively well with regard to following new modes of governance? It was surprising how well the group collaborated in a new actor constellation and practiced participative decision-making. – As reflected by hints in

¹¹⁸ The question of legitimacy of rural governance is elaborately addressed by Connelly *et al.* (2006) and also discussed by, e.g. Aagaard Thuesen (2011), Böcher (2008), Goodwin (1998), or Shortall and Shucksmith (1998).

the literature (e.g. Convery *et al.* 2010; Lee *et al.* 2005, see Chapter 5) and by the determinants influencing LAGs' development identified in the previous chapter, the initial situation of a LAG, particularly the group composition, its members' pre-existing social networks and the reasons behind their joint initiative, may play a role. The case LAG was founded with the only aim to participate in LEADER. Moreover, while it is often found that existing regional power structures pervade also LAG activities, for instance communal microregion-associations (Maurel 2008; Chapter 5), in the newly established case region extending to two counties no such coalitions were present. For instance, the seven communes had not formally worked together as group, instead they had collaborated in different constellations. If actors were theoretically powerful due to their status or resources, practically they were so within another regional context, respectively within other social networks. In other potential Romanian LEADER regions and similarly in Hungary (cp. Maurel 2008; Chapter 5) county councils as supra-communal governmental body tried to influence LAG's activities. In such cases imbalanced power-constellations and the party-political dimension were introduced or exacerbated implying additional conflict potential that hampered **democratic decision-making** of the LAGs.

In contrast, the case LAG consisted right from the beginning of a mixed stakeholder group. Although individual motives may vary (cp. Box 6.2), the common constituting goal was to source LEADER funds for developing their region. All members accepted the multi-sectoral approach and thus the multiple interests within the LAG. The group never was a closed circle, but always open for interested parties.¹¹⁹ Some even explicitly hoped for increased citizens' involvement in decision-making and a change in people's mentality on collaboration (Box 6.2). Therefore it can be confirmed that also in the present case the mixed and open initial composition allowed that the widespread tendency for endogenous development initiatives to favour those who are already powerful (Shucksmith 2000), was not found for the case region.

Another supporting factor was the trustworthy relation to the regional manager. She was not only accepted because the local actors depended on her skills in preparing the application, but had accumulated considerable trust in the process of preparing the RDC. Such a key person, who enjoys as manager confidence from all stakeholder groups, facilitates the acceptance of both technical and normative decisions.

The application of MCDA generally contributed to a structured and transparent decision-making process. It supported the feeling of ownership among the local actors. Methods for facilitating LEADER-like elaboration of RDCs with emphasis on participation are described in several guides (e.g. DVS LEADER+ 2002; LEADER Observatory 1999). However, tailored methods such as MCDA, despite their unquestioned advantages, are seldom practiced or focussed on in practitioner-oriented guides. The main reasons are time-constraints and lack of knowledge and skills. Yet, only recently the Court of Auditors criticised a lack of **transparency** in LEADER (ECA 2010); as adumbrated earlier, the application of structured methods such as MCDA might be used as a tool to demonstrate that proper and transparent procedures were consistently followed; it allows tracing the outcomes of the governance processes. Transparency was further increased by broad communication of the LAG's work, publicity of workshops and unfolded drafts of the RDC. This might, in addition, have a positive back-coupling on the working atmosphere in the LAG as transparency leads to establishing trust in the process.

¹¹⁹ Information on the idea to establish a LAG was spread via the local authorities' offices and other key actors by mouth-to-mouth. Furthermore, the regional manager contacted or was contacted by around 200 persons. That shows that the LAG management set value on arranging external communication right from the beginning, even before the funded project with public forums has started.

Box 6.4: Impacts of the complexity and bureaucracy of the LEADER programme

The impact of the complexity and bureaucracy of the LEADER programme is manifold. In Chapter 5 the difficulties to promote and impart the LEADER approach became obvious. But also when the programme has gained a foothold in a potential LEADER region, burdens occur: One challenge is to motivate people in participating in LEADER activities without overloading them with the complex bureaucratic issues and without evoking false hopes. Some crucial decisions on the RDC have to follow administrative requirements which are not easily understood by all local actors. This might result in disappointment and conflicts. Consequently, there is a trade-off between information overload and frustration due to misunderstandings with regard to decisions that can only be understood with detailed knowledge of LEADER regulations. The challenge is to find the optimal balance between providing the right amount of information to LAG members, keeping actors' motivated and maintaining the regional manager's decisions as transparent as possible.

Another consequence of the bureaucracy linked to LEADER is that some local actors might raise the question whether the advantage resulting from joint activities are outweighing administrative burdens of LEADER. Therefore, for some an individual project application might seem more attractive. Yet, some might see their only chance to realise certain projects under LEADER if other funding schemes are unsuitable or over-requested and thus stay with the LAG. In Romania, many local communities hope that their projects which were not selected under Measure 322 *Village renewal* can be realised under LEADER. Others hope for free advice from a regional manager when preparing their project application within the LEADER framework (see also ECA 2010).

The programme's complexity can be seen as a constraint to practicing new modes of governance (see also Box 6.4). For instance, some critical decisions on the RDC, like the final selection of measures, could not be made by the local actors themselves due to a lack of knowledge. In turn it might be argued, that for this reason the potential for controversial discussions in the case LAG was much lower. Limited participation in decision-making is thought to hinder not only practicing new modes of governance, but also truly endogenous development (e.g. Scott 2004; Shucksmith 2000). Deeper discussion could have taken place, if the group had to rely less on the proposals and pre-selections of the local experts. However, for enabling the actors to discuss such proposals, it would have been necessary that they gained deep knowledge on the LEADER bureaucracy. Such extended capacity-building was hardly possible in the limited available time.

6.5 Conclusions

In this chapter the question, whether the LEADER implementation in Romania supports endogenous development and new modes of governance was raised. Results reveal that LEADER indeed has a strong neo-endogenous notion: considerable influential factors on endogenously grown strategies and evolving governance structures of potential LAGs are region-external. In particular, the administration and the programme guidelines as well as supported capacity-building have to be mentioned.

Although LEADER is generally an external stimulus for endogenous development, its specific design laid down in the programme guidelines partly inhibits its fruitful realisation. In Romania, the endogenous potential of the LEADER regions cannot be fully exploited because the room of manoeuvre is very limited. Both, formal rules and informal pressure lead to a small number of eligible measures that can be included into the Regional Development Concepts. This cut-down of possibilities impedes the endogenous and in some cases also the integrated approach, because some of the identified regional needs and opportunities cannot be followed by the LAGs. This issue is also known in other Member States in the current funding period; it is raised at the European and national levels. Member States refrain from offering a broader menu of measures eligible under the LEADER Axis because the rigid control system required by the EC and sanctions for non-compliance induce demotivation.

In Romania furthermore the selection criteria have a significant impact on the content of RDCs. The RDCs are adapted to increase the probability of selection and thus of funding.

This means, however, that the RDCs do not necessarily reflect the real situation and needs of the regions. This is likely to happen, even if in fact true endogenous development is desired by the potential beneficiaries, because their main priority is accessing external funds. Thus, through the nationally defined selection criteria, policy-makers and the agricultural administration can influence local policies. Endogenous development and also the bottom-up approach¹²⁰ are clearly endangered by this practice.

Theoretically, the idea of the neo-endogenous approach allows a flexible interface between local and extra-local factors. Extra-local factors can work as support to endogenous development and the use of the regional potential. However, in the case of Romania, both, the limitation in selectable measures and the impact of selection criteria may result in an inefficient use of funds. Thus, the idea that the LEADER approach is - due to target-oriented spending at the ground - ultimately more effective than orthodox rural development interventions in bringing about socio-economic vibrancy (Ray 2006) can be questioned.

The still weak administration is another constraint to the LEADER approach in Romania. The late publishing of regulations and selection criteria, incoherence between informal guides and the binding NRDP as well as problems in the timing of the preparatory LEADER measure made the RDC development extremely difficult for the potential LAGs. Moreover, the delayed or even missing communication of the implementation procedures, particularly of 'eligible' measures, and the unfortunate scheduling of trainings for regional managers led to increased costs for the potential LAGs (and to a misspending of resources by the Agricultural Ministry). This means de facto that the intervention logic of the preparatory LEADER measure was not kept, as will be further discussed in Chapter 7.

Not only time and money were wasted, but longer-term damage of the programme can be expected. False expectations were raised and frustration was the outcome. Indeed, the LEADER rhetoric "offers the prospect of local areas assuming greater control of development" (Ray 2000, p. 166). Success stories ('good practices') were promoted, what led in turn to demotivation and lack of participation when it was recognised, that these prospects do not always materialise. Such impacts are particularly severe in the crucial 'pre-development phase', in which actors are prepared for the "new, integrated development ethos" (Ray 1999, p. 521-2). Not only the participatory elaboration of RDCs, which determine the development path of a LEADER region, is affected, but also the evolution of partnership- and governance structures.

In most Romanian LEADER regions the foundation of PPPs as decision-making body on regional development implies the introduction of a new mode of governance. However, further incentives to follow principles of good governance are not integral part of the programme guidelines. One reason for this might be that governance processes are difficult to evaluate. Nevertheless, despite the rather difficult Romanian politico-administrative and historico-cultural context, the case study showed no major issues with regard to governance. The purpose-oriented formation of the LAG, the capability and broad acceptance of the

¹²⁰ The European Court of Auditors (ECA 2010) recently recommended to review the constraints of the programme design on the LAGs to implement innovative multi-sectoral strategies. At European level the LEADER sub-committee of the European Network for Rural Development has picked up the question in how far the idea of LEADER as instrument for supporting endogenous development is hampered by European or national regulations [see, for instance ENRD (s.a.b) and ENRD (2010)]. Without going into detail at this place, as the argumentation has been well documented by the LEADER Focus Group acting at the European level (cp. http://enrd.ec.europa.eu/leader/leader/en/leader-focus-group_en.cfm, accessed 05.05.2012), the lack of motivation on the side of the Member States results from the interplay of the EAFRD regulation and related financial and control regulations and their interpretation. Relevant legislation and guidance documents have already been modified or are about to become modified in the course of the current funding period for approaching this circumstance, which also impacts LEADER' innovative notion, with which it has not been dealt with in this chapter.

regional manager, the openness and publicity work of the LAG, and the structured, transparent and fact-based decision-making process (supported by an external facilitator) significantly contributed to this positive picture.

However, for furthering practicing good governance and enabling a true endogenous approach capacity-building was found to be essential. Indeed, the importance of gaining expertise and building partnerships is already known (cp. Shucksmith 2010) and partly operationalized in the LEADER guidelines. The presented results underline that extended capacity-building that goes beyond the regional manager (and its core team) is needed, because participatory decision-making needs a sufficient number of informed stakeholders. The duration of the preparatory LEADER measure was too short for imparting the knowledge on the complex LEADER guidelines which would have been necessary for following some of the strategic decisions during the RDC development. Capacity-building has also a potential to avoid social exclusion in the process of LAG formation (cp. Scott 2004).

Additionally, external expertise for guiding potential LAGs through the decisive initial phase is essential. The preparatory LEADER measure, although otherwise beset with many implementation problems in Romania, offered the potential LAGs to buy in external assistance. In the presented case study, the RDC was developed with the help of MCDA and external experts. MCDA proved to be a valuable tool especially in supporting a participatory approach in which multiple opinions have to be considered. It works at a high level of analytical detail and considers various objectives in a coherent system. With this, it potentially contributes to an integrated approach. Moreover, the actors' preferences for objectives are made more transparent compared to commonly used verbal-argumentative methods. Thus, MCDA helps to structure the decision-making processes, provides a factual discussion basis and can be used to demonstrate that the procedures followed are in line with the LEADER approach by tracing *governance outputs*. The only small drawback is that it requires slightly more expertise than other approaches.

Overall, considering the repeatedly found relevance of supported capacity-building and external technical assistance, the trappings of the neo-endogenous notion of the programme design of LEADER become obvious. Scott (2004) - after experiences with LEADER II - is calling for more formal attention to be paid to capacity-building. The preparatory LEADER measure for the Romanian LAGs was certainly a step in the right direction. However, it could be used more fruitfully: while the funds foreseen for the preparatory LEADER measure were sufficient, the timeframe in which the financial resources had to be spent was too short and the centrally arranged technical support organised by the ministry was unfavourably scheduled.

Certainly, despite former experiences with LEADER, translating the neo-endogenous approach into an effective policy intervention, which satisfies the objectives of both, the locals and of the extra-local sponsors, is challenging, and even more so for the authorities in a NMS. This case shows that the devil is sometimes in the details: selection criteria and administering the programme can have high impact on realising the LEADER approach. Nevertheless, attention to the promises and possible outcomes and achievements of the programme is needed for avoiding frustration of (potential) beneficiaries and ineffective and inefficient spending of funds.

Policy-making around LEADER and the National Rural Network in Romania¹²¹

7.1 Introduction

Input-output or impact analyses are probably the most frequently conducted assessment of EU-funded rural development interventions. The underlying implementation processes are examined less frequently, and then, more commonly, the role of (potential) beneficiaries is concentrated on. Indeed, particularly for LEADER, the instrument's implications for LAGs have – like in the previous chapter – been investigated addressing various questions. However, with the selection of a policy instrument not only are policy objectives targeting the whole or a part of the society expressed, but so are the frame for its implementation prescribed by defining cornerstones of the delivery system. Given that instruments are rarely capable of being effective in implementing policy without adequate management (Peters 2000), assessing the role of administration over the course of implementation is essential.

Despite the lessons learnt in older EU Member States, smooth implementation of a (mandatory to be applied) policy instrument in a NMS cannot be taken for granted. Not only do programme designs not always develop to the advantage of their administrative-technical features over funding periods (Marquardt 2012a), but administrative difficulties cannot be excluded when considering that the new modes of governance, to which LEADER and the National Rural Networks (NRNs) belong, go along with new forms of public management (Table 2.4), which have no tradition in Romania. Moreover, horizontal (management) relations and decentralisation, demanded by the instruments' integrated focus, and by the bottom-up approach of LEADER, respectively, were for a long time not commonly practiced in the Romanian agricultural administration (Section 3.5). Consequently, for assessing the instruments' potential in Romania and for having a basis for future instrument choice, it is important to identify the challenges related to the management of the special features inherent to LEADER and the NRN.

Policy-related transaction costs are likely to vary between instruments and delivery systems, and may be an important determinant for overall funding efficiency (Fährmann and Grajewski 2011; OECD 2007; Rørstad *et al.* 2007). Thus, even if not often taken into account in policy evaluation, they are an important issue to consider when designing policy programmes (Rørstad *et al.* 2007; UoG 2008). A decisive example of differing transaction costs for different policies is that targeted interventions, such as LEADER or many forms of agri-environmental measures, suffer – despite being expected to be more effective – from the presupposition of inducing comparatively high implementation costs (cp. UoG 2008; Section 3.4), which potentially reduces overall funding efficiency (Fährmann and Grajewski 2011). However, for many rural development measures quantitative estimates are still missing (OECD 2007).

Despite the independent development of literature on both public management and characteristics of policy instruments (Peters 2000; Chapter 2), some existing implementation studies show that the division between policy and administration does not work in practice (Salamon 2002a). Hence – as argued in Chapters 2 and 4 – there are good reasons for looking at an instrument's implementation embedded into the wider policy-making process, and focussing the politico-administrative system, and not only public administration, as a research subject. The analyses of the implementation of policy instruments is not very meaningful

¹²¹ Note, for not overstressing the length of this book a more detailed version of this chapter has been laid down in Marquardt (2012b).

without considering the preceding policy formation and the fact that instruments' implementation might be formally or informally subject to political influence (cp. Peters 2000; Salamon 2002a; Chapter 2). It is therefore essential to understand the relational dynamics; particularly governance processes are potentially important for policy effectiveness (Gore and Wells 2009; Stame 2008). Here, the specific context of the multi-tiered structured polity system, in which EU rural development policies are formulated and implemented (Section 2.3.3.6; Section 3.1), requires a systematic reflection at the various administrative levels (cp. Vihinen and Kull 2010).

The governance concept enables one to adopt an integrated view of polity, politics and policy levels (Eising and Lenschow 2007). This is necessary for approaching policy instruments comprehensively under the consideration of formal and informal governance structures (Goodwin 1998). Hence, it appears important to look at these three dimensions separately at first to understand the reciprocal effects between structural and processual features (polity and politics) and policies (based on Eising and Lenschow 2007). Therefore, one pivotal unit for examining policy instruments is the policy delivery system, which reflects the institutionalised governance structures guiding the implementation process (Mantino *et al.* 2008). As opposed to the assessment of such formally stipulated governance structures, which is relatively straightforward, empirical means of assessing informal governance processes systematically are difficult to apply and still evolving.

While the relevance of 1) seeing policy implementation under consideration of policy-formation processes, and of 2) considering formal and informal governance structures have both been acknowledged in the political sciences, the grey area between initial policy formation and policy implementation has received little attention in theoretical concepts and in the literature in general. Nevertheless, investigating this phase promises practical implications for the (initial) implementation of policy instruments and their design. First, identifying necessary alterations in the steering of the implementation process is likely to be especially effective in this phase. Second, in the present case, wherein policy-making focusses on LEADER and the NRN in Romania and on their pre-implementation phases, lessons for capacity-building and managing the implementation of these instruments in (potential) candidate countries might be drawn.

In the context of this study, this chapter aims to reflect on policy-making, including policy formation and policy implementation, of the LEADER programme in Romania. It also examines the initial situation for implementing the Romanian NRN in greater detail. For the NRN, which has not been functional until the end of 2011, only a limited analysis of the policy-making process is possible. However, as the NRN is anticipated to contribute to improving governance and policy delivery of the whole NRDP, examining the challenges faced with implementing LEADER is likely to indicate where the NRN can apply and deploy its potential. The findings from the assessment of policy delivery in the context of LEADER can thereby be fed directly into assessing the implementation context of the NRN. Thus, in the first portions of this chapter, the delivery of the Romanian LEADER programme is examined. Priority is given to the policy delivery system as an outcome of the policy-formation process, as well as to the role of the administration in the (pre-)implementation process. Implementing LEADER Measure 43, under which potential LAGs' capacity-building is supported (Section 3.5; Table 4.2; Chapter 6), as well as LAG-selection are investigated with a focus on administrative burdens and costs. In Section 7.4, sectoral policy-formation processes are assessed in greater detail for two reasons: First, besides the abovementioned theory, assessing the implementation process in Section 7.3 suggests that one should pay particular attention to the nature of related policy formation. Second, for examining the potential of the NRN in Chapter 8, the governance context must be assessed. For both topics, merely examining the initial policy formation for the current NRDP is insufficient, because it featured – as will be explained – a very specific policy-formation process and can primarily

be assessed only retrospectively. To that end, governance processes are examined in common policy formation in the Romanian agricultural and rural sector under consideration of formal and informal forces. At the end of the chapter, overall conclusions are drawn. The different analytical approaches applied are explained in the related sub-sections.

7.2 Overview of (the execution of) competences in the policy-making process

Addressing the question(s) of who can decide at which point about which aspect in the evolution of a policy programme or instrument, the institutionalised governance structures along the policy-making process can be mapped and analysed in both a horizontal and vertical dimension. In this sub-section these structures for policy-making around LEADER, and as far as possible for the NRN, in Romania are drawn. The section begins with macro-governance structures (at the programme level) characterising policy-making around the NRDP in general, before examining the delivery system of LEADER, i.e., the micro-structures at the instrument level.

7.2.1 Policy formation and the determination of the implementation design for NRDP measures

Investigating governance structures in the policy-formation process in which policy instruments and their delivery system are determined can contribute to understanding the effects of implementing policy programmes. In the following, the institutionalised decision-making power in NRDP policy formation and its outcomes, which are decisive for governance structures in the course of policy implementation, are overviewed. As the initial policy-formation process occurred before the investigation period of this study, little empirical evidence on the effects of informal processes is available. Therefore, results are taken from existing documentations of the process and discursively summed up.

NRDP related policy-making is characterised by the principle of “shared management” of EAFRD resources (EC/2005/1698) manifesting the EC’s and Romania’s formal influence. Accordingly, the EC holds final responsibility for the budget (EC/2005/1290; EU 2010, Art. 317). The execution of funds is delegated to the Member States and their paying agencies. Accountability relations pervade all steps of the *policy cycle* (Figure 2.1). They are thus already reflected in the distribution of decision-making power in the programming processes, whose main features have been defined at the European level. *Initial policy formation* for the Romanian NRDP is definitively EU-driven: *agenda setting* and the *formulation* of the EAFRD regulation (EC/2005/1698), the strategic guidelines for rural development (EC/2006/144), and related legal documents are based on a *redefinition of the problems* of rural areas across the EU, taking into account experiences from former funding periods. For Romania, the agenda was externally set; only then were the specific Romanian rural problems assessed for the purpose of preparing a National Strategy Plan (NSP). This strategic document requires that several sectoral policy fields represented through different line ministries agree on a common strategy for rural development. For Romania, this implied the mandatory introduction of a new mode of governance emphasising horizontal relations at the national level. Inter-ministerial co-ordination was limited (cp. e.g. UoV 2007; Wegener *et al.* 2011), but intra-ministerial communication was also poor (Redman 2008) and there was very little experience of strategic planning within the MARD (*ibid.*). Thus, many opportunities for identifying the possible effects of complementarity and synergies between sectors, and later between EAFRD Axes and measures, were missed. These deficits in cross-sectoral strategic planning are reflected in the various EU co-financed sectoral programmes in Romania, which do not sufficiently complement each other. The phenomenon that countries struggle with overcoming sectoral coordination approaches in favour of an integrated policy, is not Romanian-specific (cp. OECD 2006; Tisenkopfs 1999).

The NSP theoretically reflects the opinion, ideas, objectives and will of the Romanian actors along criteria provided by the EC. This possibility of expressing national interests is limited for the second step of *policy formulation*, the elaboration of the sectoral NRDP: the overall objectives for (EU co-financed) rural development policies, as well as a pre-selection of instruments to achieve the common objectives had been made at European level. Considering certain framing conditions (cp. Section 3.1), rural development measures best fitting to the national implementation context could generally be chosen by Member States to assure that common and national objectives are achieved in the best way, this room of manoeuvre was very limited for LEADER and the NRN, as they are mandatory within the NRDP. This means that introducing LEADER and the NRN is no result of Romanian *instrument choice*.¹²² Moreover, with the mandate to implement LEADER and the NRN, the framing features of the delivery systems of both interventions were also prescribed. While for the NRNs the framing conditions for governance structures were broadly pre-defined in Brussels, thereby allowing adaptation to the national context, for LEADER there was less flexibility, and decision-making power had to be shifted to the local level. The high share of third-party involvement in the delivery of the instruments is noteworthy for Romania in terms of national decision-making on the delivery systems. Despite third-party involvement not being obligatory, the management of the NRN as well of two phases of the LEADER Measure 43.1 were outsourced. This implies delegating influence, and features a typical notion of “new modes of governance” (Chapter 2). Romania made little use of the possibility to complement the common objectives defined for LEADER and the NRN by specific national objectives, which do not substantially vary from the common ones (Table A.3.2). Member States have further room for manoeuvre and for expressing national interests in the initial policy-formation process when defining the budgetary distribution of EAFRD funds. The amount allocated by Romania to LEADER is below the obligatory minimum for NMSs (Section 3.5). The budget foreseen for the NRN does not significantly deviate from the average (Figure 3.2).

Major issues that are crucial for the effectiveness of EAFRD resources resulting from initial *policy formulation* at the national level are manifested in the NRDP. Thus, formal involvement in the decision-making process concerning the elaboration and approval of the NRDP theoretically allows the exertion of comparatively high institutionalised influence. Also for this step, formal governance structures were partly pre-defined at the European level. For example, the involvement of certain institutions like the Monitoring Committee and the consultation of social and economic partners is obligatory (Section 3.1). A key player in the elaboration of NRDP was the Directorate-General (DG) for Rural Development, the later Managing Authority in the MARD. Despite the elaboration of the NSP and the NRDP being extensively supported by external experts,¹²³ the process suffered from severe management deficits. A particular problem was the assessment of the situation in the rural areas: this task was outsourced and not supplemented by sufficient analyses (Redman 2008). This subsequently hampered informed policy-making. Proposals by technical staff at the EC to orient measures towards the real rural needs in Romania were either left out or diluted (*ibid.*). Involvement of further MARD-external stakeholders in working groups and in the formal consultation process was limited. The latter did not lead to major changes in the design of the

¹²² Theoretically the possibility existed for Member States to direct no funds to LEADER Measure 42 or Measure 43, which are nevertheless inherent parts of LEADER, implying that respective undertakings have to be financed by the LAGs themselves - a possibility which was only used in a few Member States, e.g., Ireland (cp. Figure 3.1). For Romania, however, this was not possible for Measure 43, for which a specific sub-measure had been designed only for Romania and Bulgaria (Section 3.5); and was hardly possible for Measure 42, as the recommendation by the EC to NMSs to acknowledge the relevance of (transnational) cooperation was even manifested in the regulatory framework and could only to a limited extent be followed on other ways.

¹²³ The NRDP elaboration process was assisted by a 2.5 year EU Twinning Project (RO 2004 IB AG 05; Romania-France-Germany-Hungary) from 2005 to 2007 funded under the pre-accession programme Phare (Poland and Hungary: Assistance for Restructuring of the Economies). (Redman 2008)

LEADER measures or of the NRN (cp. NRDP 2010, pp. 152; Annexes 7 and 8). Moreover, the consultation process was described as exclusive and top-down (Redman 2008). On the other hand, various lobby groups were active (*ibid.*).¹²⁴ The process and its transparency, as well as strategic planning, were further constrained by frequent changes of ministers – Romania has experienced six ministers with various political agendas within the two-year period examined, including some significant corruption cases. The NRDP was subject to an external ex-ante evaluation (NRDP 2010). However, the proposal for improving the implementation design of LEADER did not evoke significant modifications. Also, in the last step of initial policy formation, the *adoption* of the NSP and NRDP, the EC had the final word in approving the documents, and checking the consistency and coherence of national and EU strategies and objectives. The submission of the final version of the NRDP to the EC in October 2007 was answered with the request to rework many sections. The NRDP was finally approved in February 2008. The *implementation* is primarily the responsibility of the Member States, but for ensuring sound financial management it underlies the control of the EC (EC/2005/1698, Art. 73). Member States must systematically account for the use of resources granted by the EU. Then again, the formally institutionalised relations between Member States and the EC are significantly determined by the EC's abilities to reduce or suspend payments (EC/2005/1290, Art. 9). *Policy formation* with an influence on the programme implementation that takes place after NRDP approval might occur at both levels. However, many national decisions on NRDP modification require approval by the EC.¹²⁵

To sum up, the EC has great influence on the whole policy-formation process, and decides on the overall budget and objectives of the EAFRD. The EC also determines how institutionalised relations between Member States and EU organisations are formed, and has great influence on national governance structures. The latter is essentially expressed through: 1) Requiring the elaboration of a cross-sectoral strategic framework, the NSP, which demands a certain mode of horizontal governance; 2) Establishing rules for the planning and management of rural development measures, among which is the obligation to involve a Monitoring Committee and to conduct consultation processes; 3) Making LEADER and the NRN with their specific modes of governance mandatory parts of the NRDP. In other words, it is expressed through constrictions in the instrument choice of how to achieve LEADER- and NRN-related objectives, which is not the case for the other three EAFRD Axes. Overall, the mandatory adoption of LEADER and the NRN for Romania has the character of an *obligatory policy transfer* (cp. Chapter 2). For Romania and Bulgaria, the notion of obligation is greater than for other Member States, since for the EAFRD as candidate countries their indirect influence on programming in the period of 2004-2006 through participating in EU organs was very low. Regarding the question of whether the implementation of LEADER and the NRN is perceived by the Romanian policy-makers as an obligation, only assumptions can be made, and probably it is not possible to draw a homogenous general opinion. Nevertheless, clues can be collected when further analysing the related policy-making process. The extremely low budget allocated to LEADER can be seen as one first hint that this instrument was not favoured by the policy-makers then in charge.

¹²⁴ In terms of lobbying some clauses in the NRDP catch the eye, for instance in the context of LEADER, special rules favour the potential LAG of the Danube Delta by allowing it presenting a smaller territory (covering 5,000 instead of 10,000 inhabitants). Other potential LAGs are expected to disband because they cannot reach the requested critical mass (cp. Chapter 5). No adequate reason is given for this, the peculiarities of the Danube region, which one might take as argument, that are its special natural value and the low population density, apply to many rural regions in Romania.

¹²⁵ An example for policy formation at European level having belated impact on the NRDP implementation in the period 2007-2013, is the set-up of the European Economic Recovery Plan in 2008/09 leading among others to an increase of Member States' EAFRD budget.

7.2.2 *The delivery system for implementing LEADER (in Romania)*

7.2.2.1 *Approaching policy instruments' delivery system*

Having outlined the governance structures at a macro-level framing the overall NRDP, attention is now turned to the implementation process from a micro-perspective, namely the specifics of policy instruments' delivery systems. For the implementation phase, a delivery system can be seen as the structure through which interventions are transferred to the targeted recipient. As such, it features a description of both the involved institutions and the processes and functions that are intended to be performed at each point by each component of the system (Sandiford and Rossmiller 1996). Considering the delivery system to be the unit of analysis of an instrument's implementation has the advantage that the focus is not limited to certain agencies, but includes all involved actors. Due to numerous possible key features such as the degree of third-party-involvement and the distribution of front- and back-office tasks, policy-delivery systems are almost infinitely variable. Thus, despite a common regulatory framework, there is some diversity in the systems for implementing LEADER in the 27 Member States. This is, among other issues, reasoned in the multi-level governance structures (Vihinen and Kull 2010) leading to multiple variables. To that end, the crucial question of reference points for the assessment of delivery systems arises.

One reference point is provided by the work of Mantino *et al.* (2008), who analyse, categorise and compare formally institutionalised delivery systems for selected EAFRD measures concentrating on vertical and horizontal governance structures. These authors have identified points in the implementation process of rural development measures at which crucial decisions are made (cp. Table 7.1).¹²⁶ Further, Mantino *et al.* (2008) define two main variables: a) the degree of (de)centralisation of decision-making; and b) the types of actors involved in decision-making [e.g. the (sectoral) administration or non-state organisations]. Besides the limited focus on selected decisions, Mantino *et al.* (2008) present a simplified and quite theoretical approach to policy delivery, because in reality processes are also essentially characterised by informal institutions (Goodwin 1998; Sandiford and Rossmiller 1996). Though, their approach allows one to compare delivery systems of measures, which closely follow the type of a "standard EAFRD measure" (cp. Table 7.2). Outlining the formally institutionalised delivery system is a valuable basis for assessing the delivery system in function, as it enables one to illustrate where apparent intention and the real world diverge (Sandiford and Rossmiller 1996). In the following, the policy delivery systems of the Romanian LEADER measures are introduced and briefly described along parameters suggested by Mantino *et al.* (2008). Then, empirical findings on administering LEADER in Romania are presented, and cross-cutting comparisons of theory and practice are made in Section 7.3.

7.2.2.2 *Special features of the delivery systems for implementing LEADER measures in Romania*

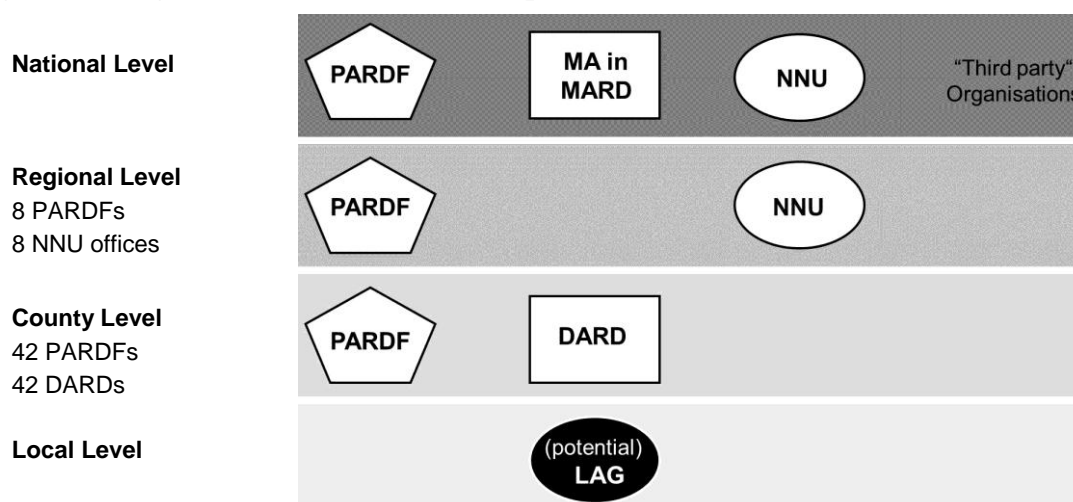
Actors involved in the formally institutionalised policy delivery systems

The delivery systems of the LEADER measures as introduced in Section 3.5 are embedded into the macro-governance structures of NRDP-related policy-making. The Managing

¹²⁶ Important steps at which crucial decisions in the course of implementation are made are: a) the preparation and approval of the selection criteria; b) the preparation of application forms and guidelines and calls; c) the collection, assessment and scoring of applications; d) the approval of lists of eligible applications; and e) the financial commitment and formal decision regarding approval (adapted from Mantino *et al.* 2008; cp. Table 7.1). These steps are also highlighted in Table 7.2, which presents the course of implementation of a standard EAFRD measure in Romania. Looking at Table 7.2, it becomes obvious that beyond the abovementioned five steps (a-e) there are other points at which at least indirectly institutionalised influences can be exerted, e.g. by the organisations responsible for assisting the (potential) beneficiaries.

Authority settled within the MARD is responsible for implementing all rural development measures funded under the NRDP. It also retains responsibility for the efficiency and correctness of management if it delegates tasks (EC/2005/1698, Art. 75).¹²⁷ Directly subordinated to the Managing Authority are the Rural Development Departments within the DARDs at the county level, hereafter referred to as DARDs (Figure 7.1). In the context of LEADER, DARDs primarily have a permanent advisory function. Further, the Paying Agency for Rural Development and Fisheries (PARDF), which evolved from the former SAPARD-Offices and is the pivotal actor for administering most NRDP measures, is involved. The PARDF has subordinate organisations in the eight development regions, as well as in the 41 counties and the municipal of Bucharest. The selected LAGs become a firm part of the delivery system when they select regional projects of the final beneficiaries funded from their budget and partly administer the projects' implementation and evaluation. Formed by actors from several organisations, the earlier mentioned Monitoring Committee and the LAG-Selection Committee, both appointed by the Managing Authority, are also part of the LEADER delivery system. The Selection Committee is composed of central and local authorities, scientific organisations such as universities and other experts. Its president is elected from the State Secretaries and the directors of the DG for Rural Development of the MARD. Observers of the selection process are representatives of civil society and/or of social and economic partners.

Figure 7.1: Organisations involved in the implementation of the LEADER measures



Note: DARD = Directorate for Agriculture and Rural Development
MARD = Ministry of Agriculture and Rural Development
PARDF = Paying Agency for Rural Development and Fisheries

MA = Managing Authority
NNU = National Network Unit

Source: Own design.

The NRN, which is not an integral part of Romanian public administration, is also an inherent part of the LEADER delivery system, e.g. by providing technical assistance in cooperation projects. Further organisations external to the agricultural administration selected through public tender are involved in delivering Phases 1 and 2 of LEADER Measure 43.1. All these organisations have different responsibilities in the delivery of each LEADER measure (Table 7.1).

¹²⁷ Only major features of the delivery system are described from the micro-perspective at this point. For instance, some organisations, such as the Certification Body, which fulfils back-office tasks for all NRDP measures, are not introduced in this chapter. For details, see EC/2005/1698, Art. 73-75, and NRDP 2010. The Paying and Intervention Agency for Agriculture (PIAA) might become involved in LEADER affairs if LAGs decide to realise area-related Axis-2 measures. As it had no stake in the preparatory LEADER measure investigated in this study, it does not receive further consideration.

Different delivery systems for implementing the LEADER Axis

LEADER in Romania is delivered in three measures with sub-measures (in one case further divided into phases). The objectives of these components have been introduced (Section 3.5; Table A.3.2). The delivery systems related to the individual components can be grouped into six categories in terms of main administrative steps in the course of implementation:

- 1) **LEADER Measure 43.1, Phases 1 and 2**, which offer training to potential beneficiaries, are primarily executed by *third-party organisations* selected through public tender;
- 2) **LEADER Measure 43.1, Phase 3**, in which potential LAGs are the final beneficiaries and can partly decide on their own how to use financial resources for capacity-building for participating in LEADER; administrative steps are similar to the *standard delivery of EAFRD measures* (Table 7.2);
- 3) **LAG initial selection**, in which applications are processed, but no funds are provided, is *no EAFRD measure as such*, but an important administrative process, which complements the administrative processes of Measures 41, 42 and 43.2;
- 4) **Measure 41** (Main LEADER measure), under which LAGs' regional projects are funded, follows only some of the administrative steps outlined in Table 7.2; some administrative tasks such as project selection are delegated to the LAGs, which serve the final beneficiaries;
- 5) **Measure 42**, under which transnational and inter-territorial cooperation projects are supported, is administered similar to Measure 41 in the major steps, but might require collaboration with agencies in other administrative units and Member States;
- 6) **Measure 43.2**, under which LAGs' running costs are funded and the LAGs are the final beneficiaries, closely follows the administrative steps of a standard delivery of EAFRD measures (Table 7.2), but does not require eligible checks and initial controls.

During the investigation period of this study only groups 1-3 came into play. For them, further differences between the delivery schemes in terms of involved organisations are overviewed in Table 7.1. As the fourth category, the delivery system of Measure 41 can be seen as the core LEADER measure, and allows comparison to other Member States (at least in terms of the formally institutionalised delivery system), it is also included in Table 7.1.

Particularities of governance structures formed by the delivery systems

Having broken down the responsibilities of these delivery systems as presented in Table 7.1, the approach suggested by Mantino *et al.* (2008) for assessing governance structures/distribution of decision-making power in delivery systems can be applied. Mantino *et al.* (2008) came up with four categories of delivery systems following their two dimensions of centralised/decentralised, and driven by sectoral administration/by multiple actors. The approach is applied to the Romanian LEADER measures and compared with delivery systems for other EAFRD measures, and with the situation in other Member States in Marquardt (2012b). Summing up the major findings for Romania, one can note that apart from the main LEADER Measure 41, which is by definition decentralised and multi-sectoral, the delivery systems of all other LEADER measures fall into the category "Centralised and driven by the sectoral administration". Aside from some exceptional steps where the Selection and the Monitoring Committee are involved, decision-making does not go beyond the agricultural administration (Table 7.1; Table 7.2); and despite responsibilities being decentralised, major decision-making power is kept at the national level within the agricultural administration. Only Measure 43.1, Phase 3 follows the standard delivery scheme of EAFRD Measures, and can therefore be compared with other EAFRD measures delivered in Romania or other Member States. The delivery systems of all comparable measures (e.g. 121, 123, 125, 312, 313 and 322) funded under the Romanian NRDP fall into the category "Centralised and driven by the sectoral administration"; this also applies to the majority of delivery systems of

measures across the first three EAFRD Axes across the EU-27 (Mantino *et al.* 2008). In this delivery scheme, the Romanian Managing Authority has delegated the reception and approval of applications, as well as contracting, payment-, monitoring- and evaluation-related activities to the PARDF (Table 7.1). The Romanian Managing Authority maintains – apart from the involvement of the Selection Committee – decision-making power in the LAG selection, which determines the course of subsequent LEADER measures.¹²⁸ Despite the PARDF being responsible for payment-related issues for most NRDP measures, but also for the collection of applications, verifying their eligibility and scoring them (if applicable) for the selection of LAGs, these latter steps have been directed to the Managing Authority or the DARDs. Generally, the Managing Authority loses less influence if tasks are performed by the directly subordinate DARDs than if it delegates tasks to the PARDF, to which it is related only on the basis of formal agreements, but to which it cannot direct further commands.

Table 7.1: Distribution of decision-making power in the delivery systems of LEADER measures in Romania

Delivery phases with crucial decision-making	Measure 43.1 Phases 1 and 2 ^a	Measure 43.1 Phase 3	LAG Initial Selection	Measure 4.1
Selection criteria	Managing Authority, fixed in NRDP	Managing Authority, fixed in NRDP ^b	Monitoring Committee	MA and LAGs
Application forms, guidelines and calls	Managing Authority	Managing Authority + PARDF	Managing Authority	LAGs
Assessment and scoring of applications	Managing Authority	County PARDF	Managing Authority (DARDs)	LAGs (DARDs function as observers)
List of eligible applications	Managing Authority	Regional PARDF	Managing Authority	LAGs/ Regional PARDF
Formal approval (of selection) and Financial Commitment	Managing Authority + Selection Committee	National PARDF	Selection Committee + Managing Authority	Regional PARDF

Note: ^aThe data in this column refers to the selection of the direct beneficiaries, that are the organisations which deliver the training to the final beneficiaries, the local actors.

^bFor Measure 43.1, as it will be discussed below, it is not clear in the NRDP whether only eligible criteria or also selection criteria are applied.

DARD = Directorate for Agriculture and Rural Development

MARD = Ministry of Agriculture and Rural Development

NNU = National Network Unit

PARDF = Paying Agency for Rural Development and Fisheries

Source: Based on an idea of Mantino *et al.* 2008.

Furthermore, a comparatively high level of centralisation in administering Measure 41 calls one's attention: for most NRDP measures, the main criteria for distributing the tasks between the PARDF offices at the different administrative levels are the value of projects. Considering

¹²⁸ Mantino *et al.* (2008) have not analysed a representative sample of RDPs in terms of governance structures of the LAG-selection process, which is in fact no measure in its own. Nevertheless, across the EU Member States it can be observed that by trend, besides the obligatory involvement of the Monitoring Committee, more actors than the Managing Authority are involved. For example, the involvement of other organisational lines beyond the sectoral administration, such as bodies from the field of regional development, can be found.

that the PARDF is represented at the county level and that LEADER projects are mostly of smaller-scale nature, it is intriguing that the responsibility for receiving the payment dossiers and the payment authorisation for LAGs' projects was directed to the PARDF at the higher regional level. Delivery systems are not only designed by calculating the responsibility and the influence the involved organisations possess. - It should rather be assumed that administrative issues have also been considered. Yet, obviously, across major components of the LEADER Axis, the Managing Authority pulls the strings.

7.3 Administering LEADER in Romania: practical implementation

Having outlined the formal delivery systems of LEADER measures, this sub-section concentrates on how the system functions in practice. The LEADER implementation process in Romania officially starts with the “*preparatory* LEADER Measure 43.1” (Table 4.2), under which (potential) LAGs' capacity-building is funded. From the administration's perspective, it is a full NRDP measure, for whose implementation capacities have to be built upon in the forefront. Therefore, the “preparatory” attribute might be misleading. Considering the lack of experience of the Romanian administration in implementing LEADER-like measures (Section 3.5), this section starts with a brief examination of the phase of capacity-building that mirrors the transition period from initial policy formation to implementation. In the second sub-section, the analysis of the course of implementation of Measure 43.1 and the selection of LAGs' integrated RDCs are examined, bearing in mind the future implementation of the main LEADER Measure 41, by which the instrument's bottom-up approach, and subsequently delegation, becomes more relevant for the administration. The sub-section focuses on administrative burdens, as well as on inter-organisational relations. Assessing the latter aims to examine how a traditionally mono-sectorally, centrally-organised administration gets along with the delegation of tasks and horizontal collaboration. Moreover, when tracing the implementation process, attention is paid to challenges related to managing “new policy instruments” (Chapter 2), which are summarised in the third sub-section. In the fourth sub-section, findings on capacity-building and of the phases in the implementation process of the LEADER Measure 43.1 are brought together; implications for LEADER in Romania are discussed against the background of the multi-levelled delivery system.¹²⁹

Empirical findings presented in this section primarily build upon **Research activity B** (see Section 4.3), including country-wide surveys among organisations of the agricultural administration, three case-studies at the county level, participatory observation and expert consultation.

7.3.1 Capacity-building in the preparatory phase

The implementation of a policy normally starts with the switch over of responsibilities from policy-makers to administration, which executes the programmes decided upon. Actions aimed at capacity-building are mostly not predefined in the policy-formation process, but are in the hands of the administration, and might essentially influence the course of implementation. For learning lessons on organising such a pre-implementation phase, in this sub-section capacity-building actions are traced, and in Section 7.3.4 they are compared with the strengths and weaknesses in the implementation process that were found in this and previous chapters.

In Romania, the implementing organisations had various levels of experiences: the PARDFs – as former SAPARD-Offices – had some experience in administering EU funds; the DARDs had no experience. Capacity-building for LEADER began within a Twinning project (see

¹²⁹ For findings presented in this section, the possibilities for cross-country comparison are limited, because neither preparations for putting LEADER into action in general nor the preparatory LEADER measure (implemented only in Romania and Bulgaria) were the focus of researchers' attention.

Footnote 123) even before the initial policy-formation process around the NRDP had been finalised (cp. Table 4.2). Within this Twinning project, staff from the DARDs (mostly one person) were introduced, together with the potential LAGs, to the LEADER approach by external experts. This implies that the future advisors of the LAGs ended up with similar knowledge of LEADER as the potential LAGs. The trainings were primarily based on the experiences made with LEADER in other countries in the former funding periods, in which the programme design varied from the current one. From 2007-2009, when capacity-building had no longer been driven by external actors, DARDs' staff stopped being trained; some benefitted from the engagement of foreign actors, who supported or cooperated with potential LAGs, and gained further experience in LEADER. Some of the DARD staff took their own initiative and informed themselves about the programme (cp. Chapter 9). In 2009 one member of each DARD and the PARDFs were introduced a first or second time to the LEADER programme by external actors. In the three years prior to the start of the preparatory LEADER measure, DARD staff once trained in LEADER frequently changed positions. Thus, human capacities formerly built upon had been lost.

According to the NRDP, the Managing Authority and the DARDs should stay in permanent contact with the potential LAGs once selected for trainings, "in order to consolidate the partnership and to elaborate the partnership," (NRDP 2010, p. 329), which can be seen as well-intended relational capacity-building. From 2007-2009 there was, however, no concerted LEADER-related action addressing potential beneficiaries at all. In fact, many DARDs were not aware of this task. Others did not know how to execute it, as no clear mandate was given by the Managing Authority in this regard. The DARDs saw their main role in – similar to all NRDP measures – information spreading, and "in convincing rural areas to participate in LEADER," (DARD member 2011). Information spreading was mostly not target-group-specific, but was done for all EAFRD Axes and sometimes even for direct payments together. As the classic customers of the DARDs are farmers, who are usually relatively uninvolved in LEADER affairs (Footnote 102), the main target groups were missed. The limited effects of the means for promoting LEADER to the agricultural administration were discussed in Chapter 5. Another issue during the pre-implementation phase was the unclear schedule for LEADER implementation. Even after the approval of the NRDP there was a high degree of insecurity, which significantly lowered the motivation of administration and potential beneficiaries to engage in LEADER affairs (see also Chapter 6). Potential beneficiaries' trust in the agricultural administration and their belief in the instrument suffered severely. Overall, the administration failed to continue capacity-building after the completion of externally-supported projects due to a lack of courage and/or resources.¹³⁰ Aside from the loss of human capital, social capital in terms of weakening relations with once-mobilised and motivated actors such as NGOs decreased.

Then again, after the period of abeyance, Measure 43.1, under which potential LAGs' capacity-building was supported, was implemented very suddenly, i.e. after a short announcement period (Table 7.6). Like for the implementation of each measure funded under the NRDP, a detailed procedure manual was elaborated by the PARDF for the distribution of responsibilities between the various administrative levels. In-house trainings on the technical procedures were organised by and within the PARDF.

7.3.2 Functioning of the administration and delivery systems

The functioning of the delivery system for LEADER was assessed for the three phases of Sub-measure 43.1. As described above, the delivery system of Phase 3, in which potential LAGs apply for financial support for capacity-building, is from an administrative point of

¹³⁰ Such resignation is not an isolated case, but could also be observed in the Romanian agricultural administration in other fields, e.g. in the context of the initiatives for establishing the farm accountancy data network.

view very similar to that of other “standard EAFRD measures”, and therefore allows a comparative assessment of delivery of other NRDP measures. This phase will therefore be investigated in detail with a particular focus on administrative burdens and costs before looking at the implementation of other components of the LEADER Axis.

7.3.2.1 *Implementation of Measure 4.31, Phase 3*

Assessment of administrative costs and burdens

The assessment of administrative burdens and administrative costs is a crucial but difficult task. In the EU, efforts have been announced to drastically reduce administrative burdens (EC 2006b). In that context, the term “administrative burdens” only refers to the costs of administrative activities that businesses conduct solely in order to comply with legal obligations (DG Agri 2011b), i.e. costs resulting from information obligations (for details, see DEFRA 2007 and EC 2006b). In the following a broader view is taken: administrative burdens are understood as the time requirements for working steps performed either by the administration or beneficiaries to administer and make use of a rural development measure. The analysis identifies cost drivers and burdens to the implementation process. Assessing the administrative burdens for the administration within this study can be divided into: first, a rather qualitative assessment of potentially avoidable constraints which increase the implementation costs; and second, a quantitative assessment of the total time needed to process the applications.

Despite administrative costs being on the political agenda, studies in the agricultural sector, particularly on (non-area related) rural development measures, are rare (OECD 2007). The state of the art – presented in Box A.7.1 – hardly allows profound direct comparison of the findings of this study, which focuses on measure-specific costs of rural development interventions. As opposed to many other works in this field, it examines – as far as possible – the level of administrative costs per working step, rather than the total amount of administrative costs. Therefore the costs are examined by assessing the time needed for processing applications in the course of implementation. A commonly accepted basis for calculating administrative costs is provided by the Standard Cost Model (SCM) used by the Commission for addressing its Administrative Burdens Action Programme (EC 2006b). The SCM builds upon a core equation (EC 2005b),¹³¹ which can be adapted to the purpose of this study, which is calculating the administrative costs for a certain amount of funds implemented.

Administrative costs = Σ Labour costs x Quantity, whereupon Labour costs = Tariff x Time.

As reference point for the calculations, individual sessions of selected rural development measures have been chosen. The cumulative administrative costs for processing the applications of one session of four selected NRDP measures have been calculated by summing up the working time needed for each working step for all applications. Then, the price equals the working time multiplied by labour costs per hour, which were estimated to be 4.97 Euro per hour.¹³² Mostly the time needed for one application was assessed, but as the

¹³¹ The original equation for assessing the administrative burdens resulting from legislation to businesses is formulated as follows: $\Sigma P \times Q$ (*Price = Tariff x Time; Q: Quantity = Number of businesses x Frequency*) (EC 2005b); it aims at calculating average costs per year, which is not applicable for the problem addressed in this study.

¹³² This value is drawn from the monthly labour costs for employees of the Romanian public administration provided by the Romanian National Institute for Statistics (NIS 2010). The quotient for calculating the costs per hour has been adopted, as it is used by Eurostat for Romania for transforming monthly labour costs to costs per hour (cp. http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/EN/lcan_esms.htm, accessed: 19.04.2012). Despite the empirical data being collected in 2010, 2009 has been taken as the reference year, as in 2010 salaries of the Romanian public administration were extremely low (cp. Section 3.5), and administering the applications had either started already in 2009 and/or will last further years.

examined NRDP measures are not implemented continuously, but are introduced in sessions instead, for some working steps, for instance writing session reports, data was collected in the units of time needed for performing the step concerned per session. In this study, the calculations were not extended to the assessment of implementation costs, to which the material resources needed for administering the funds, such as software, gas for cars, etc. also count towards.

Dividing the implementation into single working steps following the agencies' procedure manuals in such a way that it is applicable to several NRDP measures was fine-tuned with members of the PARDF and the Managing Authority. The working time for steps, which are commonly conducted for all NRDP measures and/or which is somewhat unpredictable, has not been assessed, as processes are too interwoven and many small processes directly or indirectly contribute to the simultaneous implementation of one or several measures. In particular, effort spent on designing the measures and training staff has not been considered. The approach of Rørstad *et al.* (2007), to split the running costs and distribute them to the different interventions according to the number of applications (see Box A.7.1) was not applied, because in this study not all interventions, that the concerned administrative bodies are involved in, were examined. Furthermore, despite the assumption could have been made that effort for the limited number of not-considered steps is quite similar for all measures, such splitting of costs might better be applied if calculations are made for the whole funding period. Also Fährmann and Grajewski (2011) conclude that so far, no plausible relative values have been developed that allow cross-functional costs to be allocated to individual measures, and an arithmetic distribution across the various measures would lead to strong distortion of the results for measure-specific costs. Therefore, it is better that no precise statement of these costs related to some working steps is made than to attribute them wrongly to the examined measures. Thus, quantitative results presented below only allow a comparison between NRDP measures and working steps, but no statement on overall administrative costs for administering one NRDP measure. In this study the results for Measure 121 *Modernisation of Agricultural holdings*, Measure 141 *Support for Semi-subsistence farmers*, and Measure 322 *Village Renewal* (cp. Table 7.5), and the LEADER Measure 43.1, Phase 3 are presented.¹³³ As a reference point for number of applications, selected projects and funds absorbed, the session closest to the empirical data collection has been chosen (Table 7.5).

Administrative burdens faced by the (potential) beneficiaries when applying for Measure 43.1, Phase 3 have been systematically and qualitatively assessed from the perspective of the administration.

Administrative burdens and constraints for administration

Table 7.2 presents the main administrative tasks related to implementing Measure 43.1, Phase 3, and the distribution of administrative responsibilities for each step. The assessments shown in Table 7.2 highlight that besides the overall delay of the measure, the implementation did not occur as scheduled due to the following reasons:

¹³³ In the selection of NRDP measures (cp. Table A.6.1) from those which were already running in Romania in 2010, attention was paid to covering different EAFRD Axes and different delivery schemes. The DARDs, for instance, are only involved in delivering LEADER, Measure 141, Measure 142 and Measure 111. A major difference between Measure 141 and Measures 121 and 322 is that the former is quite standardised, while for the other two measures, which primarily target private actors and public ones, respectively, detailed business plans are required (cp. Box 7.1). Examinations of measures on Axis 2 are not presented, as they would make the presentation more complex because other agencies and further working steps would have to be introduced.

Table 7.2: Steps to implementing LEADER Measure 43.1, Phase 3 and the distribution of administrative responsibilities

Administrative steps	Responsible organisation(s)	Organisation(s) actually involved 3 =strongly; 2 =moderate; 1 = little; a=accidentally				
		MA	DARD	National PARDF	Regional PARDF	County PARDF
1. Preparatory steps						
a) <i>Definition of detailed implementation procedure, application forms</i> ^a	MA and National PARDF	3	—	3	—	—
b) Training of staff in the administration	MA and National PARDF	—	—	2	2	—
c) <i>Definition of criteria for selecting beneficiaries</i> ^a	MA (in NRDP)	3	—	—	—	—
d) Public calls	MA and National PARDF	1	—	3	—	—
2. Information and Technical Assistance to applicants (transitional phase)	Was not explicitly defined for this measure; within the PARDF the county offices were responsible; the DARDs were also mandated.	1	3	a	1	2
3. Processing and approval of applications						
a) <i>Collection of applications</i>	County PARDF	—	2	—	1-2	3
b) <i>Administrative control (Verification of the documents and eligibility)</i>	County PARDF	—	1	—	1	3
c) <i>Field inspections/ Controls + writing the inspection report)</i>	County PARDF	—	1	—	—	2-3
d) <i>Second field inspection (only for a sample of applications) + writing inspection report</i>	County PARDF	—	—	—	1	1-2
e) <i>Scoring of applications</i> ^a	County PARDF	—	—	—	1	2-3
f) <i>Selection of beneficiaries/ formal decision on approved applications</i> ^a	Commission set up on the level of the MARD	3	—	—	—	—
4. Provision of funds to beneficiaries						
a) <i>Contracting</i>	Regional PARDF	—	—	—	2-3	0-1
b) <i>Receiving Payment dossier</i>	County PARDF	—	—	—	1-2	2-3
c) <i>Control before intermediate/ final instalment writing inspection report)</i>	County PARDF	—	—	—	1-3	1-2
d) <i>Approval of expenditure</i>	County and Regional PARDF	—	—	—	2	1-2
e) <i>Payment authorisation</i>	Regional PARDF	—	—	3	2	1-2
f) <i>Payment execution and declaration of expenditure</i>	National PARDF	—	—	3	—	—
5. Monitoring						
a) <i>Data collection (and analysis)</i>	Regional + National PARDF	1	1	2	2	2
b) <i>Reporting</i>	Regional + National PARDF	1	1	2	2	2

Note: ^a These steps are those identified to be crucial in terms of decision-making in the course of implementation (see Section 7.3.2).

DARD = Directorate for Agriculture and Rural Development

MA = Managing Authority

MARD = Ministry of Agriculture and Rural Development

PARDF = Paying Agency for Rural Development and Fisheries

Source: Own design/Own data 2010.

- 1) Tasks are not clearly demarcated or responsibilities are insufficiently defined, which entails that a) the (potential) beneficiaries contact several organisations; or b) an organisation performs a step for which it is not formally in charge, which is likely to result in duplicate effort, as the accountable organisation verifies the results anyway.
- 2) (Potential) beneficiaries contact another organisation because they feel that the organisation in charge is not sufficiently competent.
- 3) An organisation at a higher administrative level checks the work of a subordinate organisation independently from the formally established over-controls generally applied to a sample (5%) of applications for certain working steps.

Many organisations were involved in the delivery of information and technical assistance to (potential) beneficiaries (Table 7.2). In general the DARDs are in charge of guiding the potential LAGs, even if this relation has been dormant for two to three years due to deadlock; DARDs were also instructed to support applicants of Measure 43.1. Therefore, it is reasonable that applicants contact the DARDs for advice. The DARDs, however, were not familiar with the bureaucratic details of that measure, primarily because the PARDF is not obliged to hand out the procedure manual to other organisations. Consequently, applicants addressed the PARDFs with their measure-specific concerns. Overall, the involvement of the DARDs varied significantly from county to county, suggesting different demands on and/or varying conceptions of the delivery system.¹³⁴ Further discrepancies between the intended and real course of implementation and overlaps in the work of organisations will become obvious in the next sub-sections, and are not explicitly noted at this point to avoid duplications.

Administrative constraints. In this study it is important to differentiate between measure-specific constraints and those which feature a problem for the implementation of several NRDP measures (Table 7.3). Having a minor role in the delivery of Measure 43.1, Phase 3 the DARDs noted less problems with its implementation, and if so it was – apart from a lack of training – rather about non-measure-specific concerns such as a lack of staff, cars and gas (needed for the field controls) (cp. also Box A.7.2).

PARDF county offices, which have a central role in implementing this measure, identified several problems. The main issues were seen in the judgement on and verification of the eligibility and compliance. The applications, and also the payment dossiers, have room for interpretation. The procedure manuals could not cope with this issue, and consequently, PARDF staff could not act solely according to the book. In general, the analysis and checking of applications, and of interim and final reports takes much time, not only due to mistakes made by (potential) beneficiaries and because documents have not been provided as required, but also because the statements are multi-faceted and long. Similarly, – aside from general Information Technology (IT) problems – entering data into the database is not straightforward. Questions in this regard are, according to survey participants, not sufficiently addressed in the manuals. Consequently, working steps take longer than scheduled.¹³⁵ Also,

¹³⁴ In 29 counties (70%), the DARDs provided information and technical assistance to potential beneficiaries, with on average of around 7½ hours per applicant, varying from 0.5 to 80 hours. In seven counties (17%) the DARDs received applications, and despite not being in charge, in three counties they were even processed in terms of *Setting up an administrative dossier*, *Entering the data into a data base*, and *Administrative control*. In a few cases, DARD staff was involved in the field controls, and in two counties it decided on the eligibility of applications. In three counties the DARDs were involved in or in charge of writing the reports on the session of measure, with monitoring data collection and analysis.

¹³⁵ In some counties with several applicants, such unexpected lags became problematic within the administrative controls, when all potential beneficiaries submit their application on the last day, because according to the procedure manuals applications have to be processed from one step to another within a certain number of days. This problem is common to several rural development measures, particularly for those with a high number of applications, which is not the case for Measure 43.1 (Table 7.5). But very specifically for this measure, it was

verifying the administrative procedures performed by the potential LAGs was considered problematic by a few survey participants.

Difficulties named by the PARDF regional offices were the imprecision in the formulation of eligible and selection criteria, as well as the processing of all additional documents. Furthermore, problems were experienced with the payment authorisation and processing of acquisitions (of beneficiaries), which are primarily related to the spectrum of posts eligible under this measure, the number of public procurements and offers to be followed for one application, and tax calculation.

Table 7.3: Working steps or factors encountering particular difficulties in implementing LEADER Measure 43.1, Phase 3 for the agricultural administration

Difficulties	Organisation			
	Regional PARDF	County PARDF	DARD	
Measure-specific	Verification of eligibility		X	
	Judging on compliance		X	
	Long and complex applications		X	
	Room for interpretation		X	
	Long and vague interim and final reports submitted by beneficiaries		X	
	Proofing all additional documents	X	X	
	Many deficits in the documents submitted by applicants/ beneficiaries		X	
	Verifying payment dossiers / Payment authorisation	X	X	
	Dealing with the acquisitions of beneficiaries	X		
	Insufficient procedure manuals		X	
	Imprecision in the formulation of selection/ eligible criteria	X		
	Late provision of the procedure manuals and schedule of the measure			X
	Lack of time for certain working steps		X	
	Finding the right format for entering data into the data base		X	
	Deficits in the interdepartmental coordination		X	X
	Lack of information			X
Lack of training			X	
Not measure-specific	Lack of staff	X	X	X
	Lack of cars and gas			X
	Lack of training			X
	IT problems		X	

Note: DARD = Directorate for Agriculture and Rural Development IT = Information Technology
 PARDF = Paying Agency for Rural Development and Fisheries
 As described under Research activity B2 in Chapter 4, data was collected among 7 surveyed Regional PARDFs, 37 County PARDFs and 42 DARDs. This table presents results of an open-ended question.

Source: Own data 2010.

Examining the overall course of implementation, it is fair to say that the working steps that deal with verification, either of eligibility or of claims for payment, are likely to be the most crucial.

In terms of determinants for smoothly implementing the preparatory LEADER measure, skills of the staff were assessed as very important.¹³⁶ Following the patterns of answers provided by

pointed out that applications were submitted late, as the guide for potential beneficiaries was modified during the submission period. Some county offices claimed not only for more time (as did several), but also for more staff.

¹³⁶ Survey participants were asked to assess the positive or negative impact on the implementation process of certain factors. Factors to be assessed were the available technical equipment, the skills of the organisation's staff, quality of procedure manuals, feedback from beneficiaries, and the coordination and cooperation with

the Regional PARDFs, the procedure manuals and the provision of feedback are crucial as well. For both Regional and County PARDF, inter-organisational relations and coordination are important determinants; they were also identified as obstacles by the DARDs; their relevance for administering LEADER is discussed below. Compared to other measures, the potential impact of the available technical equipment was assessed to be rather low (see also Footnote 148). This is not astonishing, as the relevance of technical equipment such as cars and IT software that is required for the smooth implementation of measures increases with the number of applicants (see also Mantino *et al.* 2008).

Suggestions for improving the implementation process made by the surveyed organisations concentrated on four points: 1) the prolongation of certain working steps; 2) enhancing the preparations for the implementation process by not only working on procedure manuals but also on the guide for applicants, because if they are guided in a better way, the applications contain less mistakes and are easier to process; 3) improvement of interdepartmental coordination/collaboration; 4) reworking the programme documents, particularly the definition of eligible and selection criteria must be precise and may not be subject to interpretation. Furthermore, despite not being explicitly mentioned, apparently training might be an essential manner of enhancing the implementation process. Indeed, not only for LEADER, from the perspective of the implementing agencies need is generally seen in training on the technical procedures of implementing NRDP measures.¹³⁷

To sum up, there are two main sources of difficulties in the course of implementation: the room for interpretation, and deficits in managing implementation, where the latter makes the former more severe. Deciding on the eligibility of applicants and posts for funding, and dealing with the many descriptive and difficult-to-classify parts might be burdens that are inherent to Measure 43.1. However, imprecision in the formulation of eligibility and selection criteria,¹³⁸ as well as information deficits could have been avoided, and clearly originated from management failures.

Administrative costs. The most challenging working steps in the course of implementing one rural development measure do not necessarily equal the most time-consuming ones, entailing higher labour costs. Table 7.4 shows that indeed, for the working steps identified as difficult in the course of processing Measure 43.1, Phase 3 (the *final decision on eligibility, scoring of applications, approval of expenditure*) more time is needed than for performing those steps in the course of the very standardised Measure 141, under which a fixed amount of money is transferred to the beneficiaries based on a quite simple application with more easily approvable proxies, such as farm size (cp. Box 7.1). But at the same time, in terms of time-consuming working steps, Measure 43.1 closely follows the patterns of Measures 121 and 322. The effort spent on those critical steps in the context of Measure 43.1 does not even catch the eye, so that not only the particularity of administering LEADER – the long and less standardised applications – appears to be a very important labour cost driver. While in the context of Measure 43.1 vagueness might lead to an extended timeframe for initial working

selected actors involved in the implementation process. The assessment scale ranged from 2 (very positive) to -2 (very negative).

¹³⁷ Without specifically focussing on LEADER, around two-thirds of the surveyed organisations generally saw a need for training. Priority was seen in training in the *Implementation procedures of specific measures*, followed by training in *Technical issues*; only then was training in *Strategic planning, Monitoring and evaluation* and *EU legislation* ranked; other subjects such as *Education in foreign languages* appeared to be less important.

¹³⁸ This problem has its roots already in the NRDP - despite approved by the Commission - where one can find inconsistencies in the definition of the eligibility of (potential) beneficiaries and of the procedure of selecting final beneficiaries, which was required in regulation EC/2007/434. Ambivalence occurred, as on the one hand it is noted that attention will be paid that the resources foreseen for this measure will be distribute in such a way, that all interested eligible groups can benefit from this sub-measure, and on the other hand it is stated that priority in the selection should be given, e.g. to regions covering more than 20,000 inhabitants.

steps, details in terms of construction and in the lists of greater amounts of expenditure drive labour costs in the course of Measures 121 and 322. In the context of Measure 43.1, more

time is spent providing information and technical assistance to beneficiaries, which might not only be based on the complexity of LEADER, but also on the effect of cumulative effort, as several organisations are involved (see above) and the organisations have – because of a lower number of applicants – more time to perform this task than in sessions on which there is a high run. The repeated field controls seem to be a formal burden similar to all investigated NRDP measures. A large overspill of initially-submitted applications in comparison to the finally selected projects is an essential cost-driver: Overall, the average time per contracted project is for Measure 322, significantly higher, and for Measure 121 moderately higher than for Measure 43.1, primarily because of the high number of initially-submitted applications (Table 7.5; Table A.7.2) for which the first steps of processing have to be conducted as well, and only the latter steps are

Box 7.1: Administrative-technical key features of the investigated NRDP measures

Measure 121 – Modernisation of agricultural holdings
- High number of applications (Table 7.5)
- Mostly private applicants
- Applications include detailed business plan
- High average project value
Measure 141 – Support to Semi-subsistence farms
- Very high number of applications (Table 7.5)
- By far standardized applications
- Transfer of a yearly lump-sum (7500 Euro)
Measure 322 – Village renewal
- Very high number of applications (Table 7.5)
- Nearly only public applicants
- Applications include detailed construction plans; projects require public procurement
- High average project value (Table 7.5)
Measure 43.1, Phase 3
- Low number of applications (Table 7.5)
- Most applicants form potential PPPs
- Long applications, including many non-standard posts to be funded, often requiring public procurement
- Moderate average project value (Table 7.5)

just performed for selected and contracted projects. For forming an opinion on whether LEADER is not only more challenging but also – as often argued – more expensive to administer, the administrative costs were compared with the resources invested in the different rural development interventions.¹³⁹ One major determinant in this regard is the number of applications and selected projects to be administered with a certain amount of funds.¹⁴⁰ This is an important driver for the high administrative costs/funds ratio for Measures 141 and 43.1 (Table 7.5; Figure 7.2). Moreover, this is why administering the main LEADER Measure 41, for which administrative-cost scenarios have been drawn, appears to be more expensive compared with delivering the same measures independent of the LEADER scheme (Table A.7.1). Yet in fact, the administrative effort becomes lower for the following reasons: 1) some working steps are performed by the LAGs (e.g. eligibility checks, scoring and selection of projects, technical assistance to beneficiaries and some control efforts) (Table 7.4);¹⁴¹ 2) the number of applications – as already selected by the LAGs – received by the administration nearly equals that of the contracted projects, so that less time is spent on

¹³⁹ As Figure 7.2 shows, the relation of administrative costs/EAFRD funds ratio and the ratio of administrative costs per total project value, which includes EAFRD funds, national funds and private resources, do not have equal quotients due to different shares of national and private contributions. For instance, while for Measure 121 the average private contribution is estimated in the NRDP with 46%, it is only 2% for Measure 322 and 0% for Measure 141 (Table 7.5 and A.7.2). For the main LEADER measure, the average private contribution is computed to be 30%. Such considerations on achieving higher private or EU contributions might be a motivating factor for Member States to offer certain measures, despite higher administrative costs. Due to space constraints, the implications of such differentiations are not further discussed here.

¹⁴⁰ Here, calculations have been made with the contracted amount of funds instead of the finally authorised payments, because for most examined measures, where initial applications were performed in 2009 and 2010, final payments are only made close to the end of the funding period.

¹⁴¹ The course for implementing LEADER measures is roughly outlined in the NRDP. Further details have been requested from the Managing Authority. Still, some assumptions on issues which have not yet been fixed in procedure manuals have been made. For instance, it appears reasonable that beneficiaries applying for a LEADER project not only contact the LAG for advice, but also the programme agency so that time for this task has been considered in the calculation of administrative costs for the administration.

unselected projects; and 3) The integrated approach of LEADER is not likely to make administering the main LEADER measure more burdensome: Within Measure 41, the LAGs are only allowed to select EAFRD measures for funding. After the LAG selection the challenge of satisfying the integrated notion of LEADER has to be met by the local actors. The administration has only an extra effort in cases that LAGs select measures which are not included in the NRDP. This might, however, even be no greater challenge than administering the preparatory LEADER measure, to which in terms of subject no NRDP measure is comparable.

Table 7.4: Time needed by the agricultural administration to perform important working steps when processing selected rural development measures

Working steps	Time in hours spent per (potential) beneficiary/ per session				
	Measure 121	Measure 141	Measure 322	Measure 43.1, 3	Measure 41
<i>Time per applicant/selected project/ contracted project</i>					
Information and Technical assistance	4.6	3.6	6.6	14.9	1.0
Receiving the application	2.4	0.9	6.6	6.3	0.0
Setting up an administrative dossier	6.2	1.8	14.2	4.5	7.4
Entering data into data base	5.6	5.7	6.5	3.4	5.8
Administrative control	20.1	2.4	26.1	18.1	16.2
Field inspection	7.2	2.4	12.9	8.4	7.7
Writing the inspection report	5.7	0.6	7.3	5.8	4.5
Final decision	21.5	0.8	22.0	20.3	14.8
Scoring of applications	5.7	0.3	5.0	5.6	0.0
Concluding contract ^a	3.0	1.3	3.0	3.0	2.4
Field inspection	5.9	4.0	9.7	6.6	6.5
Writing the inspection report	4.9	4.0	6.7	5.5	5.2
Receiving payment dossiers	6.4	2.9	5.8	6.0	5.0
Approval of expenditure	72.0	30.9	61.2	56.5	54.7
Payment authorisation	22.4	6.1	24.7	20.2	17.7
Field inspection	7.0	4.0	8.0	0.0	0
Writing the inspection report	5.4	4.0	4.7	0.0	0
Final receiving payment dossier	6.4	6.3	6.3	5.4	6.4
Final approval of expenditure	63.4	9.5	54.8	36.6	42.6
Final payment authorisation	40.0	8.2	27.3	14.3	25.2
<i>Time per session</i>					
Writing session report	1163.9	2179.7	1352.1	605.7	0.0
Collecting monitoring data	1309.1	2132.5	1315.0	924.5	985.2
Data analysis	953.3	1456.1	920.8	660.6	0.0
<i>Total average time per contracted project⁵</i>					
	522.5	103.0	2545.8	264.6	22347

Note: ^a Includes preparing the contract and signing the contract with applicant.

^b Includes costs for administering non-selected applications.

For simplification, the time needed for performing additional controls and over-controls has not been listed in this table as it always only concerns a sample of applications. It has nevertheless found consideration in the overall calculations (registered in the last row). Note, that the total average time needed depends also on the total number of applications in one session; for details, see Table 7.5.

Based on these assumptions, the average time required to administer a project delivered under Measure 41 has been calculated by drawing on the assessments collected for Measures 121, 141, and 322 (Table 7.4). For each of the three measures, the total time effort for the administration decreases when they are delivered under LEADER: Considering the mix of measures delivered under LEADER, the average time for processing these three measures was formed by having one proxy for the administrative costs related to one project delivered

under LEADER Measure 41 (Table 7.5; Table A.7.2). Only for Measure 141 in the regular delivery scheme were the administrative costs per project below the average administrative costs of LEADER projects. Calculations have been also made for the case that 60% of LEADER projects fall to Measure 322, 30% to Measure 121 and 10% to Measure 141, reflecting a forecast by the author that the measure *Village renewal* will be of great importance for the Romanian LAGs. Under this assumption, costs for administering LEADER Measure 41 would increase from 5,474,952 Euro to 6,624,107 Euro.

Table 7.5: Overview on project values and administrative costs for selected rural development measures

	Number of			Value of projects in €				Administrative costs	
	Submitted applications	Selected applications	Contracted projects	Total ^a	Total public ^b	Private	Average project value	Admin. costs in € ^c	Admin. costs/total value ^a
Measure 121	691	254	201	217303640	117343966	99959674	1081113	522551	0.002
Measure 141	13571	12146	11921	89407500	89407500	0	7500	6113064	0.068
Measure 322	1669	329	327	807198112	791054150	16143962	2468496	4142037	0.005
Measure 43.1, 3	112	111	101	5252481	4201985	1050496	52004	132956	0.025
Main LEADER Measure^d	n.a.	n.a.	4926	246317899	171604657	74713242	50003	5474952	0.022

Note: Admin. costs = Administrative costs

^a Total amount of public and private resources

^c Includes costs for administering non-selected applications.

EU = European Union

^b = 80% EU and 20% national resources

^d Forecast; for estimations see main text.

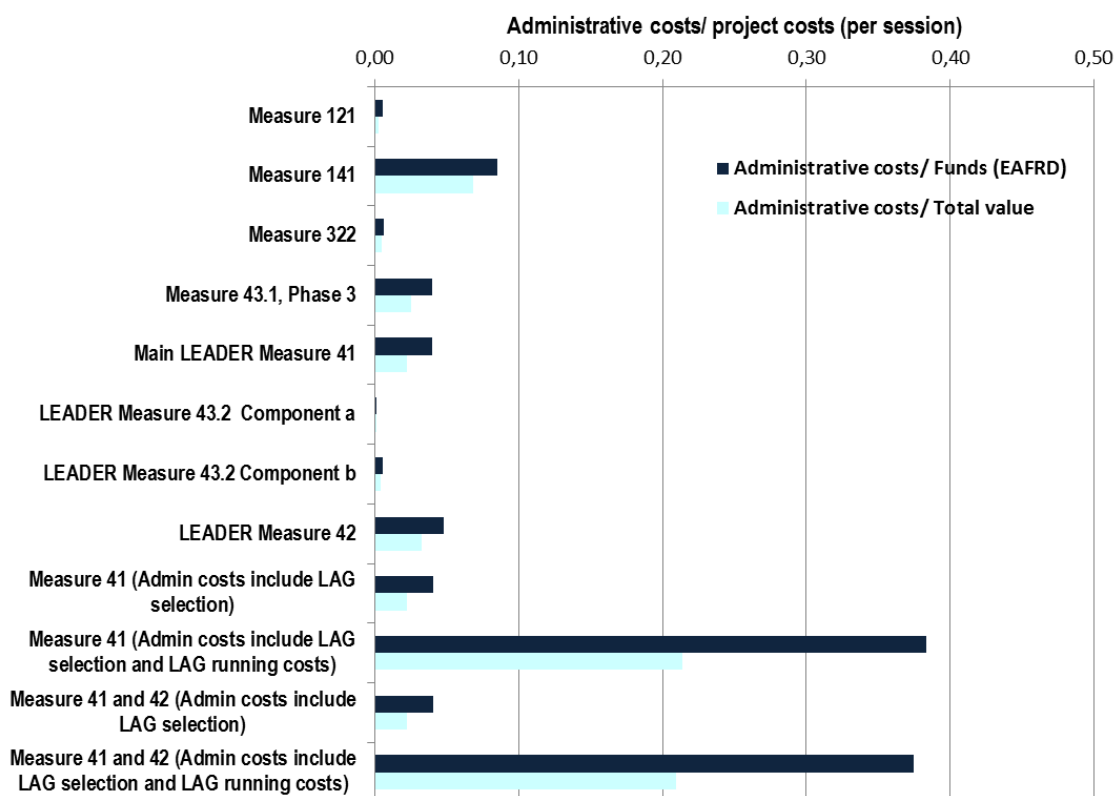
Some characteristics of LEADER are likely to increase the administrative costs/funds ratio. First, the ratio of administrative costs to implemented funds remains high when taking into account the average size of around 50,000 Euro for LEADER projects (Table 7.5) that is assumed by the Managing Authority.¹⁴² Second, when calculating administrative costs for the main LEADER measure, the effort made for the initial selection has to be considered. By doing so, it was again drawn on the figures on working time received from the surveys for the four examined NRDP measures and from expert interviews, so that, for instance, it has been taken into account, that first, when judging on the application to LEADER similar to the preparatory LEADER Measure 43.1, Phase 3 the problem of vagueness and subjectivity is likely to occur extending the working time for some steps; and second, that the LEADER applications had to be assessed twice (see below). The increased administrative cost/funds ratio becomes slightly smaller when considering that the effort made for the LAG selection has to be also distributed to the funds spent for LEADER Measure 42 (cp. tail section of Figure 7.2). For this calculation it has been assumed that projects delivered under Measure 42 impose similar high administrative costs to those delivered under Measure 41. Furthermore, contrary to other measures the LEADER Axis will probably benefit to a much less extent and only in the course of implementing Measure 41 from the effects of learning curve, commonly leading to decreasing administrative costs (DG Agri 2007). With around 12,000 projects in one session, such effects are very likely to show/ have shown impact in the course of implementing Measure 141 already within one funding period.

Certainly the effort the administration has to make, less for administering LEADER projects does not disappear, but is only transposed to the LAGs. Moreover, already according to the planned delivery system overlaps in administrative efforts occur, in the sense that, for instance, verifying the eligibility of LEADER projects is performed by both the LAG and the paying agency, which can indeed hardly be avoided due to accountability reasons. To some

¹⁴² Maximum public co-financing for LEADER projects amounts to 200,000 €, and the value of the projects may not exceed 400,000 € (NRDP 2010).

extent the effort that the LAG exerts on tasks for “delivering EAFRD projects” is reflected in the running costs of the LAG, which are funded with an aid intensity of 100% under LEADER Measure 43.2. Adding these resources to the administrative costs for delivering LEADER Measures 41 and 42, costs increase significantly (cp. the two lowest double balks in Figure 7.2). It becomes obvious how high the added value and/or better management in terms of targeting, achieving synergies and animating the regions expected from the local management can be assumed to be.

Figure 7.2: Comparison of administrative costs for components of the LEADER Axis and selected rural development measures



Note: Admin costs = Administrative costs EAFRD = European Agricultural Fund for Rural Development
LAG = Local Action Group

Indeed, this final statement on the main LEADER measure is of an approximate nature based on calculations and experiences gained with LEADER and other NRDP measures in Romania. Despite being quite detailed and building upon a high quota of return within the survey, assessing the administrative costs still has the potential to improve. For instance, besides neglecting the administrative costs appearing to be similar for NRDP measures at the national level, the assessment could have been extended to time spent on dealing with complaints and related court trails, whose number vary significantly from measure to measure. Furthermore, for the Romanian stakeholders a comparison between administrative costs in counties where the superior regional PARDF office is in the same location as the county offices with those counties where this is not the case, appears to be meaningful. For highlighting the administrative costs of some unnecessary Romania-specific administrative burdens, such as collecting several signatures for each contracted project,¹⁴³ it would be

¹⁴³ Following the comments in the surveys and the expert interviews, a significant administrative burden occurs between these two steps, because each prepared contract has to be signed by the heads of several departments. The later consulted experts found it hard to estimate the working time spent on collecting signatures for one

necessary to refine the surveyed working steps. Nevertheless, assessing administrative costs for the four selected NRDP measures provides a first fundamental and quantitative basis for seriously considering administrative costs in informed policy-making, particularly in choosing and designing instruments, which goes beyond pure assumptions. The impact of administrative burdens and their relevance in instrument design vary with the implementation context: For Romania, where the labour costs are comparatively low, the findings suggest an examination of the overall implementation costs, including costs spent for cars and gas, as controls make up a significant part of administering EAFRD funds and apparently form a severe cost constraint (cp. Box A.7.2). For Western European countries, for instance Ireland, which has up to seven times higher labour costs, trying to design delivery systems to allow for smooth implementation, paying attention to administrative costs in the overall fund management appears to be of a high priority. This is particularly true when considering, for instance, the significant differences in projects administered under Measures 322 and 121 for the Romanian case.

Furthermore, it is necessary to take the perspective of the Community when examining administrative costs, because a large share of them could be co-financed under the EAFRD Technical Assistance window. Currently, Romania does not make full use of this opportunity (Box A.7.2). However, because the state budget would benefit when salaries are paid from Technical Assistance funds, as in the NMS Romania the low national co-financing rate is lower than the non-wage labour costs, the incentive for NMSs to decrease administrative costs is less appealing. This might turn out to be a disadvantage of the Community. From the Community and national perspectives, the share of private resources invested in rural interventions is also of interest, which is not only directly reflected in the composition of the value of the projects (Table 7.5; Figure 7.2; Footnote 139), but is also relevant in the distribution of administrative costs. This is very impressively visible in funding the running costs of a LAG, which more or less releases the administration in dependency of the design of the policy-delivery system. At this point, some considerations should be made: in fact, the total costs for implementing the preparatory LEADER measure in Romania and Bulgaria, including European and national funds, as well as administrative costs for the public administration and for (potential) beneficiaries do reflect the cumulative application costs for participation in LEADER. They also reflect the administrative costs that have to be spent for preparing an application of a certain quality inherent to the participation in LEADER – costs which in most other Member States have to be spent by the (potential) beneficiaries themselves.

7.3.2.2 Implementation of the outsourced components of Measure 43.1 (Phases 1 and 2)

Despite the management of two phases being outsourced (Table 7.1), being *delivered indirectly* (Table 2.3) respectively, they cannot be neglected, as the three phases of the preparatory LEADER Measure 43.1 were intended to be implemented subsequently (Table 7.6) and the agricultural administration remains responsible.

As Table 7.6 shows, the realisation of the three phases was delayed and out of sequence. The effects of implementing the phases in an order other than planned are severe: The main focus of the measure was comprehensive capacity-building in the potential LEADER regions – from winning partners for the LAG to the final application. Thus, if Phase 1, which is aimed at awareness-raising, begins after the application deadline for Phase 3, for which a form of partnership had to be in place, Phase 1 partly fails in its objective. Furthermore, starting the trainings on writing an RDC (Phase 2) immediately before the projects aiming at RDC

session, as well as for one pile of contracts. This can be seen as an unnecessary administrative burden, because the heads of departments do not have the time to check the content of the contract anyway, unless they have particular interests in the outcomes of the project selection process.

elaboration (Phase 3) were to be finalised led to high administrative costs for the potential beneficiaries, who started to rewrite their concepts, or/and to RDCs of low quality (cp. Chapter 6), and thus lowered the efficiency and effectiveness of Measure 43.1. What are the reasons for this unsatisfactory course of implementation?

Table 7.6: Course of implementation of the three phases of LEADER Measure 43.1

Measure 43.1	2009					2010											
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Phase 1																	
Awareness raising		Call			Con			Trainings									
Phase 2			Call		Con							Trainings					
Training in RDC elaboration																	
Phase 3		Call			Con			Projects									
Support for preparing LAGs' application																	Final Deadline for submitting applications

Note: Con = Contracting RDC = Regional Development Concept
 Original schedule
 Phase 1: 5/2008 - 12/2009; Phase 2: 6/2008 - 12/2009; Phase 3: 6/2008 - 12/2009 (several calls);
 LAG selection: 5-8/2009 and 4-7/2010

Source: Own design.

While it has often been the case in Romania that outsourced measures or projects have been delayed due to public procurement problems, this was not the case for these two phases of Sub-measure 43.1. According to the NRDP, the measure was to start immediately following the approval of the NRDP; however, the budget needed for national co-financing was not approved by the parliament.¹⁴⁴ Thus, even though the NRDP had been approved in the initial policy-formation process, in the phase of implementation, national policy-making processes can have severe impact on the programme's effectiveness. This might suggest that the implementation of LEADER was not the highest priority for politicians.

Third-party involvement for delivering these two phases did not imply that the Managing Authority loses much influence in LEADER affairs, as nearly no crucial decisions were made by the external organisations. Moreover, outsourcing did not imply less effort for the administration, as much time was spent for preparing the tender, scoring and selecting proposals and control. Not only did DARD staff have to continuously be present during the provided trainings, but the Managing Authority itself also performed on-the-spot checks.

7.3.2.3 *Administering the LAG selection*

The delivery design of the LAG selection (Table 7.1) drew attention, as instead of the PARDF, which has experience in scoring applications, the Managing Authority does not release this step, which is crucial for implementing the whole LEADER Axis, out its control. Obviously severe problems occurred, clearly point to management failures at the national level: First, the deadline for submitting applications to participate in LEADER was undefined, and then several times delayed. Moreover, potential beneficiaries were not timely informed

¹⁴⁴ The calls for proposals were only published in September and October 2009 (Table 7.6) driven by the deadline that Romania and Bulgaria could only benefit from this measure, if initiated before the end of 2009. Therefore the contracts with the direct beneficiaries of all three phases had to be concluded until 31 December 2009.

about selection criteria. Both of these issues resulted in additional constraints for the potential LAGs (cp. Chapter 6). Second, the deadline in which applications have to be processed was not kept. Third, following an equal approach in assessing the applications in all counties concerned turned out to be difficult.¹⁴⁵ Moreover, because of irregularities all applications had to be scored a second time. Indeed, scoring within the LAG selection could be expected to be challenging, as administrative decisions are likely to become more subjective than within, e.g. Measure 43.1, as the quality of an integrated RDC had to be assessed, which is not always a simple yes-no decision (cp. Table A.6.2). Afterwards, for a long time only the list of eligible potential LAGs was published, which did not indicate those which were selected. Finally, without pre-announcement, 81 LAGs from 150 (of which 29 were non-eligible) were selected, instead of selecting two times 40 LAGs. No reasons for the selection of the 81 LAGs have been provided. From different sources it has been reported that the political influence on the selection was very high,¹⁴⁶ and as LEADER is a less *automatic instrument* (Chapters 2 and 3; Footnote 22) there is comparatively more room for manoeuvre in this regard. Not formally institutionalised and non-legitimated political influence, and politically-motivated LAG selection is also reported from other Member States, e.g., Germany (Kull 2008) and Hungary (Maurel 2008). The whole procedure was not only demotivating for all applying LAGs, but also led to (further) decreasing trust in the Managing Authority.

7.3.2.4 *Inter-organisational/ Inter-actor relations in policy delivery around LEADER*

The key to understanding a system lies in analysing the relation between its components (adapted from Ray 2001a). The investigation of inter- and intra-organisational relations gains importance when the focus is on managing integrated, bottom-up rural development and new modes of governance. The delivery system with the Managing Authority holding overall responsibility and organisational relations, as well as first impressions on the system in function, have been presented above. To systematically examine inter-organisational coordination and its impacts, flows of information between the organisations involved were traced in terms of frequency as well as amount and quality of information. As each surveyed organisation was asked for its relations to the other organisations involved in the implementation of a certain NRDP measure, a large data set on the measure-specific communication networks has been collected. Below major findings are summed up (for details, see Marquardt (2012b)).¹⁴⁷

Information, coordination and cooperation. The organisational line consisting of Managing Authority and subordinate DARDs does not play a pivotal role in the Measure 43.1 information network of the paying agency. The National PARDF was assessed by the

¹⁴⁵ For instance, after the applications were submitted they underwent a first check by the DARDs, which then provided feedback to potential LAGs if formalities were considered or requirements misunderstood. The potential LAGs had the possibility to provide the information needed for correcting mistakes or ambiguities. Not in all counties, however, the information handed in later was taken into account for the scoring process.

¹⁴⁶ To provide just one example: the LEADER region which was ranked 81st is the home region of the State Secretary, who was a member of the Selection Committee. This suggests that, political influence may overshadow the well-intended and institutionalised balanced constellation of the LAG Selection Committee with representatives of central and local authorities, academics and other organisations.

¹⁴⁷ The concept of data collection closely follows that described in Chapter 5 for the application of SNA. Friedmann *et al.* (2007) applied SNA to the assessment of inter-agency relations and discuss related challenges. Their network included, however, much less agencies. The data collected within this study considers relations to organisations within the same or other organisational lines in the same and at the corresponding higher or lower administrative unit(s). The set does not include cross-county or cross-regional relations. For that it would have been necessary to ask each surveyed organisation to its contact to more than 160 organisations for each kind of relation. To that end, also the interviewed organisations at the national level had to generalise for, for instance their contact to the 42 DARDs at county level. While for network-analytical examinations too many assumptions on relations would be necessary, the systematic assessment still allows a comprehensive overview over inter-agency relations.

surveyed organisations to be the important player. Within the organisational line of the PARDF itself, flows of information are not strictly hierarchical – there are reciprocal relations between organisations at all three levels. In terms of the abovementioned potential for improvement of inter-organisational coordination, one can note that for most relations a slight information deficit was perceived, particularly the Managing Authority received worse grades from the PARDF for quantity and quality of information. For the National PARDF, the relation to the Managing Authority is primarily made up by a fixed agreement on the delegated tasks – not less, and hardly more. For instance, as the PARDF is not obliged to provide its procedure manual for the LEADER measure to the Managing Authority, handing-over is not self-evident, despite the possibility of it having a positive impact on the DARDs' advisory function. While DARD staff act on the orders of the Managing Authority, for the PARDF organisation, internal accountability relations are exactly defined in its procedure manuals. Staff of the PARDF exactly follow the manuals, which also include the tasks of the National PARDF. Such procedures clearly facilitate coordination, and are necessary for compliance with EU standards and to increase transparency, but might bring about inflexibility and a limited view of the individual actors on the overall process in which they are involved. As implementing a new measure is hardly predictable, it is likely that a delegation agreement does not consider all factors that will later turn out to be relevant. This is one reason for frequent changes in manuals even in the course of implementing one measure. Flexibility and (informal) cooperation – beyond the formal agreements – is essential for policy delivery, especially between the coordinating actors at the national level. Following the formally-institutionalised delivery system, it could be expected that the DARDs' role was not seen as crucial in the implementation process. Even at the same level settled County PARDFs rated as extremely low the influence of coordination and cooperation with the DARDs on the measure's implementation. This is noteworthy when considering that at the county level, most overlaps in the implementation process were identified (Table 7.2).¹⁴⁸ One reason for the low relevance of horizontal relations is that the DARDs had to forward the applications wrongly submitted to them first to the Managing Authority at the national level, from where the applications are then sent back to the respective County PARDF. Such over-control executed by the Managing Authority can be observed at several points; not only that the Managing Authority supervises the DARDs – in fact, the DARDs function as observer and rapporteur for the Managing Authority.¹⁴⁹

Management. Not only is the distribution of information decisive for managing a process, but so is listening. Here, the Managing Authority can definitively enhance management quality: Only 57% of the surveyed DARDs said that they have been explicitly asked by higher administrative levels for suggestions to improve CAP measures. The national PARDF apparently performs better in this regard: 68% of the County PARDFs, and 88% of the Regional PARDFs stated that they were explicitly asked by higher levels on this issue.¹⁵⁰

¹⁴⁸ That the County PARDFs assessed the cooperation and coordination with the DARDs as being unimportant in the context of delivering Measure 43.1 also points out that sharing resources for overcoming a lack of capacities, as was found for the agencies settled at county level for the delivery of most other rural development measures and direct payments, appears to be less relevant.

¹⁴⁹ The DARDs' rapporteur function also became obvious when consulting members of the Managing Authority themselves. On the question of whether the Managing Authority regularly asks subordinate organisations for feedback it was answered twice that permanent, daily contact is kept with all DARDs, which provide the information as "regards the issues encountered in their particular county and as regards the request formulated by our department," (Member of the Managing Authority, surveyed in writing in 2010). Feedback on the work of the Managing Authority was not mentioned at all in this context.

¹⁵⁰ For improving service delivery it is also essential to ask customers for feedback. From all surveyed organisations 70% to 80% do so, but mostly informally and not in a systematic way. Over 80% of the survey participants stated they receive positive or negative feedback and proposals for improvement, and a few survey participants also confirmed that applicants try to influence agencies' decisions.

Furthermore, taking into account the implementation scheduling of NRDP measures, which turned out to be an obstacle not only for LEADER measures, hardly any of all the surveyed organisations were involved by the Managing Authority. Considering that many survey participants made concrete proposals for improving the situation of misscheduling, ignoring the opinion of lower administrative levels is a severe management failure. While in the PARDF it is almost common practice to involve subordinate organisations in the elaboration of procedure manuals, the Managing Authority still had to accustom itself to it.¹⁵¹

Beyond the agricultural administration. A policy delivery system can go beyond organisations with formally-designated tasks. Particularly, when policies with an integrated scope are to be delivered, increased horizontal inter-organisational collaboration might be essential (Chapter 3). Deficits in horizontal relations at the national level in terms of, for instance, collaboration with other ministries for managing integrated rural development, have already been outlined above. Indeed, administering Measure 43.1 had no particular integrated notion. Therefore, it is not astonishing that for its implementation, collaboration with actors others than those formally-involved could hardly be found for the PARDF, and appeared to be even less extensive than for other EAFRD measures. On the other hand, half of the DARDs, which only had an advisory function in the implementation of this measure, named a range of actors and it cannot be overlooked that some of them also named organisations they generally collaborate with in LEADER affairs. On the other hand, in some counties the DARDs could fall back on their networks that had already been established prior to 2010 for getting along with LEADER. These informally institutionalised networks include the local and county administration and NGOs and professional organisations, which turned out to be important for addressing and motivating target groups not reached by the agricultural administration. Such actors are not, however, always societally-neutral (e.g. involving the church in policy delivery might not always be widely accepted). Furthermore, not all actors interfering in the implementation process may have been invited by the agricultural administration (cp. Chapter 5). Consequently, attention has to be paid to those tasks the administration builds upon external organisations. Not named as supplementing auxiliary actors, however, were other bodies of the public administration, for instance regional development agencies. The patterns of results not only show that in some counties the DARDs take a more active role in LEADER affairs than in others, but also that networks for dealing with LEADER – if established – vary in terms of composition and may include county-specific key actors, and can therefore hardly be predefined or institutionalised following a top-down-approach.

Relation to applicants. In the course of the preparatory LEADER measure, no selection or control activities have been delegated to the potential LAGs, and their relation to the agricultural administration is comparable to that of beneficiaries of other NRDP measures. So far applicants might have felt three dimensions of their relations to the administration: 1) a deficit in information, clarity and transparency, causing significantly decreased planning reliability and confidence; 2) in the context of the preparatory LEADER measure, bureaucracy and control became important features of the relationship; and 3) in most cases the local actors received assistance by the county (and regional) administration, but might sometimes have been faced with incompetent staff. Furthermore, the design of the system for

¹⁵¹ Another example for deficits in managing vertical relations is the supply-management of subordinated agencies: Although there is a mechanism through which the requisitions of subordinate agencies potentially to be funded from Technical Assistance funds are requested by the national authorities, it does not seem to be fully workable. For instance, only less than half of the PARDF county offices were indeed asked by their supervisory organisations for their Technical Assistance requests. Almost all (90.5%) of the DARDs received such request from the Managing Authority. Of all the requests made, only relatively small shares were granted: 61% of the requests of County PARDF and only 35% of requests of the DARDs. A satisfactory explanation for not being considered was received by around half of the concerned PARDF offices and by 70% of the concerned DARDs. At the same time, it happened that organisations received resources for which they had not asked. These findings reveal a lack of needs' inventory and a lack of (self-)evaluation. Inefficient allocation of resources is very likely.

delivering Measure 43.1 is, for the applicants, sub-optimal. Not only might there be confusion with the distribution of responsibilities, but the applicants also have to deal with different front-offices, one of which is located at the regional level. Here, burdens for applicants originate from the circumstance that certain tasks, such as contracting and payment authorisation, are not delegated to the County PARDF (Box 7.2), but remain in the hand of the Regional PARDF (Table 7.2). A lack of delegation unfortunately not only applies to back-office tasks, but also to front-office tasks, where the applicants have to be present by the organisation in charge. Visiting the PARDF regional offices induces a higher effort to most potential beneficiaries. Longer-term, directing all front-office tasks at the county level should therefore be considered. However, to be on the safe side, as long as the county offices only receive the payment dossiers but do not judge their correctness, applicants will tend to contact the Regional PARDF. This problem could only be solved if related responsibilities are also delegated.¹⁵²

Overall, increased network practices horizontally and vertically between the administrative bodies, as well as between the administration and (potential) beneficiaries and other key actors complementing the formally-institutionalised delivery system is likely to contribute to enhancing the implementation process and circumventing administrative obstacles. Networks are “resilient to failure of a member, whilst in hierarchies or pyramidal networks lack of performance from a member at the top can block all those that are under him,” (de Bruïne and Clarotti 2001, p. 3). This aspect becomes particularly relevant when all actors have to gain experience with the implementation of a new measure, as the set of formal and informal institutions appropriate for the measure’s effective and efficient implementation has to be found first.

Box 7.2: Administrative burdens for (potential) beneficiaries of Measure 43.1, Phase 3

Assessing the implementation of the preparatory LEADER measure in Romania clearly demonstrates reciprocal effects between functioning of the agricultural administration and administrative burdens for (potential) beneficiaries. For Measure 43.1, Phase 3 the frequent visits to the administration are assumed by the administration to be the most severe constraint (Figure A.7.2), followed by the requirements of documentation and public procurement effort. The Regional PARDFs, to which most (potential) beneficiaries face a greater travelling effort, assessed the two constraints “frequent visits to organisations” and the “involvement of too many different organisations” as very important. This suggests that front- and back-office tasks should be organised in a more favourable way. Burdens resulting from the number of documents to be provided by the applicants are not directly related to the quality of the management, but rather a question of over-control. Such control effort entailed unnecessary workload, as (potential) beneficiaries had to submit more information as required according to EC regulations. Paperwork could have also been avoided if the digital data exchange between administrative bodies would be functioning, reducing the effort of both, applicants and administration. Finally, the difficulty to understand the guidelines, which even changed during the submission period, could have been avoided. Free public advisory service - an important determinant for applicants’ administrative costs (DG Agri 2007, 2011b) – was provided to applicants in many Romanian counties. Particularly the DARDs spent much time with assisting applicants (see Footnote 134). Yet, there was not only a lack of centrally distributed valuable information, but also the NRN, which is expected to have assisting function through organising exchange of experience between the potential LAGs and through providing space for discussing how the applicants’ guidelines have to be interpreted, had not been in place. These circumstances can be seen as one main reason, why potential LAGs started to organise themselves and formed the Romanian LEADER Network (Section 3.5) when preparing LEADER applications. The network organised several meetings and a website. As some members (mostly those with international relations) were not afraid to become not selected for participating in LEADER due to constructive criticism on the measure’s management, their initiative furthered the implementation process. It led, for instance to more clarity in the guides. This underscores that cooperation can solve problems where government or public administration fails (cp. Chapter 2), a phenomenon that could also be observed in other Member States in the course of LEADER I and II (cp. Marquardt 2012a).

¹⁵² For further proposals for the design of the LEADER delivery system in Romania, see (Marquardt 2012b).

7.3.3 Capacities of the agricultural administration to manage new modes of governance

The demands of administering “new policy instruments”, which require the classical public administration to be adapted to new modes of governance and new management processes, are in the context of the preparatory LEADER measure 43.1 certainly not as high as within the implementation of the final LEADER scheme and of the NRN. Nevertheless, examining the delivery of Measure 43.1 under consideration of the planned delivery system for implementing the main LEADER measure and the NRN allows some conclusions to be drawn on the capacities of the agricultural administration to implement the new policy instruments.

Going along with the criteria set up by Salamon (2002a) for the comparisons of the two styles – that of the classic public administration and that associated to the implementation of new policy instruments (Table 2.4) - one can note that particularly *horizontal network structures* are rare within and around the Romanian agricultural administration, particularly at the national level. At the county level, informal networks among the different organisations of the agricultural administration were established as a coping strategy against a lack of capacities. Also, some DARDs have started to network in the context of LEADER. Generally, *hierarchical structures* dominate. This particularly applies to the Managing Authority. While the Managing Authority follows its subordinate organisations with the principle of *command and control*, within the organisational line of the PARDF, which deals with EU programmes since the pre-accession period, the sharpness of “command” is allayed and instead interdepartmental and cross-vertical collaboration between offices can be observed. Also within the PARDF, the aspect of control is still going strong. In this regard, there are, however, differences between the organisations: The Managing Authority primarily controls actors and their influence on policy-making and therefore the delegation of decision-making power is rarely found. The PARDF controls facts for ensuring correct procedures and accuracy; for this reason there is a preference to interventions linked to clear principles.

Based on the problems faced with the room for interpretation in implementing the preparatory LEADER measure, one can assume that the PARDF will not favour interventions which are less automatic and which cannot be administered systemically, not to mention interventions including *negotiation and persuasion*, which have been termed by Salamon (2002a) as being counter to command and control.

Similarly, the thinking in the dimension of *instruments* instead of *programmes and agencies*, is apparently not widespread in the examined administrative bodies: While in policy-formation that distinction is relevant in decisions on how policy objectives are to be achieved, for the implementation process thinking in the dimension of instruments entails thinking about how to achieve a common end with several organisations under consideration of the special instrumental features. The power and performance of the organisations is focussed on, and it is considered in working steps rather than in the dimension of the instrument and its effectiveness. Nevertheless, it appears that individual public servants do consider LEADER as an instrument and seem motivated to realise its principles; the misinterpretation of the LEADER approach by potential beneficiaries was even judged by a surveyed County PARDF as administrative burden challenging to be overcome. However, the opposite can also be found, and the will to execute LEADER as an instrument and emphasise its key features is so far no systemic feature of the delivery system.

How far administrative staff has *enabling skills* can hardly be assessed. While the PARDF possess management and coordination skills, assessing the inter-organisational relations revealed that the Managing Authority lacks the *management skills* typically linked to the classical public administration, as well as *coordination and enabling skills* that are advantageous for administering the new modes of governance. Following Schuh *et al.* (2006) bottom-up approaches do not necessarily need less, but rather another style of top-down

approach: instead of command and control, it should be about enabling and encouraging. That local initiatives in Romania often need a “top-down” stimulus and assistance in following a LEADER approach has been shown in Chapter 5. For guiding the LAGs and enabling local actors to collaboration and participation in LEADER, following bureaucratic schemes is – even if correctly performed – not sufficient and it requires personal motivation on the side of the administration as well. Wade and Rinne (2008) note that seeking to increase motivation can be achieved by empowering or providing the expectation of a given result. This idea could potentially be a driver initiated by the Managing Authority for the whole LEADER implementation process. Indeed, it addresses both the subordinate administration as well as the (potential) beneficiaries – both have to win the capacities to act. Regarding the LAGs, the capacity to act refers to the ability of common action (cp. Shucksmith 2010; Chapter 5). Regarding the administration, the DARDs in particular, empowerment refers to the room for manoeuvre in independent, spontaneous decision-making needed for associating and advising LAGs. Consequently, the predominant hierarchical structures emanating from the Managing Authority are, in two respects, an inhibiting factor for administering and implementing LEADER: First, the lacking decision-making power at the county level; and second, hierarchical structures have been recognised to have an effect on social structures and on the motivation to invest in societal social capital (Adler and Known 2002; Chapter 2), which is important for the effective functioning of LAGs. Moreover, developing the thought of Wade and Rinne (2008) further, a lack of empowerment of the subordinate administrative bodies is likely to lower their motivation, which is needed to fulfil the desired enabling function.

That the collaboration between public and private actors is generally burdensome in Romania became evident in the case studies on the local PPP formation presented in Chapters 5 and 6. In terms of the shift from *public versus private* to *public and private*, the Romanian delivery system will be really proven if the NRN comes into operation. Outsourcing the trainings for potential beneficiaries to the private sector has not necessarily been efficient, as the Managing Authority spent much effort on preparation and control activities.¹⁵³ Indeed, the circumstance of additional effort for advance planning linked to indirect instruments and third-party involvement is well-known (Salamon 2002b; Section 2.3.3.4). Furthermore, this presentation cannot hide the fact that the correlation between the extent of delegation and control is a commonly-found phenomenon not only in former socialist countries or young democracies, but also in established EU Member States (for Britain see Hill 1997; for Germany and Finland see Kull 2008; Section 3.2.3). It is also reflected in the development of the administrative design applied for delivering EU programmes (cp. EC 2002; High and Nemes 2007; Stame 2008).

7.3.4 Overall remarks on administering LEADER in a multi-levelled delivery system and lessons for related capacity-building

Some issues that overlap the various phases of policy-making around the different components of LEADER in Romania, their foreseen delivery systems, and their implementation remain to be clarified. Particularly in two points do findings have to be brought together: First, the implications of the multi-levelled governance system on the implementation of LEADER; and second, the implications from capacity-building in the pre-implementation phase for the programme’s development.

Administratively risky instrumentation? Obviously the implementation of LEADER was not of high priority for the Romanian policy-makers, and latent antipathy towards it cannot be disavowed. If administrative concerns are considered at all, antipathy towards LEADER

¹⁵³ In future studies on the advantages and disadvantages of new policy instruments, or on the effects of outsourcing, preferably a systematic comparison of delivery with and without third-party involvement in terms of administrative costs is made. For this study the retrospective assessment (covering several years) of working time spent on preparations for outsourcing by the Managing Authority turned out to be unrealistic.

might be reasoned in LEADER being labelled to be – compared to other instruments – difficult and/or more challenging to administer. Thus, for LEADER the administrative burdens and costs might have been expected to be high. In this regard, the present study might release stakeholders from parts of their prejudice because it has shown that administering LEADER is indeed challenging for the Romanian administration in that sense that it has to change its working style not only for administering LEADER correctly, but also translating the notions of LEADER into practice and ensuring the instrument's effectiveness. Administrative failures which led to decreased effectiveness are general management failures which are not specifically linked to LEADER. Definitively, some working steps typical for LEADER are more demanding for administration, but they do not necessarily entail higher administrative costs than they do in the course of other NRDP measures. In fact, in Romania, where scoring and selection projects turned out to be laborious, delegating these steps to the LAGs promises – despite some obligatory control effort – a significant release for the administration. However, considering the paying agency's tend to over-control and to exceed required control rates, which was also found for other NRDP measures (Marquardt 2012b), and is stimulated by the fear of sanctions from Brussels, doubts arose whether the use of the potential administrative advantage will be made.

Altogether, the Romanian agricultural administration has shown that it is able to implement first components of LEADER, which do not belong to the standard repertoire of the administration, more or less correctly. As shown, no greater administrative challenges are to be expected in the later implementation of the main LEADER measure. Here, the performance of the LAGs will show whether funds for their running costs, which let LEADER management appear to be expensive, are well spent. Therefore, solely from an administrative perspective, the obligation to implement LEADER appears not to be that burdensome, and – at first glance – not a more risky investment than funding other EAFRD interventions, for both the EC and Romania. Indeed, administrative and processual concerns are only one, albeit important, part of the cost-benefit-equation underlining decisions on instrumentation.

Shared management and ensured effectiveness? The 2010/11 official external mid-term evaluation, considered a means for facilitating shared management, generally draws a positive picture of implementing the preparatory LEADER measure. One limitation to achieving full effectiveness found by the evaluators is the (at 50%) low absorption of the funds foreseen for Measure 43.1 (Idel 2011). This absorption rate might be discussable. Evaluators have not, however, considered that due to political decisions restricting the budget available for LEADER in 2008 and 2009 complemented by management failures, it came to the neglect of the intervention logic of that preparatory measure and its phases were implemented out of sequence. The avoidable negligence of the intervention logic definitively led to decreased effectiveness of the measure (Box 7.2; Chapter 6).

Even if the evaluators do not indicate that deficit, as they rely – following the CMEF – on specific indicators (Table A.3.2) without seeing measures in an overall context, it would be desirable in a system of shared management that actors at the European level take up this issue and require misspent funds to be returned. As shown, misallocation also occurred in the context of Technical Assistance measures, not to mention that the financial interests of the EC have not been satisfied. Indeed, a vast number of evaluations are conducted for mere accomplishment of a duty (Stame 2008). Here, the EC should function as an example and not solely concentrate on controls and exact compliance in the narrow sense and might play instead of the role of a distant, albeit generous, sovereign, that of an enabling government (similar to Stame 2008). For the specific case of LEADER, the role of the national Monitoring Committee, which is subject of Section 7.4, could not be investigated.

Overall, applying the principles of shared management between the EC and national authorities can be questioned for the present case: while Romania apparently ignores the

common interests, the observer and control function at the European level appears to be weak, starting with the insufficient approval of the NRDP, and including the tolerance for misspending.¹⁵⁴ Currently, EAFRD interventions can easily suffer from a lack of enforceability. Indeed, the EU has little means for sanctioning misallocation with regard to non-implementation or negligence of intervention logic.¹⁵⁵ These circumstances suggest that the potential exists to improve the EAFRD delivery system.¹⁵⁶

Implications of national governance structure for LEADER implementation. Some obstacles identified in the implementation of Measure 43.1 also point to shortcomings in the national delivery system apparently placing decision-making power to policy-makers in crucial decisions on the implementation process, like the availability of resources for LEADER and Technical Assistance.¹⁵⁷ Bearing the significant impact of these decisions in mind, it is important to investigate how policy formation directly influencing the implementation process is practiced, and on which information it builds upon; this will be carried out in the next sub-section. While the repugnance toward LEADER could not be expressed in the instrument choice, the delivery system results from initial national policy formation. Institutionalised structures of and occurring processes in the delivery system reflect the politico-administrative culture – still characterised by authority and hierarchy – which led to obstacles in policy delivery. For instance, the unwillingness to share power hampered LAG selection, the trend to over-control led to unnecessary administrative burdens, and the limited vertical delegation led to constraints for potential beneficiaries (Box 7.2). Also small governance failures could be observed, as horizontal delegation turned out to be insufficiently institutionalised in situations in which informal relations did not work. Furthermore, the interdependency of the delivery systems of LEADER and the NRN (partly prescribed at the European level) has been translated into inflexible governance structures that do not allow compensating the outfall of the NRN (Box 7.2). In this respect, for the NRN it has to be proven whether it is about governance or management failure, or about force majeure (cp. Chapter 8).

Capacities. Findings suggest that the usage of the *indirect policy instrument* (cp. Chapter 2) Technical Assistance, which is offered by Brussels to enable Member States or regions to deliver common policies, would probably have enhanced the implementation of EAFRD measures. Thus, the non-usage of Technical Assistance, and the lack of capability to do so,

¹⁵⁴ In its special reports the ECA presents the results of audits that consider the economy, efficiency and effectiveness of EU spending (Caldeira 2008; for LEADER see, e.g. ECA 2010), and thus includes the assessment of compliance with the interventions' objectives. However, the assessments of the Court of Auditors are not standard for all interventions.

¹⁵⁵ While the procedures undertaken by the Commission in cases of misused funds or irregularities are more clearly manifested (see EC/2005/1698 and EC/2006/885) and there are related Commission guidelines for the calculation of financial consequences (Doc. VI/5330/97), cases of non- or insufficient transposition and implementation of EU legislation are still – despite the extension of Article 260 of the Treaty in 2009 (cp. EC 2011b) – a vague field (cp. Grabitz *et al.* 2001 on Art. 258-260). Particularly crucial is the question of whether actors at the European level take action or not (cp. Steunenbergh 2010; Chapter 10).

¹⁵⁶ This study has investigated only the Romanian case. Mantino (2008), for instance, sees the Commission in a strong role in the early phase of the approval of programmes and strategies, and afterwards in the ex-post audit of the support measures; according to him, the Commission's power of guidance and the function of the instruments of verification have both been carefully calibrated for this reason.

¹⁵⁷ The questionable placement of decision-making power became evident for budgetary decisions, which can – as evidenced – easily lead to rescheduling the whole implementation process despite programming being enjoyed as a political affirmation as well as for the approval of using technical assistance funds: The requirement for authorisation by a State Secretary implies that policy-makers have the last word on spending technical assistance funds. This is critical for the following reason: Political priorities often differ greatly from the administration's needs. Administrative processes depend on a reliable and timely budget. In Romania one finds that, particularly in times of a financial crisis, technical assistance implementation is constrained by the need for pre- and co-financing (Box A.7.2), which to a great degree depends on policy-makers.

and/or the lacking will to invest in related interventions (Box A.7.2) contradicts Community interests. Expecting a high impact is due to Romania's severe lack of capacities (Box A.7.2). In the context of LEADER, human capacities appear to be very important, particularly in terms of quality. In the Romanian case, the severe deficits in human capacities and subsequently in management capacities are slightly disappointing and striking, because the Romanian actors received timely external assistance. Nevertheless, from the Romanian failures lessons can be learnt and recommendations for the Commission and (potential) NMSs intended to implement LEADER can be drawn.

First, to satisfy national and Community interests, capacity-building might be jointly planned and responsibilities – particularly in the pre-implementation phase – are to be institutionalised. Indeed, institutionalisation is – as the Romanian politico-administrative system has shown – only a first step, and its enforcement needs to be assured.

Second, despite the potential usefulness of bringing in external experts in the initial phase to assist designing the delivery system and imparting a “feeling” for LEADER, in-house training on the technical-administrative processes, which also strengthens inter-organisational relations, is crucial for a smooth and efficient implementation. The information on LEADER in the former funding period imparted by external experts helped the administration only little in the technical implementation of the LEADER measure(s). The PARDF had already started to organise in-house trainings (Section 7.3.1) and the effect is clearly visible, as staff of the PARDF have a clearer understanding of their role in the implementation process than the DARDs. Similarly, trainings for potential beneficiaries – if they go beyond awareness-raising – might be constructive if they are conducted by the programme agencies instead of by external experts. This would allow a common understanding of the delivery system to be formed and the capacities of the administration and its relation to the target group to be strengthened, which is also important for preventing other actors, who might pursue their own interests, from promoting LEADER in an inadequate way (cp. Chapter 5) and ensuring the distribution of correct and sufficient information.

Third, paying particular attention to human resources in comparison to capacity-building for other EAFRD measures is not only reasoned in the complexity of the LEADER Axis, but administrative staff also have to be well trained to ensure that it is taken seriously by (potential) beneficiaries, which are likely to easily gain more knowledge on the subject, as networking is inherent to LEADER (as it will be discussed in the next chapter).

Fourth, it is advantageous if, already within the pre-implementation phase the delivery system for LEADER goes beyond the agricultural administration for reaching potential beneficiaries, as it appears challenging for the agricultural administration to reach target groups beyond its traditional customers. Farmers appear to be little involved in LEADER affairs so far (cp. Footnote 102). Therefore, continuous relational capacity-building at an early stage is essential. The relevance of relational capacity-building becomes even more obvious when considering that social capital forms the hinge between institutions and the actions of individuals (Sedült 2005). Generally, continuity in terms of actively nurturing inter-organisational relations is especially important for establishing trust and for being prepared for unpredictable changes during the course of implementation, such as the period of abeyance in the Romanian case. Furthermore, continuity permits the development of “a cooperate and an institutional memory”¹⁵⁸, which facilitates a smooth implementation.

¹⁵⁸ Referring to the pool of knowledge and experience in organisations, public agencies respectively, the relevance of an “institutional memory” is discussed in the context of both, staff fluctuation (cp. e.g. Hess and Adams 2002; Hubbard and Gorton 2011b) and outsourcing of tasks to third parties (cp. e.g. Hess and Adams 2002). While the loss of institutional memory has similar impact on the implementation of several EAFRD measures, the formation of a “corporate memory” appears to be particularly relevant in the context of LEADER, where not only public agencies play an important role for delivering the intervention and inter-actor relations are

Fifth, procedure manuals, as well as guides and selection criteria have to be circulated in a timely manner, and modifications should be avoided for ensuring sufficient capacity-building and efficient efforts, respectively.

Alltogether, the general position stating that for administering integrated approaches horizontal governance structures are essential can be refined. Presented findings suggest that relational capacity-building is a crucial task of the administration in the pre-implementation phase. This will facilitate finding a suitable delivery system and finally defining its governance structures, as well as avoiding unclear relations and responsibilities later on. Supplementary, flexible structures and informal inter-institutional networking are likely to compensate for failing formal governance structures. The latter effect has shown up in the upcoming networking initiatives of the potential LAGs as a need for exchanging experience, compensation for the non-working NRN, and for insufficient administration (cp. Box 7.2).

7.4 Governance structures and processes in the Policy-formation process for Romania's agricultural and rural sector

7.4.1 Relevance of assessing sectoral governance structure and processes

Evidently, as shown in the previous sub-section, not only does initial policy formation have an impact on the effects of LEADER and the NRN as policy instruments, but also policy-formation processes during implementation. Consequently, for understanding an instrument in practice, it is important to understand such policy-formation processes. Besides assessing governance processes framing the NRDP implementation, this sub-section is intended to provide insight into the governance context in the initial situation for implementing the NRN. Indeed, the overall Romanian governance context has been outlined in Section 3.5 highlighting among others, clear deficits in law enforcement, the need to take action against corruption and money laundering (EC 2011a), as well as the limited experiences in participatory processes and partnerships (BBR 2006; UoV 2007). However, as underlined in Chapter 2, governance contexts vary between sectors, and it is thus essential to examine the governance processes in policy-formation processes for the specific case of the Romanian agriculture and rural sector. Moreover, the governance perspective is date-specific, space-specific (Jordan 2005; Stoker 1998), and as regards informal structures, also person-specific. Hence, for explaining power constellations it requires an approach with concrete and empirically identifiable units (cp. Baumgarten and Lahusen 2006) and their specific forms of interaction (Scharpf 2000).

The formally institutionalised governance structures, coupled with the results of the NRDP elaboration have been roughly described in Section 7.2 as one very specific initial policy-formation process. This is, however, for the present research objective insufficient, not only because of the negligence of informal processes, but also because this case does not reflect regular sector-related policy-making, as the NRDP elaboration process was primarily determined by non-recurring applicable specifications of EC regulations, guided by external actors. What is needed at this place, is to have pictures of the governance structures of common day-to-day policy-formation processes concerning the Romanian agricultural and rural sector in two dimensions: First, in its formally institutionalised features (at a rather theoretical level); and second, the process as it really occurs considering informal governance processes.

crucial. [Note the term “corporate memory” is used by Metis *et al.* (2010, p. 78) in a similar context but not necessarily with the same understanding.]

7.4.2 Theoretical and methodological considerations

7.4.2.1 Theoretical and methodological considerations

Summing up the lessons learnt regarding the assessment of governance structures drawn in this chapter thus far results in two main conclusions: First, considering the framing of formal governance structures is essential, but not sufficient for reflecting real policy processes, so informal processes have to be assessed; and second, empirical means are fundamental for approaching policy-formation processes. The range of methods applied for accessing policy patterns and processes by scientists and managers is wide, and strives towards, among others, research on policy networks (Forrest 2003; Smith 1995; Windhoff-Heritier 1993) and public sector development (Pinto and Mrope 1995), including several kinds of mapping that includes institutional, policy and political mapping, as well as policy-network maps or force-field analyses applied at the macro- or micro-level (Crosby 1992a; Pinto and Mrope 1995; for an overview see Crosby 1992b). Methods with various emphases are used, for instance, on strategic or functional relations, and for various purposes (cp. Pinto and Mrope 1995).

While mapping formal institutions is, as a rule, more straightforward and the manner in which results come about can be more easily retraced by external actors, the logic underlying the assessment of informal governance structures is often difficult to operationalize. All assessment concepts are likely to face two challenges: First, to get along with a potentially large number of stakeholders directly or indirectly influencing the processes of interest (Crosby 1992a; Nemes 2010); and second, the challenge of not letting the assessment appear to be solely subjective and assumption-based.¹⁵⁹ Gore and Wells (2009, pp. 161-162) come to the conclusion that overall, there appears to be a continued absence of “more theoretically informed work which sets out, for example, how issues of power, resource dependency, ideas, and networks shape policy outcomes.” The attempt to stay close to reality is crucial, as is minimising the effect of non-profoundness and subjectivity. The question of subjectivity in research approaches on governance and power is controversial, as informal power will always be related to personal perception. For this reason Löblich and Pfaff-Rüdiger (2011) advocate for qualitative research in this field. Another challenge is operationalizing parameters such as “influence” or “power” into variables. Political influence can result from many factors (Crosby 1992a; Jones *et al.* 2009), suggesting that variable definition has to be case- and/or context-specific. Often coalitions of stakeholders are examined to determine the forces in policy arenas and/or resources attributed to actors. Actors’ power arises from their relations with others (Hannemann 2001), and becomes apparent in their ability to control resources (Weiligmann 1999). In terms of resources, Crosby (1992a) argues that although the range of potentially useful resources is wide, relevant resources can be divided into five major types: information, economic or material, status, legitimacy/authority, and coercion/violence.

When focussing on the policy-formation process, the power to be investigated is expressed by the influence that actors can exert on outcomes, and the pivotal questions are who possesses decision-making power, who influences the decision-making process, who makes decisions,

¹⁵⁹ Two concrete examples of assessing governance processes closely related to the topic of this study are the mapping approaches outlined by Nemes (2010), who focusses on actors’ roles in policy-making processes around the implementation of agri-environmental measures in Hungary, and by Dwyer *et al.* (2007), who outline an approach for examining the factors that influenced the NRDP designs across the EU-27. Building upon a case study and mapping along a story line, Nemes (2010) draws out the tension and alliances between main actors involved in the process. Similarly, the expected outcome of the approach by Dwyer *et al.* (2007) is an institutional map accompanied by text-building upon a literature review, including policy reports, press alerts and interviews. In both cases in addition to the main research questions, no set of indicative variables that guide the assessment process have been defined. To satisfy the complexity of the stakeholder field, both approaches are not limited to a focus on key actors, but attempt to group actors: While Dwyer *et al.* (2007) suggest structuring the actors along sectors and dividing the map in geographical/administrative levels, Nemes (2010) categorises stakeholders by worldviews and mindsets.

and on which basis are decisions made. These questions shed light on the resource information in two ways. Information and knowledge are a policy instrument in themselves (Table 2.2) and are crucial within policy-making processes. At each stage of the policy process there is a (potential) role for information and knowledge (Pollard and Court 2005; see also Blandford 2007; and Jones *et al.* 2009), but information is only valuable if it can be used, and is used opportunely (Crosby 1992a). As shown in Box A.7.3, information and knowledge production and the ability to transform it suitably and communicate it strategically essentially determine the influence-determining policy-formation processes and their substance. Actors possessing other resources such as monetary ones are not automatically powerful or influential in policy-formation processes, but might be able to convert their resources into policy-relevant ones. Overall, when focussing on policy formation, information can be examined from at least two perspectives: first it can be seen as input for policies; and second it can be attributed to actors who determine their influence within the policy-making process, and thus also their position in governance structures and processes. The personal/social networks, upon which an actor can build, form an important determinant to the access to information and other resources, as well as allow information and knowledge to be communicated. Therefore, the resource information and personal networks are among the factors to be considered in the mappings in this study.

7.4.2.2 *Study design*

For identifying bottlenecks and key stakeholders in policy-making for the agricultural and rural sector in Romania, governance structures and processes were mapped in two steps: First, a mapping of the formally institutionalised governance structures framing policy-making processes was prepared (*Institutional Mapping*). As it could not be taken for granted that the policy-formation process of interest itself is appropriately formally institutionalised, it might have been misleading to take the existing legal framework as the starting point for the mapping. Therefore, first the phase of policy formation was significantly refined into steps which are – following a literature review (considering, e.g. Jann and Wegrich 2003; OFMDFM 2005) – an inherent part of an ideal course of policy-making (Table A.7.2). As policy formation interrelates with other phases of the policy-making cycle, for instance, it might be influenced by evaluation results of former policies, the same process was performed in a less detailed manner for the other phases (Table A.7.2). It was then assessed in how far these steps are formally institutionalised for policy-making for the Romanian agricultural and rural sector, that is, a review of relevant European and national legislation, as well as of ministerial orders was conducted. Attention was paid besides to the distribution of responsibilities, to the required input, i.e. information influencing those processes and subsequently the outcomes. Finally, in how far the ideal steps and the institutionalised processes are followed in practice was examined. This was done by the author by participatory observation, supplemented by interviews with experts from, for instance, different DGs within the MARD, among them the Directorate for Legal Affairs, and experts from the paying agencies (cp. **Research activity B2**).

In the second mapping (*Policy Mapping*) actors' formal and informal power within sector-related policy-formation processes was drawn. Benz *et al.* (2007) point out that the governance approach, despite bringing together formal and informal processes, as well as structures and processes, does not possess analytical categories for assessing the origin/appearance of governance configurations. Therefore, the set of actors considered was not only elaborated on the basis of the *Institutional Mapping* described above. - Supplementary to that, participatory observation allowed first conclusions to be drawn regarding which actors beyond those formally involved in the policy-making process are likely to exert influence on it. Since examining (informal) governance processes at the national level on an interpersonal basis can be challenging, the assessments were made

through intermediaries who were: a) Romanian experts close to the matter, and b) external experts who observed sectoral policy-making processes from a more distant perspective.

The list of actors considered in the mapping (Table A.7.3) was theoretically open to extension in the course of the mapping, but none of the consulted experts felt that a pivotal actor was missing. Instead two agencies, originally set on the list due to their sector-related work at the national level, were omitted from the list, as they were found not to be involved in policy formation at all. Moreover, the group of farmers was split into two (small farmers and large producers), because experts advised it would not have been correct to draw an apparently coherent picture for all farmers. Stakeholders' "power" was quantifiably operationalized into the influence that actors exert in different phases of the policy- and law-making process, and on the budgetary distribution and the strategic use of the resources information, as well as on the relevance of their personal/social networks (for details, see Figure 7.3; Table A.7.3).

As the governance concept illuminates how decision-making or coordination processes occur, but does not necessarily provide information on the causal background (similar to Benz *et al.* 2007), expert interviews were essential for interpreting the results of both mappings.

7.4.3 Results and Discussion

7.4.3.1 *Implications of the (not) institutionalised steps in the policy-making process*

As Table A.7.2 shows, in Romania the policy-making process is to a limited extent formally institutionalised. While many elements in the policy-making cycle, for example monitoring and evaluation are only – if not obligatory according to EU regulations – partly formally defined, law-making as an instrumental part of the policy-making process is institutionalised to a very high degree. Actually, despite there being laws that frame the law-making process appropriately, as well as national guidelines on how to make good laws and policies on paper,¹⁶⁰ these legal acts are rarely implemented and enforced; as is shown for each step individually in Table A.7.2.

A fundamental problem of sectoral policy-making is that strategy development is not independent from political elections. Consequently, there is limited incentive for compiling a longer-term perspective, as actors are hardly made accountable for the outcome, because even leading technical staff members in the politico-administrative system are likely to change positions as a result of political elections. Due to this deficit in institutional design, there is a lack of continuity in policies and their implementation, resulting from several changes in the government (see, e.g. Section 7.2.1). Thus, a real vision or a sector strategy, in which other policy activities could be embedded, cannot be established. Instead of thinking in longer-term dimensions, calls for changing the legislation are brought whenever problems occur, often without assessing their need. Major policy changes are primarily externally initiated by regulations set up in Brussels. Both kinds of policy initiatives pass over into the national law-making process (Box A.7.4). Despite being to some degree required for enacting a national law, the information and analytical input in the decision-making process and ex-ante evaluation is by trend rather limited. One reason for this is certainly the vague definition of legal requirements, which can, as opposed to other formalities in the law-making process, for example keeping deadlines for forwarding laws to governmental organisations, be more easily bypassed. Indeed, rules are often not uniformly enforced by the Center of Government. Thus, for instance, substantiation notes that should accompany a law (Box A.7.4) are not always founded and assessed by MARD members who are experts in their respective fields. Moreover, the substantiation notes are often drafted by the technical departments after the

¹⁶⁰ Furthermore, one finds several legal loopholes. For example, in terms of public participation, Law 52/2003 on transparency in governmental decision-making was enacted, but the regulations do not apply, for example, to the development of normative acts on certain economic or policy strategies or financial market activities.

related legislative act has been finalised, which shows that substantiation notes are rather perceived as a formal obligation rather than an instrument.

Furthermore, policy development suffers from the circumstance that within the MARD stakeholders, notably staff in technical departments, appear to have little influence on the process. Indeed, there is a lack of front discussion on policies and legislation proposals. The opinion that law proposals should be better circulated within the ministry for increasing transparency goes strong among some affected parties. The decision on who is consulted on law proposals within the MARD is in the hands of only a few actors (Box A.7.4). For many laws the consultation of other ministries is also required. However, inter-ministerial co-ordination generally appears to remain limited in terms of substance, and the consultation is considered a burden, which is reflected in the low quality of the legislative output (see also UoV 2007), which then again entails difficulties of implementation and enforcement. By some actors external consultation is seen as an unnecessary prolongation of the law-making process.

The dominance of law-making in the “policy”-making process already indicates a lack of democracy. Overall, the number of places and space available for non-governmental actors to get formally involved in the policy-making process is limited. There should be a (formalised) space where policies are discussed and negotiated between actors. It should be understood as opportunities, moments and channels where citizens can act to potentially affect policies, discourses, decisions and relationships that affect their lives and interests (cp. Cornwall and Coelho 2006); such spaces are rare, however, in Romanian agricultural and rural policy-making. Institutionalised processes for participation are: 1) the Social Dialogue; 2) formal stakeholder consultation for preparing the NRDP; 3) the Monitoring Committee; and 4) a limited number of actors who can influence the policy-making process in the various steps (cp. Table A.7.2). The crucial question is now, how these institutions function in practice.

The *Social Dialogue*, in which law proposals might be discussed and, if necessary, improved in the MARD, consists of 15 stakeholders who are elected for one year – among them are representatives of trade unions, of employment unions, of a confederation of NGOs and the County Councils.¹⁶¹ The dialogue is said to function even if sensitive topics are explored, and to work well compared to the dialogues in other ministries, which might neglect the dialogue’s existence at all. However, the members of the Social Dialogue are only consulted on proposed legislation (they cannot block a law); and only selected laws are discussed with its members.¹⁶² Also, experts assessed its overall influence in and impact on policy-making as low (cp. Figure 7.3). Nevertheless, its establishment is a first step towards broadening the policy-making process.

Consulting the *Social and Economic partners*, whose effect has been described in Section 7.2, is required during the development of the NRDP; further, Member States shall involve all appropriate partners at the various programming stages (EC/2005/1698, Art. 6). This vaguely-

¹⁶¹ Broadly defined, a Social Dialogue represents “all types of negotiation, consultation and information sharing among representatives of governments, social partners or between social partners on issues of common interest relating to economic and social policy,” (Rychly and Pritzer 2003, p. 2). Sectoral Social Dialogues were introduced in Romania with the ratification of the European Social Charta (European Council 1996) in the course of EU accession. In Romania, the current legal basis forms Law 62/2011.

¹⁶² The limitation of the Social Dialogue as an instrument for participation becomes obvious when considering that various attempts by farmers’ associations to get involved in writing the political agenda for implementing the CAP in Romania have failed. For instance, the Agricultural Ministry excluded members of the Social Dialogue from certain discussions, e.g., from the negotiations on the budget for 2008 (Ciutacu 2008). The functioning of the Dialogue may have improved from 2008-2010, so that the results of the 2010 expert interviews do not necessarily contradict the findings of Ciutacu (2008). Furthermore, since 2008 the notions in policy-making in term of participation are – following the author’s impressions – likely to change with the sitting minister.

defined procedure has been specified in the obligatory establishment of a Monitoring Committee. The *Monitoring Committee* for the NRDP can be seen as a reduced follow-up institution of the consultation process, to be established with the aim of ensuring the effective implementation of the NRDP (Section 3.1), for instance through consultation on NRDP modifications, examination of progress reports and the right to make proposals for improving the implementation process.¹⁶³ According to the Managing Authority, the Monitoring Committee is quite active; particularly the private sector representatives regularly signal problems and make suggestions for improving the implementation process. However, the committee's influence on policy decisions is limited. For instance, the members of the Monitoring Committee have a say in defining the criteria for the selection of beneficiaries for certain rural development measures, but they cannot influence budgetary decisions. This is also reflected in the experts' assessment (Figure 7.3), which attributes the Monitoring Committee formal, but low influence. Moreover, all three institutions, for which the set-up is formally required according to EU regulations, can only take (limited) influence on a small part of the Romanian agricultural policy, because as long as no EC regulation is concerned, their existence could be easily neglected by policy-makers.

Formal political power results from holding key positions in the adoption of laws. Generally, within the ministry only upper management (State Secretary, Minister) can decide to block legislation and/or not pass it at all. Furthermore, the possibility to set up emergency ordinances (ad hoc government legislation with immediate legal effect), which require little MARD-internal and -external observation, and only demand a fast procedure (Box A.7.4) is likely to be exploited by stakeholders. The right of the Executive to legislate through emergency ordinances has reduced the transparency of the legislative process, has limited the opportunity for adequate consultation on draft laws, and has contributed to a situation of legislative instability (UoV 2007).

The parliament holds a pivotal role in establishing and implementing agricultural and rural policies. First of all, almost all normative acts that are decisive for the sector's development have to pass the parliament, and only a small number can be made solely within the MARD. Moreover, the parliament has (indirect) influence on the implementation process of policy measures, as it can decide on, for instance, the total number of staff of the agricultural administration and, more importantly, on the budget available for policy measures. Thus, as highlighted earlier, through a parliamentary decision, even the implementation of an accepted programme can be easily blocked. To alleviate some negative impacts of such volatile policy-making and to improve long-term budget planning, a financial stability law was/ had to be enacted in 2010 (EIU 2010). Certainly such interplay between implementation of policies once decided on and later policy formation is not Romanian-specific, but it is a more common phenomenon. However, in a modern democratic state the institutional set-up is created to ensure continuity and to prevent political interference in day-to-day technocratic or administrative decision-making. Administrative independence is seen as important for efficiency, effectiveness, and as an essential safeguard against corruption (Wegener *et al.* 2011). Following the principle of administrative independency falls short in Romania: Although regulations for clarifying the relations between political and administrative functions have been established,¹⁶⁴ the reality is that gaps in the legislation and its enforcement, as well as informal governance structures, counteract the idea of separating functions in many regards (see below). For instance, for many technical issues within the

¹⁶³ The Romanian Monitoring Committee originally consisted of 31 partners, among them social and economic partners, representatives from other ministries and a representative of the EC, who can, but does not have to, participate as an observer. Its membership was extended to 37, plus four observers in 2010.

¹⁶⁴ For instance, the Romanian Civil Service Legislation (Law 188/1999, amended by Law 251/2006), aimed to establish a classical unitary Civil Service led by a stable corps of professional and politically-neutral managers and administrators (Wegener *et al.* 2011).

implementation process, laws, and thus the involvement of politicians, is needed. Moreover, as the general law-making process, which is required for establishing policies, as well as for technical-administrative issues (Box A.7.4), is rather complex and long-lasting, the implementation of policies is further extremely burdened.

As long as it is not required according to EC regulations, evaluation is not prescribed by law and hardly practiced for policy-making in the Romanian agricultural and rural sector (Table A.7.2).¹⁶⁵ The deficit is not only a governance failure, but has also missed the chance to improve policy, with two rather strategic implications: First, evaluation, which is in fact likely to have a political connotation (High and Nemes 2007), as the values and standards against which results are measured determine the judgement, is not systematically used by policy-makers to enhance their influence; second, if no indicators are commonly agreed upon prior to implementation, actors who make some outcomes of the implementation process public can easily promote a certain opinion, as no reference data is available.

7.4.3.2 *Distribution of influence and power in the policy-making process*

Mapping the formally-institutionalised governance structures of the policy-formation process for the Romanian agricultural and rural sector has shown that there is little formal involvement of either technical staff or rural actors. Legalised power in the policy-making process is limited to a small circle of actors, who could indeed extend the number of voices considered if desired. The *Policy Map* (Figure 7.3) highlights another problem affecting policy-making: stakeholders' total power in policy-making often rests on their informal influence. This also applies to institutions, which are anyway formally involved in the process. One major reason for this is that many functions and processes are not executed according to the regulations, and that laws are not sufficiently enforced.

In the following and in Figure 7.3 institutionalised positions are primarily referred to as such, for instance "State Secretary"; still, the results of the *Policy Mapping* cannot by implication be applied to another point in time, as the total influence of an actor also depends on that actor's personal networks. Looking at individual actors more specifically, one has to consider that while it is more straightforward to identify a general position in terms of influence for some pivotal actors, for example the Minister of Agriculture, the influence of other actors is likely to vary by political topic.

In the following only the values in terms of actors' influence and the related degree of formality as they are presented in Figure 7.3 are discussed. The values of the different categories of influence are only presented in Table A.7.3.¹⁶⁶ The mapping shows that generally, the influence of the various DGs in the policy-making process varies significantly due to the personal networks of the individual directors, as well as to certain features of institutionalised procedures. By definition, as they are always involved in the law-making process, the *Directorate for Legal Affairs*, the *DG for Budget* and the *DG for Rural Development* have comparatively powerful positions in the policy-making process. The high degree of influence of the *DG for Budget* would decrease with the introduction of a binding and more detailed budget plan. The influence of the *DG for Rural Development* in rural

¹⁶⁵ It would not be fair to totally generalise at this point. For instance, some actors in the PARDF, which has to collect monitoring data according to the EC regulations, use the data for their own analyses of the implementation process.

¹⁶⁶ The implications of the aggregation of the different categories of actors' influence in comparison to the overall influence on policy-making assessed by the consulted experts cannot be discussed at this place. For facilitating the graphical presentation, the average degree of formality is used in Figure 7.3 for ranging actors along the x-axis. The average values allow better differentiation between actors than the median values (cp. Table A.7.3). This is advantageous as the graphical presentation is to provide a general impression of actors' role in sectoral policy-making. However, because the degree of formality has not been assessed metrically, but translated into numeric values, presenting median values might reflect the data set in a better way.

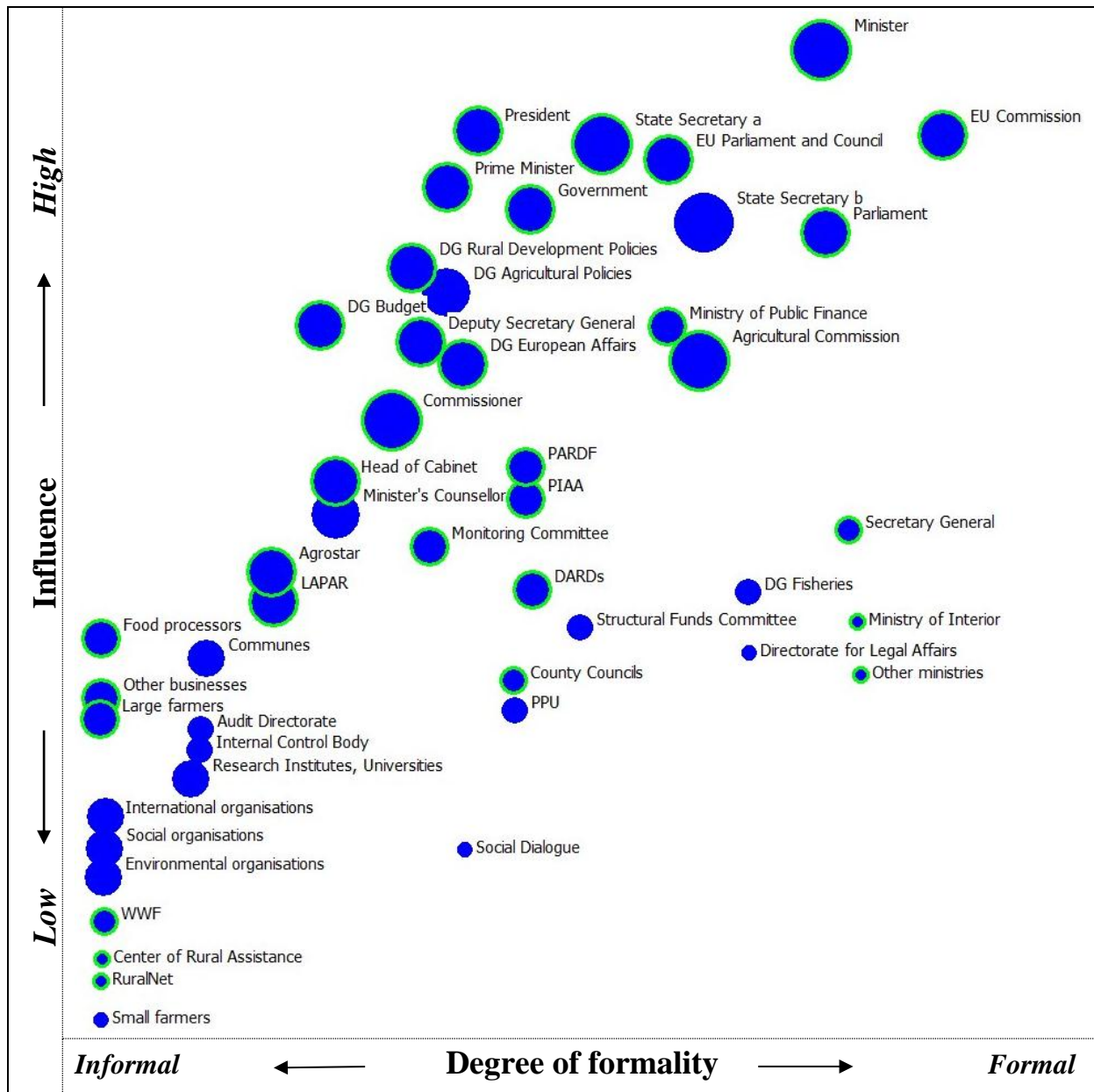
policies is based on the fact that there are no competing DGs or ministries in this field, as the function of the NRDP Managing Authority is not distributed to different departments/organisations. The *State Secretaries* have both, informal influence due to political networks, as well as great institutionalised power. If there were a clear demarcation between technical, administrative and political functions, their power would likely decrease. Noteworthy is their “Gateway power”, meaning decisions in several fields concerning administrative, as well as political matters must have their signature (cp. Footnote 157). The Directors General, who are often closer to the matters concerned, have this “Gateway power” to a much less extent.

The most obvious example for the impact of actors’ political/social networks is the position of the *Deputy General Secretary* compared to that of the *General Secretary*: the deputy was assessed as having much higher influence than the General Secretary (Figure 7.3). The *Minister* should have a very high overall influence on sectoral policy-making. Though the Minister’s influence in the policy-making process is potentially expandable. This is not only reasoned in the – compared to other actors – low informal influence of the sitting Minister (Figure 7.3), but also in the institutionalisation of his role. Actually, the Minister has to deal with too many issues. Lacking a team on which he can rely, he has to cope with all policy- as well as administration-related tasks, which prevents him from concentrating on decisive issues. The *DARDs* were assessed to have at least moderate influence on policy-making. Notably, their influence appears to be not much lower than that of organisations of the agricultural administration acting at the national level, such as the two *paying agencies*. Of the two, paying agencies and DARD, the nomination of directors is a political issue, which explains the relevance of networks as determinant of their influence. Moreover, the *DARDs* are strongly linked to the County Councils (see below).

The role of *parliament*, *government*, *president* and *prime minister* in agricultural and rural policies is ambiguous: Considering the whole policy-making process, the bulk of the high-ranking politicians has a passive role, but nevertheless has decisive power in the end. Meaning their impact on the content of policy strategies is relatively low, but if issues concern the state budget, their agreement is needed. In this regard, the power of the *Ministry of Public Finance* was highlighted by several consulted experts. Although the parliamentary *Agricultural Commission* could be assumed to have particularly high influence as it can strategically bring information into the policy-making process, and partisans will believe it more easily than other sources, its relevance was assessed to be only moderate. A further issue increasing the pivotal position of the parliament in sector-related policy-making is that most normative acts become – unfortunately – only prominent in the media shortly before they are to be discussed in the parliament. Thus, information on the pros and cons of a law proposal might be neglected by the public if the arguments are not part of this parliamentary discussion.

The *EC* was assessed as having high influence on Romanian agricultural and rural policies at first sight. From the point of view of the technical departments, the EC legislation is considered as pivotal, insofar as the EC has indirectly high influence on the policy-making process. In terms of strategy development the EC’s power would, according to the consulted experts, particularly show up in its decision possibilities on the budgetary distribution.

Figure 7.3: Policy Map of stakeholders' influence on policy formation for the Romanian agricultural and rural sector



Note: ● Actors without political/social networks ● Actors with strong political/social networks

The size of the nodes indicates the influence an actor has due to his ability to place information strategically.

DARD = Directorate for Agriculture and Rural Development DG = Directorate-General

PARDF = Paying Agency for Rural Development and Fisheries

PIAA = Paying and Intervention Agency for Agriculture PPU = Public Policy Unit

A list of actors registered in this figure can be found in Table A.7.3.

The *Policy Map* evolves from a list of actors identified as potentially involved in the policy-making process. The influence on policy-making processes of each of the registered stakeholders was assessed and discussed by experts in 2010. A rating was given for the following items: a) general influence perceived; b) influence on initiating laws/changes in laws; c) influence on strategy development; d) influence on the law-making process; e) decision-making power over budget distribution; and f) ability to influence the policy-making process by placing information strategically. Two dimensions of influence are considered: 1) the strength of the influence; and 2) the degree of formality, which expresses whether influence is primarily based on regulations/ normative acts or rather on informal power (Table A.7.3). The *Policy Map* shows the aggregated scores from the six categories of strength of influence on the y-axis. Average degrees of formality are shown on the x-axis. Actors that the experts believed to have particularly strong (political) networks are marked with a green edge. Note that for reasons of readability actors' positions might have been slightly moved. For exact coordinate values, see Table A.7.3.

Besides lacking institutionalised possibilities for participation, another reason for low presence of rural actors in the policy-formation process is a lack of self-organisation. Nevertheless, a few lobby groups having some informal influence can be noted (see also Redman 2008; Shareman 2003). Figure 7.3 indicates that besides the Food processing sector, particularly *Agrostar*, the *Federation of Unions from Agriculture, Food, Tobacco, and Connected Services*, and *LAPAR*, the *Agricultural Producers Associations League*, appear to be present in the political arena.¹⁶⁷ The final impact on policies of these two organisations best known in the sector, which are both also members of the Monitoring Committee, depends much on the leading political party. In 2010, *Agrostar* was better organised and thus often appeared in the media. However, the two mentioned organisations only present a small non-representative share of farmers, namely the larger producers, which even as individuals (independent from any organisation) are influential. Large farmers are more acknowledged by the policy-makers than small farmers, and resource-availability might increase the influence of individual actors.¹⁶⁸ Small farmers shy away from the effort of bringing up policy- or administration-related proposals and are not able to organise themselves sufficiently to build up the critical mass required to make their voice heard. Overall, the small-holders are hardly represented in the policy-making process.

Certainly, farmers are not the only stakeholder group affected by agricultural and rural policies. When looking at the Policy Map and searching for other actors that have more or less influence in the policy-making process, it has to be considered that rural development is no traditional policy field in Romania (Section 3.5), and is not considered a high priority among the general public in the NMSs (Mandl *et al.* 2007). Thus, while environmental organisations might have had an eye on the Agricultural Ministry for quite some time, other stakeholders might have (had) to re-orient. On the other hand, environmental organisations, in the anyway weak Romanian civil societal life, are, compared to other Member States, seldom even present. This might explain why the international environmental organisation, here the *World Wide Fund for Nature* (WWF), is the only one registered by name in the *Policy Map*. As mentioned in Section 3.5, in Romania most civil society organisations, among which the *Center of Rural Assistance* and the *RuralNet*¹⁶⁹ can be counted, are active in the social field. Despite these organisations being members of the Monitoring Committee and/or the Social Dialogue, their power – even if still low – was assessed as primarily resulting from informal influence. This applies, for instance, to *Agrostar*, *LAPAR*, the WWF and the *RuralNet*. On the contrary, other international organisations, universities and particularly research institutes

¹⁶⁷ Farmers' unions have become more and more active in raising their voice and exercising influence on agricultural policies. Recent media reports highlight that the farmers' union(s) are not passive actors in the agricultural policy field. Some of the issues they have raised are certainly relevant, e.g. with regard to service delivered by the agricultural administration, for instance criticism on the late transfer of direct payments. However, here a longer-term strategic influence is not visible. Protests seem short-sighted in some cases. One further farmers' association has been established at the national level in 2007, the Romanian Federation of Agricultural Producers (FNPAP), which has become a member of the Monitoring Committee in 2010, right before the mapping was conducted. Therefore, the federation might not have been assessed as being an important player in the policy-making process by the consulted experts.

¹⁶⁸ Shareman (2003, p. 460) came to the conclusion that the "behind-the-scenes lobbying" of individual state farm managers might have been even more effective than farmers in the associated form, because personal contacts and institutional connections developed under communism have endured and given some agricultural producers a powerful voice in the making and implementation of policy. Without a doubt, this group of actors is still powerful, but for four reasons their influence is likely to have decreased before 2010: 1) agricultural interventions have become more externally and more systematically controlled since the pre-accession period; 2) more state farms have been privatised; 3) the old bureaucrats in the ministry likely to be ensnared into the old networks make room for new ones; 4) farmers' organisations have become better organised (cp. Footnote 168).

¹⁶⁹ The *RuralNet*, which is a member of the NRN (Section 3.5) and of the Monitoring Committee, is an umbrella organisation which comprises 26 foundations and associations engaged in the development of civil society; e.g. the Carpathian Foundation and the Centre of Rural Assistance, whereas the latter also has as an individual actor an at least recognisable position in the policy arena and the *Policy Map*, respectively.

were assessed to have more formal influence and to have no relevant networks. Relatively high, primarily informal influence was ascribed to the *County Councils*, which seem to be more relevant than civil society organisations and the Monitoring Committee. Indeed, County Councils can induce pressure on key stakeholders at the national level, who depend on their vote. Moreover, they have the means to effectively spread information locally through the communes and to mobilise actors to pursue their interests.

7.4.4 Summarising discussion - Setting sectoral governance in a broader context

By trend, policy-making concerning the Romanian agricultural and rural sector is said to improve, for instance, in terms of involving MARD-external actors. Still, sectoral policy formation lacks substance and a longer-term strategic dimension. The influence of the few involved parties weighs relatively much and the opinion of the majority of rural actors is eclipsed by that. Overall, informal power is likely to domineer over formal institutions, and even actors with in fact high formal influence on policy-making may finally stay back if they lack social/political networks. Furthermore, some roles and processes are questionably manifested in the legal framework, giving some actors unnecessary high and hardly controllable influence and thereby inhibiting the smooth implementation of policies. While some institutions such as consultation processes have been – mostly externally driven – formally established, the enforcement of related laws lags behind, particularly in issues which are only of national interest. Moreover, policy-making has also strongly been EU-(absorption-) rather than results-driven. This also implies that points where non-compliance leads to sanctions or a loss of funds are tackled, but it hardly goes beyond external obligations, for instance in the field of evaluation. The phenomenon of having good laws adopted, but not enforcing them is not sector-specific, and judicial reform in terms of consistency of jurisprudence and accountability of the judiciary is still a national problem (EC 2010a; Section 3.5).¹⁷⁰ It appears that the principles of good governance (Chapter 2) have not rooted themselves in policy-making for the Romanian agricultural and rural sector so far. Dynamic policy formation is also hampered by a weakly organised civil society. Indeed, on both sides – among governmental and non-governmental actors – there are great hopes in terms of improving governance, which are, however, no systemic feature and are often linked to key persons. Consequently, there is still great potential for improvement on paper and in practice. Formal institutions can only be a first step as long as informal power predominates. The dimensions of good governance are very much intertwined (UoV 2007; Chapter 6), for instance, effectiveness is difficult without coherence, which in turn is related to horizontal and vertical coordination; public participation is difficult without openness, which again is related to accountability. Consequently, for improving governance, changes within the overall politico-administrative system are needed. Moreover, as citizens' preference for parliamentary government (as an indication for support for democratic structures) is likely to be positively influenced by trust in state institutions and a higher level of political patience (Kunioka and Wolle 1999), and civil engagement correlates with societal trust (Chapter 2), it becomes obvious that a sector's performance in terms of governance also depends on the overall national political context.¹⁷¹

¹⁷⁰ Indeed, for more prominent laws of international interest targeting, for instance, corruption, the EC could note some progress in its most recent report (EC 2011a), but whether and when such efforts will trickle down to laws which find less external attention remains questionable. Having in mind that Romania is said not to have shown sufficient political commitment to support reform processes and demonstrates a degree of unwillingness within the leadership of the judiciary to cooperate (EC 2010a; Footnote 57), it might be wise not to have too high expectations in this regard.

¹⁷¹ Considering the interlink between governance context, general trust and societal social capital (Chapter 2), public policies directly or indirectly furthering these dimensions can be found (cp. LSEPS 2007; PC 2003; UoG 2008). Certainly, not all interventions targeting civil society development are indisputable (see, e.g. LSEPS 2007); yet classical positive examples are the support of associational life; encouraging the involvement of civil

Overall, the research approach of twofold mapping turned out to be advantageous for identifying obstacles to profound policy formation. Methodologically, the research approach turned out to be useful, as discovering the deficits in the legal framework and its enforcement was a fundamental basis for interpreting the informal and formal power constellations resulting within the Policy Mapping. Despite - for the abovementioned reasons - the research approach did not allow to reflect actors' personal perception, the developed mapping system still allowed the assessment of influence on an actor basis and avoided biased results. Moreover, regarding the selection of mapping parameters beyond the differentiation of formal and informal influence, adding some well-selected indicators led – without much additional effort – to a significantly standardised dataset, with which speculations over the interpretation of the governance process could be reduced to a minimum.

The *Policy Map* provides a fundamental basis for discussing the state of the art in policy-making with key actors, and thus for tackling deficits in the legal framework and its enforcement, providing organisational support to rural actors or changing public communication strategies. Such discussions and actions can only be stimulated externally, and significant changes have to emerge and develop from within the politico-administrative system.

7.5 Conclusions

This chapter highlighted five major characteristics of policy-making processes around LEADER (and the NRN) in Romania. First, both instruments relied on external instrument choice mandated by the EC instead of a reflection of national priority-setting in rural development instrumentation. Second, while fruitfully accompanying the LEADER approach can be hardly expected as a systemic feature by the administration in near future, administering LEADER correctly does not appear to be more demanding than some other EAFRD measures – most entail their own, specific administrative challenges. Third, the overall functioning of the politico-administrative system hampers the implementation of the whole NRDP; management failures, lacking capacities and a lack of political will lead to the misspending of EAFRD resources. Fourth, the Romanian case suggests that the shared EAFRD management of the Commission and Romania could be practiced more effectively, in the sense that the Commission's initiative to enforce EU legislation and ensure that Community interests are kept increases. In this respect, also strengthening its enforcement power by appropriate means might be required. Fifth, policy formation for the Romanian agricultural and rural sector appears to be not profound or long-term oriented, suffers from volatile political changes, lacks participatory elements, and is domineered by informal forces.

Findings on governance processes reveal that the framing conditions in the agricultural and rural sector are not favourable for implementing LEADER and the NRN, which both rely on new modes of governance, on participation and a strong civil society, and on guarantee of legal certainty and accountability (Héritier 2002). An appropriate environment has to be established. On the other hand, exactly these two instruments are expected to target governance structures and might help to overcome deficits in the governance context. In this regard, the investigated national rural governance processes, especially the NRN, might show its instrumental potential. Also in terms of its ascribed technical assistance function of enhancing policy delivery, the network can theoretically be seen as chance for Romania.

society organisations in governance processes, and subsequently undertakings improving information and communication structures. Potentially, governments have the capacity to reinforce general trust and conversely, their undertakings might erode or defect social capital or hinder its creation (Frank *et al.* 2004; LSEPS 2007; PC 2003).

Finally the question exists over how to judge the external decision on setting LEADER and the NRN to Romania's political agenda, taking into account the national politico-administrative style on the one hand, and the need for improving governance and management in policy-making processes on the other. Considering how sectoral policies appear to come about – they are likely to suffer from volatile policy-making and to depend on the political will of key actors – the external instrument choice of LEADER and the NRN to be implemented in Romania can be seen as a fundamental outcome of the “vertical partnership” in the shared EAFRD management between Romania and the EC. Certainly this question cannot be addressed without considering other potential impacts of LEADER and the NRN, and extended conclusions are to be drawn in Chapter 10. However, seeing it from the politico-administrative perspective one can note that certainly within the national instrument choice, at least LEADER would apparently not have been favoured (for the NRN see Chapter 8). Consequently, the opportunity to benefit from LEADER (and the NRN) would not be given at all. Time (and also the next chapters) will show whether in the Romanian case it would have been more effective to design the rural development instrumentation according to the pre-existing governance context, or to hope for the politico-administrative system's adaptation.¹⁷² The case of the Romanian paying agency has shown that adaptation – at least in terms of the administrative culture – is possible, which might also become true for policy-making in general. Definitely without making the attempt, no lessons can be learnt. So far, as misspending also occurred independently from the governance-related and LEADER-specific instrumental features, and as the amount of funds directed to the two interventions is low, it appears meaningful to give LEADER and the NRN a try. Applying external pressure in this matter might be further rectified by the high co-financing rate, but also by the European dimension of these two instruments, for which the inclusion of all Member States is particularly important for achieving added value for the Community, which will be subject of Chapter 9.

¹⁷² Ringeling (2002) points out that the EU leads to a greater uniformity of national policies and instruments that Member States choose, and as a result, differences in governance styles among European countries will diminish to some extent. However, he is convinced that the policies of the Member States have indeed become more and more the same. In order to obey European decision-making, their toolboxes, however, were less harmonised. Instead, the framework for instruments would be broadened, leaving leeway for Member States (*ibid.*). Obviously for LEADER and the NRN there was no leeway. For the Romanian case it needs to be proven if it would have been more effective to design the rural development instrumentation according to the pre-existing governance context, or to hope for its adaptation.

Chapter Eight

Challenges of National Rural Networks as Instrumental Intervention – The Romanian Case

8.1 Introduction

The National Rural Networks (NRNs), whose instrumental features have been introduced in detail in Chapter 3, have to be set up by all Member States in the programming period 2007-2013. Funded under the EAFRD's Technical Assistance component, their major aims are: the dissemination of information on rural development measures; the identification of good practices; the organisation of exchanges of expertise and know-how; the preparation of training programmes for LAGs; and the facilitation of inter-territorial and transnational partnerships. In a nutshell, the NRNs are to function as an instrument which supports an effective (EU co-financed) implementation of Member States' RDPs bringing together various stakeholders (Sanopoulos 2010). Furthermore, apart from enhancing policy-delivery, the NRNs are expected to contribute to the improvement of governance. From the European level no *Link Rationale*, i.e., how the objective of improving governance is to be achieved in practice, has been provided (Section 3.4). Also no common intervention logic exists. Consequently, the achievement of NRN objectives still needs to be operationalized at the national level. Here, a helpful initial point is, that from the perspective of political scientists networks can be regarded as "new policy instruments" (Salamon 2002a; Stern 2009), which evolved with the paradigm of new modes of governance (Chapter 2). Networking is seen as instrumental to policy formation and implementation; particularly, if applied in the policy-formation process, it is likely to increase the quality and the acceptability of policies (de Bruine and Clarotti 2001; Section 2.3.3.3).

Moreover, the idea of "networking" is that networks as organisational structures potentially generate instrumental effects and added value (Ethering 2005; Jarillo 1988; Wagner *et al.* 2005; Weiligmann 1999). Thus, as argued in Section 3.4, because all EU interventions have to be implemented in an 'effective', 'efficient' and 'economic' way (EC/2002/1605), a further objective which can be assigned to the NRNs is to make best use of the benefits which the policy instrument's network design offers.

Despite major instrumental elements of the NRNs are novel to all Member States, for Romania, as NMS, running the NRN is a completely new task. It is not only that the Romanian actors cannot build upon previous structures and experiences of a LEADER-type network (as can other Member States), but networking, particularly amongst stakeholders, who are active in the field of agriculture and rural development, is almost non-existent. The challenge for Romania is also seen due in the country's political, socio-economic and cultural-historical context (Section 3.5), which is decisive for social networking. And as shown in the previous chapter, participatory policy-making is still not commonly practiced in that country's rural and agricultural sector. Moreover, there is severe need for enhancing policy delivery.

Although Romania officially set up its NRN in September 2008, due to public procurement issues, the implementation of its network unit was delayed until December 2011 (Section 3.5). And, regrettably, after what looked like a promising start, the network faced a period of deadlock (Table 4.2). Hence, the gap between the Romanian NRN and those Member States that launched their networks timely has widened.

Against this background and building on a survey of (potential) members of the Romanian NRN (**Research activity E**, see Chapter 4), this chapter focuses on the identification of the major challenges that stakeholders face regarding the development of such a network. More specifically, after having assessed the framing conditions, in particular the implementation

process of EAFRD interventions and the governance context in the Romanian rural and agricultural sector in the previous chapter, it examines the status quo of the Romanian NRN and the key factors that contribute to the development of the network into an effective tool for rural development policies. The focus is on how to achieve the three main objectives, which can be assigned to any NRN: 1) using the benefits potentially resulting from the policy instrument's organisational design as a network; 2) enhancing policy delivery; and 3) improving governance.

While there is – as introduced in Chapters 2 and 5 - exhaustive scientific data on network theory (Horelli 2009), on social capital (Ray 2006) which might result from networking, and on governance, academic research on NRNs as well as on rural governance at the national level is limited.¹⁷³ Therefore this chapter also draws on empirical data collected among NRNs in other Member States in 2010 (**Research activity D**), for assessing first lessons learnt from the new policy intervention and its impacts. Based on empirical findings and network theory, proposals for closing the gaps in the NRNs' intervention logic (Figure 3.4) and for a long-term strategic framework for running NRNs (and similar networks) effectively are made in this chapter.

8.2 Recapping the theoretical background for understanding NRNs

The wide use of the network concept and its multifunctionality have been highlighted in Chapter 2. The NRNs' instrumental features and their theoretical potential in terms of networking and governance have been investigated in Chapter 3. It was shown that in policy-making networks can have more than an information and assistance function. Building up on that background and considering that the NRNs were created as a policy instrument with the objectives of interlinking stakeholders, enhancing policy delivery and improving governance, in the following only two issues are recapped and supplemented with some more details inherent to the concept of this chapter: a) social networks, as networks being organisational structure of actors and their potential for added value; and b) networks in the context of governance.

8.2.1 Social networks and their potential for creating added value

According to Church (2006, p. 2), the “threats give the network its life”. In other words, relationships among entities lie at the core of any network (Davies 2005; Lowe *et al.* 1995). Active social relationships among actors can be named “networking”. Church (2006) notes *diversity, dynamics, democracy* and *decentralisation* as key properties of (social) networks. Furthermore, networks are said to be *open* (Lee *et al.* 2005) and have *flexible structures* (Nooteboom 2003). Generally, the structures of networks can bring advantages compared to other forms of organisation and certain network characteristics are likely to generate instrumental effects (Table 8.1). A basic network effect is integrating information (of several sources) and making it available to a larger group of members (cp. Siebert 2006). Information passed through social networks is more concentrated and more likely to be supplemented by interpretation than information in markets and hierarchies, respectively (cp. Chapter 2). Thus, the dynamics in interactions and exchange within a network equal more than the sum of the parts and potentially bring added value.

Although more or less contradictory to the principle of flexibility, many networks (like the NRNs) are to some degree institutionalised. Nevertheless, network members generally

¹⁷³ So far, literature on NRNs is limited to press releases and portraits on the internet (for an overview, see <http://enrd.ec.europa.eu/>), and official mid-term evaluation reports have only be prepared for the four NRNs of Italy, Germany, Spain and Portugal. Individual evaluation reports and studies on funded networks in other policy fields are available, for instance for research networks (Wagner *et al.* 2005) and innovation networks (Russo and Rossi 2009).

maintain their autonomy as participants (Earl 2004; Segert and Zierke 2004). However, as social networks are kept alive by the contribution of their members, the principle of voluntarism and non-bondage may result in instability and inefficiency of the network. Against this, codes of behaviour may have a key function (Segert and Zierke 2004) and stability in a network might be assured through the fact that outgoing network members loose access to resources (Segert and Zierke 2004) and/or erratic behaviour is sanctioned (Weiligmann 1999). Further, in Chapter 2 it has been shown that the creation of social capital may essentially contribute to sustaining a network, and that in turn, social capital might be created through the interrelation of repeated social interactions. Forces driving those processes, such as reciprocity and trust, as well as the benefits potentially resulting from social capital creation such as raised efficiency, facilitated cooperation and sharing, or increased creativity have been discussed, too. Altogether, social capital is an essential driving force for the use of the social network's potential for the generation of added value.

The crucial question remains, however, how NRNs can use the benefits potentially resulting from social networks best, and thus become a catalysing policy instrument.

Table 8.1: Characteristics of social networks and the (potentially) associated benefits

Network property	Expected Benefit
Diversity Diverse stakeholders belong to the network.	The interaction between diverse opinions and ideas is creative and progressive.
Openness The network is open for new members.	Openness is not only required for giving actors the chance to participate in the network and, thus, the network can be seen as a public good, but also that legitimacy is granted to the work of the network.
Flexibility Structures are flexible; loose connections between members.	Allows network dynamics, adaptation.
Dynamics Interaction between network members. A good network may free its members to be active.	Members are active, propose activities and get involved in doing them.
Decentralisation Shared leadership.	Allows decisions to be made where they matter most; Facilitates democracy.

Source: Based on Church 2006; Mihalache 2009, and Russo and Rossi 2009.

8.2.2 Networks and Governance

In the context of “New modes of governance”, new ways of policy-making, respectively, as introduced in Section 2.3.3.1, which often entail negotiations between governmental and non-governmental actors, it is normatively pointed to organisational structures and horizontal (inter)actions of interdisciplinary actors. The introduction of new modes of governance goes along with expectations on improved policy-making or possible failure such as a lack of legitimacy and might be complemented by normatively applicable principles of good governance. Despite no reference point provided by policy-makers in Brussels on how NRNs actually should interlink to governance, beyond the European context there is a slowly growing recognition that for administering integrated rural development policies effectively, adjustments in governance structures are not only needed in a horizontal dimension at the local level, but that horizontal structures integrating multiple sectors also need to be adjusted at the central level (OECD 2006; Section 3.2), as rural development demands interdisciplinarity in theory and concept, and multi-sectoral interactions in practice (cp. EC 1996). In rural policy-making ideally, all levels are involved and interact as a

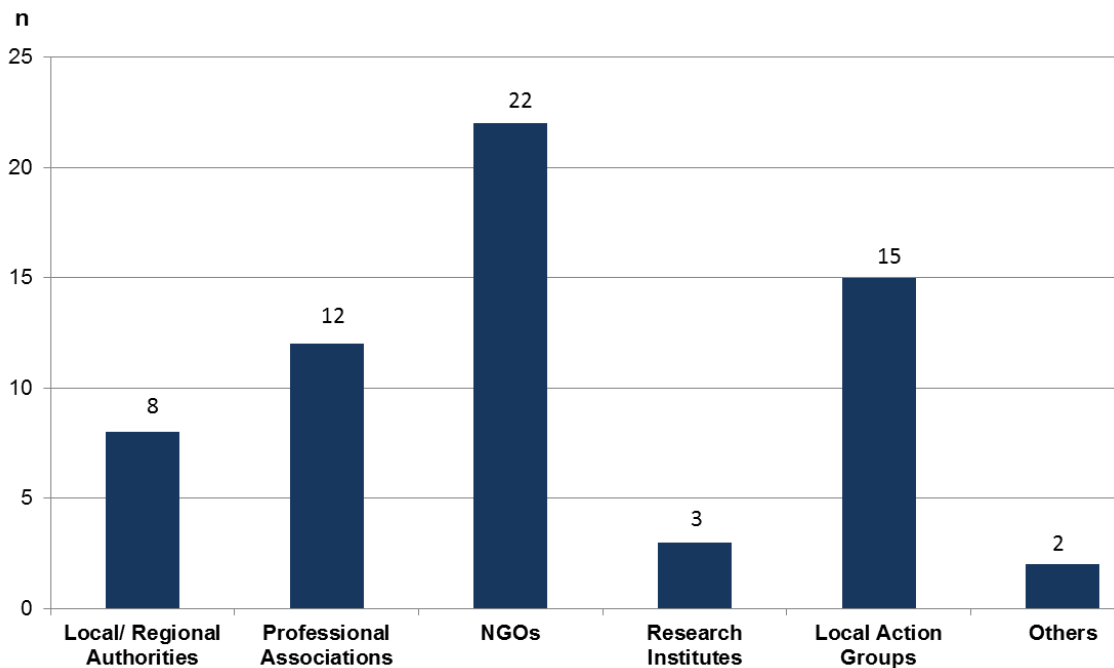
‘multidimensional actor constellation’ (cp. Mantino 2008; Marsdon and Murdoch 1998) – metaphorically speaking, rural governance equals networking in a rural web.¹⁷⁴

8.3 Fulfilling the objectives of a National Rural Network as a Policy Instrument?

To identify the challenges faced by the Romanian actors and the key factors that will contribute to the development of the network into an effective tool for the implementation of rural development policies, data from 62 members (and potential members) was collected electronically in the summer of 2010 (**Research activity E**, see Chapter 4).

The sample comprised a mixed group of stakeholders (Figure 8.1), relatively closely following the composition of the network. In terms of the distribution of respondents by type of activities, the largest share (28%) is attributed to activities related to regional/rural development, followed by culture and education (20%) and environment (12%). Noteworthy is the low number of responses regarding activities such as farming, forestry and agribusiness, which altogether account for 12% only.

Figure 8.1: Distribution of NRN stakeholders by major type of organisations



Note: n = 62

^a “Professional associations” refers to any form of associations of producers or employers.

^b “Regional/local authorities” refers to county and local councils, prefectures, and also to some territorial units of the Ministry of Agriculture.

Source: Own data 2010.

8.3.1 Does membership (still) matter?

Obviously, after the period of deadlock of more than two years (Table 4.2; Section 3.5) the Romanian NRN cannot count on all actors once registered as member anymore. The survey revealed that in many cases the receiver of the questionnaire was not aware of the existence of an NRN due to changing responsibilities within public institutions, or the intermediate

¹⁷⁴ The term “rural web” has also been used by Ventura *et al.* (2010), who do not explicitly refer to governance structures in terms of formal and informal institutions, but to various kinds of flows including, e.g. production chains for visualising the multifaceted character of rural development.

breakup of organisations (e.g. potential LAGs or businesses). Moreover, the delay in the implementation of the network unit and the lack of activities had led to disappointment and a lack of belief in the network. Nonetheless, the sample of respondents indicates that stakeholders are still interested in the NRN. Despite of the general absence of a strong feeling of membership (given the status quo of the Romanian NRN), the participants expressed their motivation for joining the network mostly in the form of ‘needs’ and ‘desires’ (Table 8.2).

Table 8.2: Motivation for NRN membership

Need/Desire for	No. of responses
Access to information (including funding)/contacts and collaborations/knowledge exchange	26
Becoming actively involved in decision-making processes	22
Specific interest in rural/regional development	12
Receiving training and support for various (territorial) projects	6
Other reasons	7

Note: n = 73

Source: Own data 2010.

First and foremost, most participants perceive the network as instrumental for accessing information (particularly about funds), establishing contacts/collaboration, and knowledge exchange. Second, membership provides (or should provide) regional and local people with the opportunity “to make their voices heard” and to become actively involved in the decision-making process. Third, some organisations (e.g. potential LAGs and various NGOs) joined the network for enhancing their already active part in regional and rural development. Others joined the NRN hoping to receive training and benefit from technical assistance, or were invited to join by the Management Authority due to their specific skills and expertise. Although some actors primarily see their personal benefit of the membership, others act beyond self-interest anticipating rather common objectives for the rural areas.

These findings closely follow network-theoretical principles, i.e. the main motivation for joining a network is the belief that membership allows achieving issues that could not be tackled by an individual actor or allows achieving them in a better, more efficient way (Jarillo 1988; Ray 2001a), or access to resources. Two of the motives, however, might break ranks in this regard: first, joining the NRN at the invitation of the Romanian Managing Authority, and second, the ‘expected’ participation of some members of the public administration within the network. In these cases, the principle of voluntarism is disputable (cp. Bingham *et al.* 2005).

8.3.2 Using the (theoretical) potential of networking?

The EU-wide 2010 survey among the NNUs revealed that none of the surveyed NRNs had formally set added value creation, which (social) networks theoretically offer, as objective. Though, three decisive factors are to be considered when assessing the potential of the Romanian NRN for using the potential of networking effectively: the network’s objectives, its design, and the resources available for networking.

8.3.2.1 *Communicated objective-setting - a crucial factor for successful networking*

For running networks successfully, common objectives (Nooteboom 2003) and a common understanding (Mihalache 2009) are needed as the readiness to contribute to a network means more than just the desire to join (Weilgmann 1999). Hence, objectives can act as a motivating or discouraging factor for members to engage in the network. While amongst the Romanian network members there is a broad understanding of the overall objectives of the

NRN (as defined by Brussels), survey results reveal that there is confusion about how the network will work and how these objectives are to be achieved. This is not only due to the delay of the implementation of the network unit, but also to the ministry's poor communication and information management towards NRN members. Communication, the sharing of information respectively, is essential for a common understanding of the network (Roger and Kincaid 1981). When asked whether there has been any information regarding the status of the network in the last two years, less than half of the respondents answered in the affirmative. Moreover, although an Action Plan had been drawn up in 2008 (MARD 2008b), this was hardly communicated to NRN members. Members were neither informed as to why the network was not running nor when it will become functional, and interaction between members was almost non-existent. This led some respondents to feel neglected and question whether the Managing Authority indeed had the interests of members at its heart. Clearly, in the view of respondents, *any information is better than none*.

In order to provide incentives and motivate actors to participate in the NRN, the network unit has to consider their needs and interests. These expectations should be reflected in the network's objectives. Results show that the expectations of the Romanian NRN (Table 8.3) are not completely covered by the general goals for NRNs as defined at the European level.

Table 8.3: Expectations of the Romanian National Rural Network

Expectations	No. of responses
Effective functioning and dynamic network (with a realistic action plan) & commitment and responsibility from its members	20
Cohesion among all actors involved in rural development	12
Increased transparency (e.g. in the allocation of funds) & exclusion of any political influence	12
Improvement of national RDP implementation	12
Discussion on/review of rural development regulations	7
Advice/Support/Assistance (in applying for funds)	28
Better access to information	34
<i>of which focussed on exchange of experiences & good practices</i>	15
Improved communication	12
Public debates & public consultations	11
Increasing and facilitating partnerships (not only between LAGs)	9
Others (e.g. establishing regional network structures; increased absorption of funds)	21

Note: n = 78

RDP = Rural Development Programme

Source: Own data 2010.

This applies for instance to the desire of having a voice within the policy-formation process, which does not explicitly come under the common goals. This is also true for the necessity not only to focus on EAFRD-related issues. - One main objective of many members of the Romanian NRN is the development of Romania's rural areas and not to gain EAFRD funding per se. Experiences from other Member States (e.g. Germany, United Kingdom) show that it is important for network members to go beyond the focus of the EAFRD and also to discuss, for instance, alternative funding opportunities. Thus, for satisfying members' interests and making the network (more) relevant to its (potential) members, the Romanian NRN has to go beyond the obligatory objectives defined externally and supplement its agenda by endogenously grown objectives internally agreed on. In doing so, also actors who are needed for making the network instrumental can be attracted. Sustaining a network by assuring that it remains relevant for its members requires a network to be adaptable (Ethering 2005), for instance, in its focus.

8.3.2.2 *The Design of the NRN*

The design of a network influences its functionality (Weiligmann 1999) as certain network properties are likely to bring about certain effects (Table 8.1). The scope of any NRN is to bring together various stakeholders who have influence on, or are interested in, the development of rural areas, whereupon *diversity* is likely to increase the added value in terms of complementing ideas and the creativity resulting from it. So far, the composition of the Romanian NRN shows diversity. However, due to the lack of interactions between members, the network does not benefit from the complementarity effect. Moreover, experiences from other Member States show that, despite a mixed composition, the organisation of interdisciplinary actions, respectively interlinking different interest groups horizontally, proves to be also challenging in established NRNs.

Another issue potentially limiting the instrumental effects of the Romanian NRN becomes obvious when examining members' thoughts on the composition of the network. The opinions of the survey participants were diverse. While some thought that the composition of the network is representative for Romania's rural areas, others were sceptical and felt that "*the network has only apparently a balanced representation*" and that it "*is without the pulse of the rural reality*", or that "*the network has a representative composition [but only] on paper*". The scepticism expressed by some members may have its roots in the initial formation of the network when selected stakeholders were invited to become members by the ministry (Section 3.5). This top-down selection procedure of raising awareness and inviting stakeholders to join the network, although initially necessary, might have been exclusive. It is likely that not all stakeholders who really have an interest in participating in the network were reached. Nonetheless, the large increase (by 35%) in the number of members that took place between November 2007 and September 2008 does not only reveal the effect of the initial selection attempting to achieve a representative stakeholder composition, but also a degree of *openness* of the network. After the opportunity to join the NRN had become widely known, various NGOs, potential LAGs and commercial farmers joined the network. While the share of NGOs in the total membership remained constant by around 30%, for potential LAGs and commercial farms the membership increased not only in absolute numbers, but also in relative ones from 1.4% to 7.2% and from 0% to 18%, respectively. The increasing number of commercial farmers, which are in fact a minority among Romanian farmers, shows that the network's composition is hardly to steer, and that the Romanian NRN has developed as any typical network, following its own momentum (Horelli 2009).

A related factor important for the development of networks is the role of its members and the balance between institutionalisation and *flexibility*. The period of abeyance reveals that so far nobody has assumed responsibility for making the Romanian network operational. Thus, not primarily a lack of institutionalisation led to inefficiency – as typical for networks – but an inappropriate institutional design (a kind of governance failure) led to incapacitation and ineffectiveness. There is a need for clarification of the roles and rights of those involved in the Romanian NRN. Overall, there is the feeling that members themselves cannot assume any responsibility yet as they are still waiting for the network unit to be established. Certainly, members will not necessarily have to fulfil any duties formally laid down, yet most respondents have a clear view as to how they can contribute to network activities, hence indicating the potential of network dynamics. Furthermore, as shown in the previous section, NRNs need to be flexible in order to be adaptable to members' interests. Similarly, experience from other national networks shows that the degree of institutionalisation should be carefully considered as flexible network structures are needed when network activities are to be delivered creatively.¹⁷⁵

¹⁷⁵ To the cleavage between clearly defined objectives as driver for running an NRN – no matter whether formally or informally institutionalised - and flexibility in terms of the focus of the network point de Bruijn and

In order to use its potential for *dynamics*, the Romanian NRN needs to initiate interaction and circulate sufficient and comprehensive information among its members. As “multiple accepted views, values and visions are needed to actively create positive interactions between the different dimensions of rural development” (Vihinen and Kull 2010, p. 194), it becomes obvious that for making the Romanian NRN an effective tool, more than just bringing stakeholders together is required. However, managing a fruitful communication amongst a diversity of stakeholders is not an easy task. It requires adapting the content of messages as well as the topics of activities to the target groups, and choosing the most efficient communication media. Two kinds of communication are preferred by survey participants: 1) personal communication and 2) communication via internet. While the internet offers the possibility to reach actors with little effort, personal communication has the advantage that messages may be adapted to the receiver and that the response to the message is recognised. Furthermore, personal communication is needed for establishing trustworthy relations (Giddens 1991).

Going one step beyond and stimulating network dynamics in form of interactions, which result in added value, turned out to be difficult in other Member States. Network units face problems, for instance, in initiating a multiplier effects, stimulating and maintaining cooperation between stakeholders. Tackling such challenges is currently no priority for the Romanian actors.

In the context of network design the strong demand of Romanian actors for regional network structures (Table 8.3) calls for one’s attention. This demand is primarily based on three deliberations: 1) needs, which should be picked up by the NRN, differ regionally; 2) at the regional level it is much easier to bring actors regularly together; and 3) the establishment of decentralised organisational structures might entail increased decision-making power at the lower level. While the first two issues are primarily technical matters, whose realisation could still be contemplated in the Romanian NRN belatedly, the latter issue follows the idea of *decentralisation* and has not found any consideration in the regulations on the NRN in Romania. Yet, whether the Romanian NRN could benefit from the effects expected from decentralised structures, namely the opportunity to make decisions where they matter most and facilitated democracy, depends on the willingness of stakeholders at the national level to accept decreased control and to share power. Furthermore, experiences across the EU where one finds different types of NRNs in terms of decentralisation (Section 3.3) show that regionalisation (with or without decision-making power) is besides the size, diversity and existing administrative structures of a Member State mainly a question of experiences in organising networks and of available resources. Networks with sufficient resources have the manpower to staff regional offices.

8.3.2.3 *Resources for networking*

For the overall network management financial resources are essential. Romania directed 0.3% of its total EAFRD budget for 2007-2013 to the implementation of its NRN, which make up Euro 30 million without national co-financing. In comparison with the budget of other NRNs, this allocation does not stand out (cp. Figure 3.2; Marquardt *et al.* 2011). Despite that the amount foreseen for the Romanian NRN is not insignificant it will be, however, challenging to answer the demands of different interest groups equally across themes and regions. Some participants specifically remarked that many rural actors are first and foremost interested in the absorption of funds, and that generally local actors do not have “*an integrated view of*

Ten Heuvelhof (1995, p. 171) saying, “Institutionalized opinions and value systems have a function within networks. They facilitate contact and communication between actors, which is often not easy owing to the complex structures of the network. On the other hand, this institutionalization can also be obstructive: certain reality and problem definitions are systematically excluded from the network. As a result of this, the effectiveness of policy instruments may be radically reduced”.

rural development and do not know the justification and objectives of [RDP] measures, [in fact] each beneficiary aims to 'hunt' a grant for his own projects."

Additionally, another main challenge remains the co-financing procedure. This obstacle was commented on by one professional association in the survey:

"(...) the network may be important in the development of rural policies but to put it in practice [it] depends very much on the political class (Parliament and Government) who decides the availability of resources (...). I think that the delay in implementing the National Rural Development Programme measures are desired by the authorities and this is exclusively due to the lack of national co-financing".

Considering that EAFRD resources for the NRN are only available in collaboration with the ministry, which might prioritise co-financing of other RDP measures in times of tight national liquidity, one survey participant, suggested setting up a membership fee. A membership fee, however, would exclude some of the (potential) NRN members from the network. Nevertheless, it can be counted on the contributions of network members – at least of those who also engaged and participated in the survey. The main contribution lies with their experience, skills and abilities. The willingness to contribute to the network contrasts with the NRNs of other Member States where very often rural actors only gather information, but do not provide any information, or make other contributions to the network (see also Footnote 188). Indeed, networks live on the contributions of their members, who invest in the network believing in reciprocity - be it contributions in form of membership fees or information. Thus, an important prerequisite for the Romanian NRN to become reality is the establishment of trust in the network, resulting in social capital. Findings from Marquardt (2011), however, suggest that unconditioned funding from the EU and the Member States, i.e. from network *external* sources, actually decreases the NRNs' effectiveness of generating added value, because the application of the principle of reciprocity is not necessary for keeping the network alive. Though, it would not be possible to build up only on members' contributions, and thus to risk the dissolution of the network, because the NRNs should (independent from network activities) also provide technical assistance to (potential) beneficiaries.

8.3.3 Improving the implementation of rural development policies?

Funded under the EAFRD Technical Assistance window the NRNs should contribute to an effective implementation of the RDPs, and to the delivery of rural development policies. Policy delivery can be roughly divided into a rather technical component of the implementation of policy measures and a strategic component, i.e. the policy-formation process (cp. Chapters 2 and 7). Major functions of networks in policy-making include 1) information and assistance to citizens; 2) consultation when reviewing policies and programmes; 3) implementing and adapting policies; and 4) developing policies (cp. Chapter 2; de Bruine and Clarotti 2001).

Experiences from running NRNs show that network activities are likely to increase the implementation quality of rural development measures through exchange of information and experience (Marquardt 2011). Since the Romanian NRN will be implemented when more than half of the funding period has elapsed, its effects on improving the implementation process will obviously be limited. Nevertheless, the clear need for information and technical assistance indicated by the survey participants highlights that the NRN is still likely to have an impact on the EAFRD funded projects, and even more so on the improvement of general rural development activities, as, for instance, there is a severe need for information among rural actors (Table 8.2; Table 8.3). In the Romanian case the circulation of EAFRD-related information through the NRN serves both functions of *Enabling policy instruments* (Table 2.2), first as *Meta-Instrument* for promoting NRDP measures, and second as support to capacity-building. In this regard it appears promising that surveyed NRN members felt in a suitable role for spreading information locally, and thus have a multiplier function,

particularly when having in mind that the findings of the previous chapters show that some target groups are not reached by the agricultural administration (Chapters 5 and 7). Moreover, through the NRN capacities are built up by interlinking competences, e.g., those of research institutes and practitioners. An assessment of the situation in Romania's rural areas, – as offered by NRN members - could complement formal monitoring and evaluation procedures, and form an essential basis for informed and strategic policy-making. - Through the improvement of communication and transparency, and the exclusion of any political influence, it is believed by network members that the Romanian network will “*make the reality in rural areas visible*”. This hope might have its origin in the deficits in need-orientation and strategy in rural policy-making in Romania found in Chapter 7 (see also Footnote 65). Furthermore, members' competences currently bunched in the NRN are likely to complement the farm-centric agricultural administration broadening its focus and, thus, enhancing the administration's capacities. Although capacity-building going beyond the public sector is unaccustomed in Romania, to make use of the NRN represents a realistic opportunity for the agricultural administration to increase its effectiveness and quality of service delivery. Cumulated effects of network activities might also lead to an increase in the amount of absorbed funds as awaited by many network members. Therefore, it appears constructive that the NRN is applied as *External Instrument*, which addresses parts of the society (Section 2.3), and that its values common to *Internal Instruments*, which generally only encompass governmental organisations and their internal operations, are recognized as complementing other Technical Assistance interventions.

The crucial question is, however, (not only for Romanian actors) how and to what extent the policy-delivery process should be addressed by the NRNs through, for instance, the discussion of problems among stakeholders involved in the implementation process. Such open participatory procedure is not only expected by some Romanian survey participants, but has also been mentioned as a relevant network activity by other network units (cp. Marquardt 2011) and is widely accepted as a mean for enhancing policy delivery (de Bruïne and Clarotti 2001; CEC 2001; Section 2.3). In Romania such discussions might be essential. Management failures, the ambiguity of application guidelines, length of periods for the submission of applications, timely announcement of sessions of the individual measures are likely to be tackled by increasing communication between agencies and (potential) beneficiaries and inter-agency communication. In order to make the network a tool for improving the implementation of the RDP, the involvement of staff of certain public institutions, not only from the agricultural administration but also from other policy fields, in the NRN is essential. Though, some representatives of public institutions perceived their participation in the network as an obligation. Other challenges linked to the discussion of the implementation process are the acceptance of scientific results and criticism. In this regard, due to their experiences, other network units recommended that the national network unit should preferably be outsourced from the governmental bodies, what will be the case in Romania. The suggestion of an independent network unit was underlined by one surveyed NNU as follows:

“Our independency from the Ministry of Agriculture has given us considerable freedom to address issues, bottlenecks and improvements at different levels of government. Although our criticism is not always welcome, it has led to an improved implementation of the RDP.”

(Marquardt 2011, p. 21)

Furthermore, increased social control and transparency, resulting from network activities due to an increasing number of social relations and flows of information, will enhance the RDP implementation process. For instance, transparency is likely to increase, as desired by survey participants, because networking will facilitate comparing the assessments and scoring of rural development projects in different Romanian regions for (potential) beneficiaries. Thereby the NRN could effectively contribute to enhancing the procedures within the

Romanian public administration, where there is little room for transparency and accountability (Mihalache 2009) and where there is a deficit in control of corruption (UNDP 2011; Section 3.5).

Discussions among network members might be extended to the strategic component of policy delivery, the policy formation. Some 80% of the survey participants think that the network's activities will have an impact on rural development policies. Similarly was the appraisal in other Member States: nearly all surveyed network units stated that the networks' activities and the discussions among network members have had some impact on rural development policies. In this regard, the feedback to the Managing Authority and other policy-makers as well as the stimulation of public debates were referred to most often. This point, however, is controversial in Romania. While some survey participants claimed to have a voice in the policy-making process others desire not to politicise the network.

Altogether, for two reasons, it would be relevant to set discussions on policy delivery on the agenda of the Romanian NRN: 1) for improving implementation process and policy formation as it is crucial to consider multifaceted perspectives on rural development; and 2) as incentive for (potential) members to actively participate in the NRN.

8.3.4 Improving Governance – a self-evident instrumental effect of networking?

The deficits in specification by the EC, of what should be achieved under the objective of improving governance through the NRNs, has been reflected in Section 3.4. Apparently this objective finds little direct consideration in the context of the NRNs so far (Footnote 52). Yet, although none of the surveyed network units had "improving governance" defined, or even declared as a fixed objective of their agenda, some network units are convinced that governance is improving as a side-effect of network activities and more than half of them confirmed that the NRN has contributed to improve governance. Only one network unit stated the opposite and some were not sure about. (Marquardt 2011)

While for citizens in Western European countries this objective might be less relevant, for many Romanian actors, for whom following principles of good governance is no matter of course, the governance issue is (as reflected by participants in the survey) very important. There are three areas where the Romanian rural actors might practice new modes of governance: 1) decisions concerning the NRN itself, e.g., distribution of network resources and ideally the revision of the network's specific objectives; 2) discussions and decisions on improving the RDP implementation process; and 3) decisions in the policy-formation process. The challenge for Romanian actors will be to conduct discussions with multiple stakeholders applying principles of good governance.

Goodwin (1998) points to the critical questions over who has and who has not been involved in new forms of governance, and why this is the case (Chapter 6). Rules for the decision-making processes, which are decisive for the power distribution in an organisation, were set for the Romanian NRN through ministerial order. The decision-making body of the NRN is the Coordination Committee headed by the Managing Authority, whose composition is more or less representative for Romania's rural areas. Whether, "*decisions are [to be] made by a few influential people and influential associations*", as feared by one survey participant, remains to be proved. Obviously, in the NRN's regulation it is neither stipulated, how the network structures and members are considered in the decision-making process, nor which (potential) impact the NRN can have on rural development policy delivery. Consequently, many questions on governance structures in the NRN remain open and are not primarily in the hand of NRN members, but in the hands of the Ministry of Agriculture.

More than three quarters of the surveyed Romanian actors were convinced that governance (with regard to decision-making processes) will improve through the NRN activities. Some survey participants emphasised that the improvement of governance will also depend on the

network members and their courage, and particularly on the participation of key stakeholders in NRN activities. These opinions are reflected in a thought by Vihinen and Kull (2010, p. 193): an “important pre-condition for rural webs to unfold and function is whether or not civil society is active in and able to take part in decision-making processes”. Indeed, the assessment of policy-making in the Romanian agricultural and rural sector has also pointed to a weak civil society (Chapter 7) and people in Romania, especially older ones, still have to learn to show initiative and pick up the chance to act democracy (Heller 1999; see also Bădescu and Sum 2005; Section 3.5). In this context, survey participants pointed to the importance of local authorities for stimulating the implementation of new modes of governance at the local level. Furthermore, survey participants admitted that assistance by the network unit or other external actors might be needed to impact on decision-making processes; in particular with regard to their depoliticising. Here, the independent national network unit will have a key function as mediator in discussions including other actors besides traditionally strong parties, ensuring that such issues are enrolled on a factual basis. However, even if decision-making processes are formally institutionalised, following principles of good governance is not self-evident, as informal (power) relations influence governance processes as well (Daugbjerg 1999) which has been vividly demonstrated for the Romanian agricultural and rural sector in the previous chapter. Moreover, democratic decision-making might be hampered as many network members are not familiar with the feeling of being enabled to act in matters in which also the ministry is involved; also in this regard the network unit might be vital as intermediate between “leaders” and other actors (cp. Footnote 17).

Finally, improving governance remains clearly a question of political will (CEC 2001). Here, the Managing Authority/ the Ministry of Agriculture, may feel addressed, because it depends on its willingness how deep it gets involved in NRN discussions, which issues are negotiated within the NRN, and in how far decisions of the NRN are taken into account by the ministry. This in turn will have an impact on the local actors’ motivation to “practice democracy”. The Managing Authority should be aware of the fact that many local actors still feel that the ministry does not want to share its power as is underpinned by the following comment: “*the central structures will never fully understand the grass-root needs and in order to preserve their privileges they will do anything to keep their power and make*”.

Nevertheless, considering the low status quo in terms of participatory policy-making and that democracy does not necessarily mean only voting and elections, but that those who lead and represent must consult and report back in a transparent manner (Church 2006), improving governance, at least democratic decision-making and developing the horizontal dimension, which is of particular importance for rural development, is a realistic objective for the Romanian NRN. Moreover, potentially, the NRN can feature out a much stronger tool in terms of enhancing participation than, for instance, the Social Dialogue and the Monitoring Committee (see Chapter 7). While in the two latter institutions, which function as element of a representative democracy, only a limited number of actors can participate, due to the openness of networks, the NRNs have the notion of participatory democracy. Participatory democracy is superior to representative arrangements in dealing with system complexity as it regards, for instance, policy choice, strategy formulation and problem solving in general, because it increases system diversity and system interaction (Wagenaar 2007; Chapter 2). This does, however, not imply that finally the question of legitimacy is soundly clarified (cp. Chapter 2). In how far use is made of this instrumental function, primarily depends on the political will, and the civil society activity. Generally, the establishment of the NRN can be seen as an opportunity for the ministry to give local actors the feeling of good governance by integrating itself into the network *as one among others*, and by seriously taking into account proposals made at the local level. The ministry should reconsider why the EC promotes improving governance (cp. CEC 2001; Section 2.3.3.6) and ponder whether there might be

similar interests from its perspective. Certainly, the ministry would lose power if the NRN carried out tasks which had been exclusively in the hand of the ministry before, but the ministry might also gain by improving its image and making use of the skills and practical experiences of regional and local network actors.

8.4 An Intervention logic and a Strategic framework for running the (Romanian) NRN

Drawing on the findings presented above and building upon the experiences made with NRNs across the EU and network theory, in this section an intervention logic and a long-term strategic framework for running NRNs is suggested.

8.4.1 Proposal for an intervention logic for the NRNs

Despite no intervention logic for the NRNs has been provided by Brussels, in Section 3.4 a scheme comprising objectives and tasks ascribed to the NRNs within the legal framework was as far as possible outlined (Figure 3.4). The theoretical and empirical discourse in this chapter now allows closing major gaps, which are the operationalization of the objectives of improving governance and policy delivery as well as the logically drawn objective of evoking added value, which is given by implication because of the network design of the policy instrument. For achieving the objective of improving governance, three areas have been identified, where NRN activities could directly contribute to improving governance; first, a rather network-specific one concerning governance within debates on the NRN management. Further, with NRN-external relevance discussions between network members, programme agencies, (potential) beneficiaries and other stakeholders on the implementation process; and also rural development policy formation could be subject of NRN activities, then explicitly requiring involving policy-makers. Operationalizing the two latter undertakings with the superior objectives of a) Improving governance in the policy implementation; and b) Improving governance in policy formation, it becomes obvious that in the suggested intervention logic, improving governance is directly related to the objective of improving policy delivery (Figure 8.2). Consequently, improving governance can be seen as end in itself or as sub-objective to the main objective of *Improving the effectiveness and efficiency of the EAFRD*.

Figure 8.2: Proposed intervention logic for the National Rural Networks (NRNs)



Note: EAFRD = European Agricultural Fund for Rural Development LAG = Local Action Group

^a Through sufficiently making use of the advantages the instrument's network design offers.

^b This refers to the technical assistance, NRNs have to provide to LAGs with the intention of building up an interregional or transnational partnership.

^c An example for NRN-specific activity is *going beyond the direct scope of the EAFRD in seminars etc.*

Italic letters indicate that the respective NRN objective/ activity is not explicitly manifested in the EC regulations.

Source: Own design.

The empirical findings underscore that the tasks formally ascribed to the NRNs such as circulation of information are particularly in Romania likely to have great impact on the EAFRD's effectiveness and efficiency which might be fruitfully complemented by NRN-specific activities. As it concerns the achievement of added value, especially the aspect of complementarity, which can be operationalized through, for instance, interdisciplinary network activities, has been identified as crucial. Furthermore, achieving reciprocity, in that sense that network members also contribute to the NRN appears meaningful to be set as sub-objective, whereupon supplementing network activities directly or indirectly contributing to its achievement are to take the form of incentives, i.e. have to reflect the interests of network members and are therefore network-specific and linked to the formulation of endogenously grown objectives.

8.4.2 A Strategic framework for running the (Romanian) NRN

The proposed intervention logic is a valuable initial point for running the NRNs, but for interlinking their individual components, for setting them into a social context and for longer-term perspectives, a strategic framework appears to be advantageous. Considering the special initial situation of the Romanian case, for getting started, that NRN will need a 'pre-development phase', for which an action scheme has been elaborated as well.

To make the Romanian NRN viable and overcome associated challenges and the lack of belief in the NRN, at least five steps need initially to be considered by its network unit (Table 8.4): 1) contacting all registered network members and raising their interest for networking; 2) spreading information that the network is open to new members; 3) identifying the needs and interests of members and potential members for setting incentives for participation in the network; 4) updating the Action Plan in collaboration with network members, whereupon inducing a feeling of ownership among network members is essential for voluntarily binding them to the NRN; and 5) ensuring network services (e.g., transparent communication and information) and building up bilateral trusty relations between the network unit and members.

This 'pre-development phase' may change, once the network is running, into a long-term cyclical strategic procedure, aiming at effective networking and achieving the common NRN objectives which are 1) using the benefits potentially resulting from the policy instrument's organisational design as network; 2) enhancing the implementation of rural development policies; and 3) improving governance. Again, the nature of the interactions between the network unit and the members are decisive. Then, the most important elements of this strategic framework (Table 8.4), which might serve as a rule of thumb for any NRN, are the organisation of network activities and the establishment of (preferably multilateral and reciprocal) links among network members (Step 1a). Ideally, by so doing, members are attracted to contribute to the network and added value is created, whereupon, members' trust in the network can be seen as the pre-requisite for the creation of the minimum social capital generating such added value.

If applicable, or respectively, if accepted by the NRN Coordination Committee, Step 1b focuses on discussing policy delivery. Step 2 comprises the evaluation of network activities. This is crucial not only for measuring final achievements, but also continuous monitoring of members' interests and needs will be essential for running the network successfully as the network activities have to be continuously relevant to members. Consequently, Step 3 - negotiations on the regular update of the Action Plan - will be necessary.

At which steps of the strategic framework and how the outlined network activities are likely to contribute to the enhancement of RDP implementation and improving governance and to generating added value is shown in Table 8.4.

Table 8.4: Strategic actions for running National Rural Networks adapted to the Romanian case

Pre-development Phase for the Romanian National Rural Network				
	Action of the NNU	Actions of (potential) NRN members	Results/Effects	Potential impacts
Step 1	Contact NRN members		Activation of the NRN	Members start again to believe in NRN
Step 2	Promoting the NRN's openness		Extension of the NRN	
Step 3	Assessing interests and needs of (potential) network members			
Step 4	Jointly updating the NRN objectives and Action Plan		Setting incentives for the participation in the network	Long-term strategy; Feeling of ownership
Step 5	Offering of first services (Publications, Technical assistance for LAGs)	Taking up direct or indirect contact (via media) to the NNU	Establishing bilateral relation between NNU and individual members; Information flows/ Advice	Trust in the NNU Enhancing the quality of RD projects
Long-term cyclical Strategic Development Framework for running National Rural Networks				
Step 1a	Organising network activities	Participation in network activities	Establishing multilateral relations between (potential) network members	Trust in the NRN/ network members
	Interlinking NRN members	Self-contained networking	Exchange of experience; Joint projects	Enhancing the quality of RD projects; Capacity-building
		Contributions to the NRN		Generating added value
	Communication of activity results to internal and external actors		Knowledge production & enhanced policies	Raising the awareness of policy-makers
Step 1b	Mediator function in discussions on the RDP implementation and RD policies	Contribute to discussions	Identification of Strengths, Weaknesses, Opportunities and Threats	Improved governance; Improved policy delivery
	Communication of activity results to internal and external actors		Knowledge production & enhanced policies	Raising the awareness of policy-makers
Step 2	Evaluation of network activities			
	Communication of evaluation results to internal and external actors			Raising the awareness of policy-makers
Step 3	Negotiations e.g. the budgetary distribution		Networks remains relevant for its member	Improved governance
	Jointly updating the Action Plan			
<i>Step 1 etc.</i>				

Note: NNU = National Network Unit
RD = Rural Development

NRN = National Rural Network
RDP = Rural Development Programme

Source: Own design.

8.5 Conclusions

The setting-up of National Rural Networks as new policy instrument as a mandatory requirement of the EU (co-financed) RDPs brings about mixed results. They fulfil their technical assistance function and contribute to a lower or greater extent to the improvement of the implementation of RDPs by organised transfer of information and experiences. Their purpose of improving governance remains, however, questionable. Moreover, in many Member States the potential (theoretically) resulting from the policy instrument's network

design is not sufficiently exploited. Some may argue that achieving specific instrumental effects and added value, has not been explicitly declared as a goal for the NRNs, but any EU (co-financed) instrument has to be implemented in an efficient and effective way. Considering the experiences gained with NRNs alongside network theory, an intervention logic and a strategic framework for developing NRNs into a tool for delivering effective rural policies have been developed in this chapter. As the Romanian NRN was far from being functional in 2010, this case offers fundamental insights into the basic principles of networking, when dealing with particular challenges and potentials this post-socialist NMS faces with the instrument's implementation.

While in some Member States the NRNs struggle to fulfil specific obligatory tasks (e.g. supporting the establishment of transnational partnerships) or to stimulate self-contained networking, the primary challenge for the Romanian NRN is to become operational. In Romania there are actors, but no interactions. Initially, an impressive number of rural stakeholders had been mobilised by the Ministry of Agriculture to join the network, but just as many have been disappointed by a period of abeyance and false hopes that were raised. Continuity in interaction is needed for bringing stability into a network (Cooke 1996). Instead, many network members were neither aware of the current situation of the NRN nor of its future. Many actors have lost their belief in the idea of networking and do not have confidence in the agricultural administration. This reveals that institutional patterns are crucial features of NRNs and that a trusty national network unit for coordinating and administering the entire network as well as rules for cases of malfunction are central elements.

From a technical perspective the NRN offers special potential to Romania: Indeed, the Romanian NRN will finally be implemented after more than half of the funding period has elapsed and therefore its value as intervention can be questioned. Though, for Romania, where administration and beneficiaries lack experience and capacities, and where the policy implementation process needs to be improved, NRN activities are likely to have a significant impact through the circulation of information, bringing stakeholders together and evoking synergies between their competences and resources. Besides capacity-building beyond the public sector, the mixed composition of rural actors in the Romanian NRN is likely to complement the agri-centric administration.

As valid for all NRNs across the EU, the Romanian NRN has to meet the challenge of evoking instrumental effects. Achieving added value potentially resulting from the network-intervention appears to be doubtful for at least two reasons. First, as the NRNs could theoretically run only on the basis of external funds, network members' contribution is not self-evident as the principle of reciprocity is not a precondition for maintaining the network. Second, the voluntary involvement of all rural stakeholders, whose participation is decisive for making the network instrumental, and interlinking different stakeholder groups turn out to be difficult for many NRNs. Maybe surprisingly, in Romania, the potential for generating added value might be higher than expected, once the network becomes functional. Despite their disappointment, Romanian actors remain motivated and willing to contribute to their network. This shows that it is not necessarily a by trend weak civil society - as typical for post-socialist countries – that is a constraint to NRNs, but that the awareness of the need for collective action is an important driver for networking. There is also potential for using the possible impact of complementarity as the Romanian NRN is – at least following the status quo - favourably characterised by diversity.

Generally, essential for winning network members and attracting them to contribute, and thus for making the network viable, clearly defined objectives and incentives are needed. In fact, the main objectives of the NRNs, which are externally sponsored, were imposed by a top-down decision made at the European level instead of being endogenously grown. Considering that in a network, where “power is not manifestly centralized” (Davies 2005, p. 146), it is more appropriate to negotiate and agree on objectives, it should be expected that stakeholders

from all levels are involved in the definition of goals. Thus, key for successfully running an NRN is the identification of its own national goals which will reflect and capture the interests of its (potential) members and to go, if necessary, beyond the externally defined objectives.

Besides the consequences of the principle of voluntarism, the effect of openness characterising a network became evident in Romania. Despite a composition of members originally representative for Romania's rural areas, the membership tended to develop in an imbalanced way with, for instance, commercial farmers being over-represented. This shows that membership and contribution can hardly be steered, which makes the NRNs an incalculable policy instrument. Policy-makers will have to learn to accept this, at least if the NRNs gain some influence in the political arena. Thus, not only the question of who is involved in network activities and decision-making processes, but also the question of which affairs the NRN will take up, is decisive. This brings us to the often neglected, but crucial, purpose of NRNs to improve governance. It can be assumed that the NRNs would bring greater benefit in this regard if the EC would have specified this purpose. Even if not titled as improving governance – as it might be common practice in some countries - experiences from some NRNs suggest that there are key actions in this regard. For instance, network participation led to enhanced policy implementation. To a less extent, participation is also practiced in RDP-related policy-formation processes. One reason therefore might be that improving governance, especially participatory policy delivery, implies (like decentralisation) sharing of power and is therefore above all a question of political will. Furthermore, ascribing the network a pivotal role in the decision-making on major policies can be critical as the network might be coined by influential actors resulting in a lack of (participatory) democracy and the misuse of decision power.

In Member States, where good governance is no common practice, like in Romania, the externally required objective of improving governance by the introduction of new modes of governance like participation is likely to make an impact. For practicing such new modes of decision-making, an independent national network unit has a key role as a mediator when leading discussions between the various stakeholders, including the ministry. Ascribing the network a pivotal role in policy-formation processes, which could lead to informed policy-making, might become even more critical for Romania than for other Member States. This is mainly because most rural actors in this country have little experience in participatory decision-making, and the risk of the misuse of power is even higher. Therefore, in the long term a feasible role of the NRN might be an institutionalised advisory function in the whole policy-making process, as it is likely to reflect the needs of Romania's rural areas and to properly judge the effects of implemented policies. In this regard the NRN is likely to be a suitable policy instrument for simultaneously increasing the effectiveness of rural development funds and contributing to the improvement of governance.

In summary, making the NRNs an effective EU intervention starts at European level with a clear purpose-orientation by parallelly leaving sufficient room for manoeuvre for the adaptation to national network contexts. Then, keys for the successful implementation of any NRN are 1) clearly defined endogenously grown objectives; 2) a sophisticated institutional frame including the establishment of a trustworthy network unit and the assurance of continuous transfer of credible information; and 3) political will.

If Kovách's (2000, p. 185) description of politicians from CEECs as "somewhat averse to introducing radical policy" still holds true for Romania, the future development of its NRN will remain critical. So far the political will in Romania is difficult to assess. Obviously the ministry has neither triggered the implementation of the NRN nor kept in touch with network members in the period of abeyance. Consequently, the question arises whether the implementation of the NRN is only seen as an EU obligation, or if responsible authorities are aware of its potential. Whatever the answer, there is little doubt that the implementation of the NRN remains a challenge for Romania.

EU-wide Networking: A worthy Intervention for European Rural Development Policies in Romania?¹⁷⁶

9.1 Introduction

Networking in the form of exchanging experience or establishing partnerships can be an important driver for rural development (DVS 2008; Loriz-Hoffmann 2008; Lückenköter 2001; Moseley 2003). This is also one major reason for LEADER developing the classical rural networking instrument over the last two decades (Marquardt 2012a; Chapter 3). Also, study findings on the implementation of rural development policies in the NMS Romania presented in Chapters 5 and 8 suggest that various forms of networking can have instrumental effects, which are advantageous for (potential) beneficiaries and the administration.

While the focus of this book has so far primarily been on networking and partnerships within rural regions for using their endogenous potential (Chapters 5 and 6), as well as on the establishment of the National Rural Network (NRN) as a means for enhancing rural development policies and governance in Romania (Chapter 8), this chapter concentrates on EU-wide networking. In the current funding period under the EAFRD, two interventions target EU-wide networking: First, under the LEADER Axis, cooperation between LAGs is financially supported. Second, setting up the European Network for Rural Development (ENRD), which interlinks the 27 NRNs and stakeholders active or interested in EU rural development policies across all EAFRD Axes, is a profound objective of the Commission. With funds for running network units, technical support should be provided to the EU-wide networking of rural actors, including the administrations (Chapter 3).

When examining the abovementioned instruments in this chapter, the potential and challenges for Romanian rural actors related to their implementation are of central interest. More specifically, the relevance that EU-wide networking, especially within LEADER and the ENRD, might have for Romanian stakeholders, relations among them and for their EU-integration is examined.

Considering a) the allocation of funds to these two interventions, obviously Member States give different priority to the support of networking (Figure 3.1; Figure 3.2),¹⁷⁷ and b) social capital as potential driver and outcome of networking, leads to the questions of in how far networking, and which kinds of network interventions, are to be (financially) supported. So far, as will be discussed below, the examination of the value of these networking interventions has been insufficient, and invites further research. The reasons for this are that the ENRD and the NRNs in their current design can be regarded as new instruments and experiences have to be gained, and that networking found little attention in the formal LEADER programme evaluations (Marquardt 2012a; Chapter 3). The latter is particularly true for relations to third countries and subsequently for the implications for rural actors in (potential) NMSs. Also, comparing the effects of funded networking with the effects of non-funded networking has been widely neglected. This comparison is, however, essential for judging, for instance, the incentives formed by funding partnerships compared to associated transaction costs,

¹⁷⁶ An journal article, of which parts are similar to Sub-sections 9.3.1 and 9.3.2, was originally published in *European Countryside*, 1(4): 210-226. The reproduction was kindly permitted by the Executive Board of European Countryside.

¹⁷⁷ The following examples illustrate that Member States place different emphasis on networking: the Netherlands have allocated 2.1% of their EAFRD budget to LEADER Measure 42 to support inter-territorial cooperation, whereas Ireland and Denmark have not earmarked any resources at all for such activities. Spain invests €251 million (1.7% of its EAFRD budget) to its NRN, while Luxembourg budgeted €75,000 out of national resources, but no European funding for its NRN. (See Marquardt *et al.* 2011)

particularly administrative burdens. Moreover, while the role of LAGs in the networking arena has been examined, the consequences of governance structures resulting from being embedded in EU-wide relations for (the situation in) Member States appear to have been hardly discussed and should be pursued for the Romanian case.

Methodologically, the outlined research interests have been considered in most surveys conducted within this study (**Research activity A1, A2, A4, D and E**; see Chapter 4). Particularly, noteworthy are the 2008 surveys among the Hungarian, German and potential Romanian LAGs, examining local actors' supra-regional relations and the usage of networking tools offered by the networking units in the former programming period, as well as the 2010 survey among the National Network Units (NNUs) across the EU.

The following section provides some essential background information on the interventions of interest. Then, the formation of partnerships in the context of LEADER – concretely the “partnership culture” of potential and established LAGs – and the networking activities organised by the network units are investigated. In the fourth sub-section, support of EU-wide networking is critically examined before its relevance for rural development in Romania and for the country's integration into the EU is discussed. Finally, conclusions are drawn.

9.2 Résumé on the research background

In Chapter 3 LEADER and the NRNs were discussed in the context of social networks and the concept of governance. Pivotal for the present chapter is Table A.3.4, which illustrates major kinds of networking and partnerships going along with the implementation of the EAFRD. The table highlights that: 1) partnerships rely on closer relations, require more trust (Moseley 2003) and demand higher transaction costs for their establishment and maintenance than do network relations; 2) for both, networking and partnerships, one finds formal and informal forms, whereupon in this context “formal” is often used to refer to activities based on EAFRD interventions. It also becomes obvious that the objective of LEADER to advance the socio-economic development of rural regions is not only to be achieved by co-financing regional-internal networking and the formation of LAGs, but also by supporting inter-territorial and transnational collaborative projects between LAGs, as well as supra-regional networking. Cooperation projects realised within inter-territorial or transnational partnerships in which two or more LAGs are involved must, to become financially supported under LEADER Measure 42, go beyond the exchange of information (cp. 2000/C139/5). Under this intervention, which was similarly offered under LEADER+ in the previous funding period (Table A.3.1), cooperation with LEADER-like organisations within the EU or from third countries, such as potential LAGs, are also supported. Thus, before accession, LAGs from the ten NMSs that entered the EU in 2004 could benefit from LEADER funds for cooperation as third-country actors. From 2004 to 2006 in Hungary, contrary to the situation in other NMSs, cooperation projects were not only technically but also financially supported.

For supra-regional networking, primarily technical assistance is provided by the network units at the national and European levels. One obligatory and explicitly-defined task of the network units is to assist LAGs in the search for partners. Furthermore, the EU-wide exchange of information concerning all EAFRD Axes, addressing different stakeholders [among them (potential) beneficiaries and the administration] is organised by the ENRD, to which the NRNs are expected to contribute. In fact, all these interventions are to redound to the overall objective of the EAFRD, namely sustainable rural development within the EU.

The experiences gained from three funding periods of EU-wide networking within LEADER are manifold (Marquardt 2012a), but two main conclusions can be drawn: 1) over the last two decades networking gained in importance in programme design and in terms of budget (Table A.3.1); and 2) the outcomes of partnerships are rather mixed and primarily of an intangible value. Cooperation projects are said to lead to a strengthening of social and human capital due

to the exchange of experience, to inspiration, to regional pride, and to strengthening LAGs' administrative capacities, as well as to enhancing the image of the regions. Furthermore, LAG partnerships might lead to an economic output, mostly described as "reaching the critical mass" of economic potential; but also tapping new markets can be the effect of cooperation; also relevant is access to additional funds for projects (Duguet 2008; DVS LEADER II 2000; Geißendörfer 2005; Metis *et al.* 2010; Zürker 2004).

Still, gaps in the systematic assessment of impacts of partnerships and networking activities going beyond the collection of best practices must be noted for both the formal programme evaluation and the academic sphere. Moreover, compared to LAG-internal networking, the creation of non-regional links received little scholarly attention (Farrell 2000; Ray 2001b). Furthermore, while there are statistics on funded LAG-partnerships (Table A.3.1), a systematic review of the relevance of informal (non-funded) partnerships between LAGs, and of formal and informal networking between LAGs and other stakeholders is still missing. This is particularly true for the relations with potential LAGs, despite partnerships with LAG-like organisations in third countries being financially supported under LEADER.¹⁷⁸

These aspects are relevant, however, when addressing the following questions: 1) which kinds of networking are worth being supported and how; and 2) which are the drivers of the development of potential LAGs? To address these questions, in this study the "partnership culture" of LAGs from both Germany and the NMS Hungary, as well as of potential Romanian LAGs was analysed. Indeed, as the NRNs in their current design can be regarded as new policy instruments, final assessments on their impacts cannot be expected to be available. Moreover, the evaluation of networking and assessing its potential added value is a general challenge (cp. Chapter 2). Both circumstances might bring about that concepts for systematically reviewing the activities arranged by network units are rare (cp. EENRD 2010; Marquardt 2011). Thus, within this study experiences in this regard were collected among the NRNs.

The NRNs being part of the ENRD, their set-up not only entails new governance constellations because of the mobilisation of rural actors within one country, but also because of their embeddedness into EU-wide network structures. The possible implications of these – for all Member States – new structures, which are spanned in parallel to the multi-levelled general EAFRD implementation system, also still need to be reflected.

9.3 The "Partnership culture" of (potential) LEADER Local Action Groups

9.3.1 Partnerships and cooperation of Hungarian and German LAGs

The reference point for examining the partnerships and cooperation of German and Hungarian LAGs was the LEADER+ scheme. From 2000-2006 in the EU-15, a total of 893 European LAGs were financially supported through LEADER funds; of these, 745 were involved in 1330 inter-territorial partnership projects, and 464 LAGs were involved in 858 transnational partnership projects (Török 2008; Table A.3.1). In other words, 83% of the LEADER+ LAGs were involved in inter-territorial and 69% in transnational cooperation. Following the statistics of the LEADER Observatory in Brussels of the 148 German LAGs, 66.9% were involved in inter-territorial cooperation and 40.5% in transnational cooperation projects; no German-Romanian transnational cooperation project was registered (Török 2008). Yet, for German and Hungarian LAGs, the 2008 survey results (**Research activity A4**, see Chapter 4) show that, on average, LAGs from both countries have 2.2 partnerships. A good number of

¹⁷⁸ As far as the author is aware, no (comprehensive) data for the involvement of LAGs of the EU-10 in transnational and inter-territorial partnerships is available. Also, the ENRD Contact Point in 2012 confirmed that no data for partnerships with NMSs or third countries funded under LEADER+ has been systematically collected at the European level.

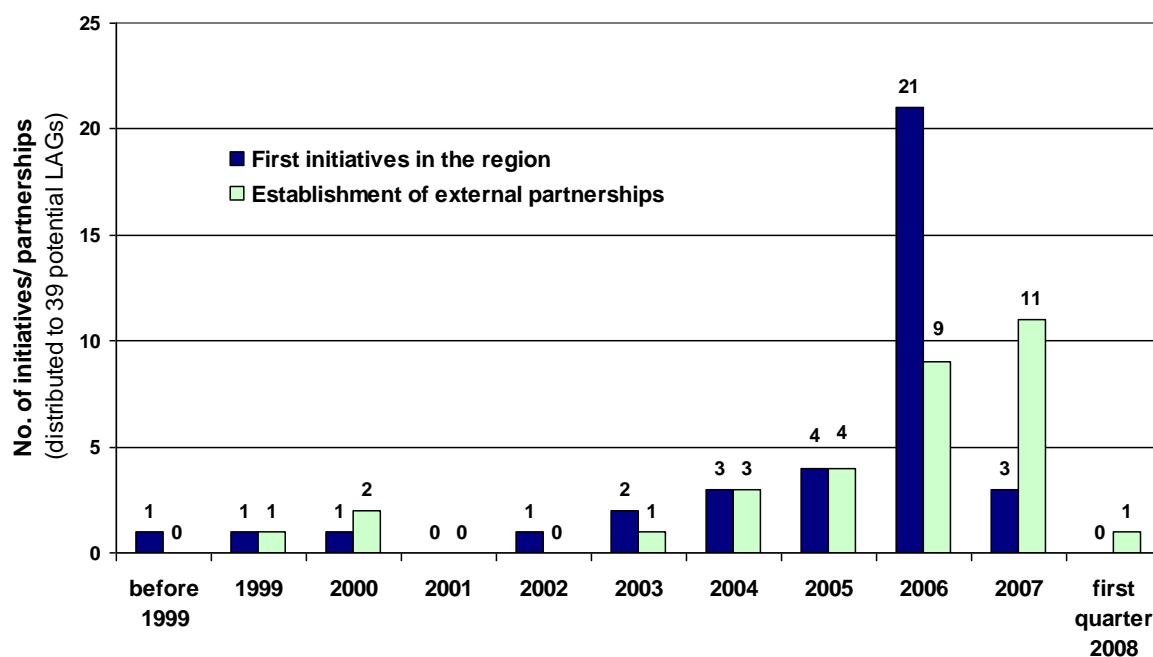
the consulted LAGs (52% Germany, 60% Hungary) have partnerships with other regions independent of LEADER funds. These partnerships are mostly informal. The number of partner regions does not correlate with the period a LAG has existed. Though less experienced with LEADER, Hungarian LAGs are not less active in establishing partnerships and are already well integrated into the European LEADER network. Most often, the partners of the LAGs are from the same country (Germany 52%, Hungary 61%). There are more transnational relations to LAGs in the EU-15 (Germany 34%, Hungary 22%) than to regions in the NMSs (EU-10). Generally, Hungarian LAGs have more partnerships in the EU-10 (17%) than do German ones (14% of all partnerships). A total of 74% of the Hungarian LAGs and 52% of the German LAGs are interested in additional partnerships. Less than half of the LAGs prefer a partner to be from a certain area. In such cases, mostly neighbouring countries were mentioned or, in the case of the Hungarian LAGs, old Member States were the preferred origin of partners.

Furthermore, analysing the dataset showed that personal communication is a key factor for establishing trust within and among different groups needed for building and maintaining a partnership. For maintaining regular contacts, the internet is the most important means of staying in touch for the LAGs studied (75% of the German and 67% of the Hungarian LAGs maintain contact with their partners via e-mail).

9.3.2 Partnerships of potential Romanian LAGs

In Chapter 5 the burden of establishing formal PPPs within the potential Romanian LEADER regions became obvious. Although in many Romanian LAGs the first initiatives in the field of regional development had begun prior to 2006 (Figure 9.1), three-quarters of the potential LAGs had no legal form until 2008, which might be related to antipathy to collective actions and mistrust vis-à-vis formal institutions, which are both (still) strong in Romania.

Figure 9.1: First regional development initiatives and extra-regional partnerships by potential Romanian LAGs since 1999



Note: LAG = Local Action Group

Of the 39 potential LAGs, 19 have extra-regional partnerships. These 19 LAGs have an average of 2.6 partnerships.

For 16 of the partnerships mentioned, the time of establishment could not be specified.

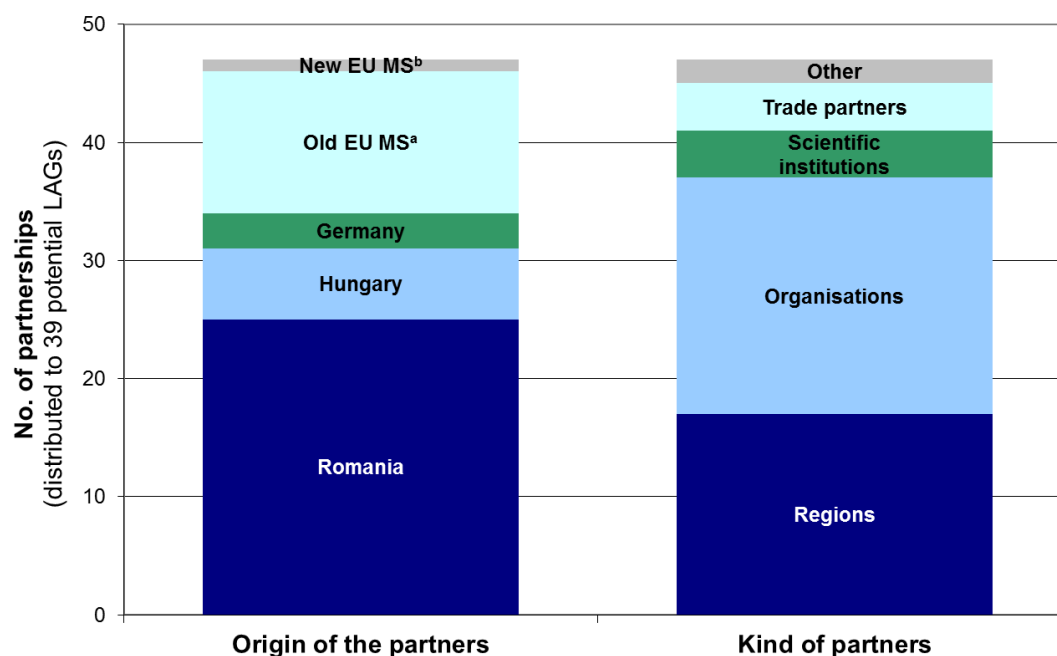
Source: Own data 2008.

Then again, it is surprising that half of the potential LAGs had already formed partnerships, albeit informal ones, with external actors before being formally established and before partnerships were financially supported through the Romanian LEADER programme.

The majority of the partnerships (60%) are based on informal relations; 25% are based upon common participation in EU programmes, and only few actors have aligned themselves formally. Prior to accession until 2008 funds for cooperation of older Member States' LAGs with LEADER-like groups from third countries were no important means.

Partnerships usually started shortly after the first initiatives in regional development emerged in the respective regions. Figure 9.1 shows that a first wave of intra-regional relationships peaked in 2006. This was followed by a second wave of external partnerships with a lag of one year. The potential LAGs apparently deem external partnerships as very promising for their development. Contact was mostly made through seminars or a target-oriented search. Figure 9.2 illustrates that about half of the partners are of Romanian origin. Many partners of the 39 potential LAGs researched are from the EU-15, mainly from Germany. Hungary contributes 12% of the partners; other NMSs play a minor role in the partnership activities of the potential Romanian LAGs. The high share of Hungarian partners is due to: a) Hungary being a neighbouring country, which compared to Bulgaria, for example, is experienced in LEADER; b) strong cultural relationships with some Romanian regions that have Hungarian minorities (see below); and 3) Hungarian actors, supported by the Hungarian LEADER Centre, appear to be generally very active in establishing partnerships.

Figure 9.2: Nature and origin of partners of the Romanian potential LAGs



Note: LAG = Local Action Group
^a without Germany

MS = Member States;
^b without Hungary.

For 2 of the surveyed 49 partnerships, the type of partner could not be specified, this results in n=47.

Source: Own data 2008.

Most of the potential Romanian LAGs' partners are represented by organisations (Figure 9.2). Partnerships with organisations are often one-sided in the sense that the Romanian counterparts are supported, while they are unable to bring in something of equal value. While such one-sided partnerships would hardly be accepted by other LAGs or trade partners, for instance, which strive for a win-win partnership, many organisations named "partner", mostly

civil or environmental ones, are involved due to their stated mandates to support regional/rural development.

Of the potential Romanian LAGs consulted, 82% were interested in first or further partnerships.

Possible benefits resulting from regional-external contacts to external actors particularly relevant for *potential* LAGs have become obvious in Chapter 5: external actors, particularly well-known supra-regional organisations or foreign actors, in addition to providing technical assistance in getting along with the LEADER guidelines, can function as mediators between the different parties involved in the partnership process; their sheer presence can be conducive to ‘guaranteeing’ that a participatory approach is satisfied (cp. Chapter 6). Thus, potential LAGs with external contacts are likely to be more competitive in the LAG-selection process. However, in the longer term, the building up of trust among the partners can only be indirectly supported by external actors: they can set examples of good practice in partnership work and they can stimulate networking in the regions; the effect of social control and the enrichment of trust in a (potential) LAG’s working sphere through the presence of external actors, which – as one can conclude from Chapter 2 – positively correlates with the density of network relations and negatively with the level of anonymity, are likely to diminish when external actors leave or keep only distant relations to the regions.

To assess the development of LEADER activities in Romania from an external perspective, as well as outline the further potential for Romanian LAGs to become involved in EU-wide networking, the Hungarian and German LAGs were asked about their (interest in) partnerships to Romanian actors. This also allows a comparison of Romanian actors with those from other Member States as potential partners.

Regarding *existing contacts with Romania*, from the sample, 8% of the German and 14% of the Hungarian LAGs have partnerships with Romanian actors. Aside from two potential LAGs, most of the Romanian partners are organisations (e.g. Tourism Association, Forestry School) and most partnerships were established in 2007. Several differences between the characteristics of the German contacts and those of Hungarian LAGs to Romanian actors may be observed: 1) When finding partners, the German LAGs stated that they got to know the Romanian actors by personal contacts or by collaborating with institutes, whereas the Hungarian LAGs found their Romanian partners by target-oriented search or during seminars; 2) In terms of cultural relations, all partners of the Hungarian LAGs are from parts of Romania that have strong Hungarian minorities, which again underscores the relevance of cultural proximity for partnership formation; 3) The hitherto existing results of the partnerships in the case of the German LAGs were personal relationships and a better understanding of the other culture. Contrary to the Hungarian LAGs, no concrete joint projects were mentioned.

Reasons for and against establishing partnerships with Romanian actors were examined: The German and Hungarian LAGs without Romanian contacts were asked about their reasons: 86% of German LAGs (but none of the Hungarian LAGs) had simply not yet considered the possibility of building up contacts with the NMS. However, only 6% of the German and 20% of the Hungarian LAGs said they were not interested in such contacts. No country-specific reasons with regard to Romania were mentioned – for instance, scepticism towards that foreign culture. However, a good quarter of the LAGs see the language barrier or the geographical distance as a problem. Many mention a lack of money and/or time as a general problem related to establishing and maintaining contacts. Hungarian LAGs in particular noted that they are concerned with the management of their own LAG and with elaborating RDCs.

Nonetheless, 68% of the German LAGs and all of the Hungarian LAGs could envisage a (further) partnership with Romanian counterparts. However, the majority of the LAGs consulted stated that funds were a precondition for such activities (Figure 9.3).

9.4 Centrally-organised and informal EU-wide networking activities as support for rural development

In this section the EU-wide network of relations encompassing networking organised by the European and national network units is examined, followed by a reflection on the relevance of other EU-wide networking activities for rural development.¹⁷⁹

EU-wide networking funded under the EAFRD is formed by the ENRD, including the NRNs, whose establishment is mandatory for Member States. Participation in nation- and EU-wide networking activities is also obligatory for LAGs. Further, the networks' activities are carried out by the voluntary participation of interested parties. Thus, within the centrally- and oligo-centrally-organised complex of EU-wide networking potentially addressing all rural actors, the top-down approach meets a bottom-up approach.

Key network structures are the relations between the funded network units. With regard to the relations between the European and national level, nearly all surveyed network units – despite perceiving some disadvantages (Table A.9.1) or room for improvement – stated that they benefit from the work of the central ENRD. They particularly acknowledged the provision of information and the establishment of contact between the NNUs and the thematic working groups. However, the opinion was also expressed that sometimes the volume of information provided is excessive and the provision of representation at all meetings is challenging. In addition, they would like to have more opportunities to become involved in working groups, critical discussions, and in decision-making. Moreover, they felt that the visibility of the ENRD should be increased. Comments and suggestions with regard to the ENRD's relations with other actors strongly correspond to the aforementioned “lack of visibility” and the governance structures of the ENRD: The function of the ENRD Contact Point could be underscored in a better way, and communication between rural actors and the ENRD should be more direct and less reliant on the NNUs as a “bridge”. It was also suggested that it might be useful to organise more events at the European level for stakeholders other than network units. Altogether, the NNUs can definitively take advantage of centrally-organised EU-wide networking, but from their point of view the ENRD is not sufficiently readily available to decentralised rural actors. Generally, the potential exists to improve communication channels and organisational structures which appear to lack a network character.

EU-wide networking is also formed by the structures within the NRNs. Although network participation is obligatory for LAGs, and by trend the LAGs were assessed by the network units as being the most active stakeholder groups in the rural networks, LAGs' participation and contribution is not self-evident, and often only a small circle of members of a LAG participates in network activities (cp. Figure A.9.1). In Marquardt (2011) it is shown how the NRNs are made up by unilateral, bilateral and multilateral relations, and that reciprocal relations between network members and NNUs can be found. However, the share of reciprocal ties in the total of network relations becomes inconspicuous if considering indirect contacts formed by communication via media. The potential for added value through reciprocity and social capital creation, as well as the creation of synergies and added value through complementing heterogeneity was found to be increasable. All in all, the prevailing opinion found among the NNUs was that all NRNs have the character of a network and are

¹⁷⁹ The first part of this sub-section primarily presents excerpts of a more extensive Discussion Paper on the NRNs; for details, see Marquardt (2011).

more than a help desk. Still, the NRNs remain highly centralised, with the network units being the pivotal point.

For NNUs, in addition to creating added value through network management, providing technical assistance for transnational cooperation projects and identifying best practices, as well as maintaining cooperation between stakeholders and ensuring continuous communication in such a way that not only is information spread, but duplications are also avoided, turned out to be the most challenging tasks. Further implications from the NRNs' experiences for organising EU-wide networking result in particular from findings on fruitful NRN activities. The most important category is seminars/workshops (Figure A.9.2). This indicates that the NRNs are effective not only as a result of their weak, largely unilateral or bilateral relations which allow information to be transferred easily to many actors, but particularly through events facilitating personal communication, and by trend more intense and multilateral relations.

The NNUs, despite acting at the national level, are relevant for EU-wide networking not only in supporting transnational cooperation. Examining the network units' work from an external perspective provides an overview of how far the means offered are used. When taking Romania as an example, it has to be considered that during the investigation period no NNU was in place. Still, the Romanian actors benefitted from other rural networks: Already in 2005 two potential Romanian LAGs and in 2007 three potential Romanian LAGs had posted a search advertisement for partners on the website of the former LEADER+ Contact Point in Brussels. By 2008, 5% of the potential Romanian LAGs had personal contact to the LEADER+ Contact Point and 26% to non-Romanian National Networking Units. Furthermore, by 2008 42% of the potential Romanian LAGs had gathered information about LEADER in the LEADER Magazine published by the LEADER+ Contact Point, 45% in a brochure published by an established LAG, and 26% in a brochure published by an organisation. Also, 15% of the Romanian DARDs searched for information about LEADER on the website of the LEADER+ Contact Point. The 2010 survey among the members of the Romanian NRN shows that 77% of the survey participants knew about the ENRD and 31% made use of the offers provided by the ENRD. Around one quarter of survey participants gathered information from other NRNs. Especially, the high rates of Romanian actors using the service of foreign NRNs suggest an important compensatory function of European and national network units in cases where the NNU in one Member State fails. The surveys among the Hungarian and German LAGs allow comparison: While 45% of the German LAGs already had contact to the LEADER+ Contact Point, this applied to only 15% of the younger Hungarian LAGs. From LAGs of both countries around nearly 15% had contact to a foreign networking unit. Apparently, very active, 48% of the Hungarian and only 8% of the German LAGs made regularly use of the Partnership Tool on the European LEADER+ website.

Though, some indirect and unexpected negative impacts of (organised) networking have to be noted. LEADER's *hortatory* instrumental dimension (cp. Table 2.2; Chapter 3) has not solely served the programme's promotion. - By the promotion of LEADER in Romania with best practices funded under LEADER+ false hopes in terms of the programme's capability were raised (Chapter 6). Consequently, attention has to be paid to solving the conflict between effective promotion, and reflecting all dimensions, including administrative ones, and/or that the LEADER programme holds what "LEADER" promises.

Indeed, the presented findings say little about the networks' final impact on the implementation of the EAFRD, which will only be assessable at later stages of the funding period. Furthermore, for this it would be needed to trace multiplier effects and then, how the information and knowledge imparted by the networks has been operationalized in practice. A large amount of data on EAFRD projects and how they came about would be required. Assessing the impact of network units' task of supporting EU-wide networking by assisting partner search and its impact on LAGs' cooperation projects was not very meaningful within

this study, because in 2010/2011 cooperation projects funded in the current funding period had barely been initiated.¹⁸⁰ Nevertheless, refining the data set on LAGs' partnerships presented above, the contribution of the network units to transnational cooperation could be analysed. Marquardt and Möllers (2010) have proposed an SNA-based approach to analyse the formal and informal partnerships of Romanian LAGs. This approach could be easily extended to the EU-context and modified for assessing the contribution of the network units to the success of LAGs' cooperation projects by refining the network relations to be analysed. The data presented above already investigated how partnerships came about. For following a network-analytical approach, an additional category for the provision of assistance in the partnership process would be needed as well as cross check with network units' documentation on which LAGs received support. By so doing a part of the funded network units' tasks could be systematically evaluated and first input for the evaluation of LEADER Measure 42 created.

The relevance of other networking activities besides those (formally) organised by the network units is hard to measure, not only because of the question of how to count multiplier effects and the final impact. - Not only is the demarcation between networking and partnerships and between formal and informal networking vague, but for informal networking it is particularly challenging to define reference points for which activities might have taken place. Contrary to the activities centrally-organised by the network units, for other kinds of networking the "initiators", for instance sources of information, must first be identified. That this is (network-)analytically possible has been shown with the transfer of information in Chapter 5. The systematic assessment of various means for circulating information about LEADER among the Romanian local actors clearly indicated the impact of informal EU-wide networking. Effects of informal networking also become obvious if one examines, for instance, the seeds of LAGs' partnerships. Furthermore, the surveys revealed that in the context of LEADER, both potential beneficiaries and the county administration in Romania clearly benefitted from networking, particularly with international or supra-regional organisations.

9.5 In how far does EU-wide networking need policy support?

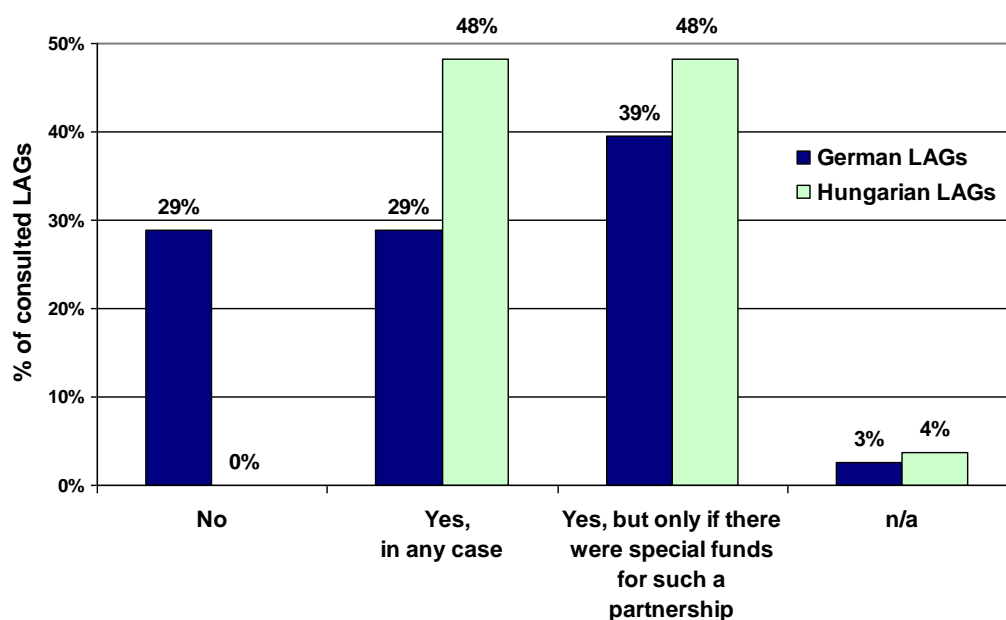
The previous sections highlighted that partnerships and networking can exert positive effects on rural development activities. Nevertheless, it also became evident that partnerships and networking do not necessarily run themselves due to the needs of trust, personal effort and time, as well as of administrative and financial resources. On the other hand, EAFRD support to both, partnerships and the network units can be questioned, because informal relations can also be an effective means of rural development. This question has also to be addressed against the undertakings' contribution to EAFRD-related objectives. Moreover, it has to be considered that policy instruments are intended to target actions which otherwise would not, or would to a too limited degree be initiated.

Currently, the main interventions targeting EU-wide networking are designed as: a) **Economic Incentives** (support to LAGs' cooperation projects); b) **Regulatory Instruments** supplemented by financial support (mandatory establishment of NRNs); and c) **Information and Communication Instruments**, specifically **Enabling Instruments** (information and technical assistance provided by the network units to rural actors) (cp. Section 3.4).

¹⁸⁰ Note, during the former funding period networking units (when established in the Member States) had partly other tasks (and not only a slightly other name) than the current network units, so that the question of the network/networking units' contribution to cooperation projects could not be equally investigated when surveying the German and Hungarian LAGs funded under LEADER+.

From the perspective of the local actors, establishing a partnership or becoming involved in networking is likely to be based on input-output calculations/cost-benefit considerations. There is evidence that interest in establishing partnerships depends on the availability of funding (Figure 9.3). On the other hand the high share of informal partnerships suggests that even without funding, a partnership might be valuable. Moreover, the fact that also in cases where funds would have been available, for instance, for partnerships from German LAGs to other LAGs, no use of LEADER funds has been made or other support programmes are preferred (see also Hudecková and Balzerová 2010), might indicate that the transaction costs for establishing a formal partnership, which is not only more intense (cp. Table A.3.4), but might also create administrative burdens, might not be compensated by the added value potentially resulting from a partnership and the possible funds.¹⁸¹

Figure 9.3: Interest of German and Hungarian LAGs in (further) partnerships with Romanian actors



Note: LAG = Local Action Group
Source: Own data 2008.

Sample = 38 German and 27 Hungarian LAGs.

The instrumental design of Measure 42 might be further questioned considering the results of the official programme evaluations stating that the economic impact of LAG partnerships can seldom be found and that in the evaluation of LEADER+ “inspirations” were presented as the most significant outcome of cooperation (Metis *et al.* 2010). Even LAGs judged the outcome of partnerships as not being higher than that of networking (ÖIR 2003), whereupon for the latter the transaction costs are lower (Table A.3.4), so that a lower or no compensation through funds would be appropriate. Indeed, the programme guidelines require that cooperation has to go beyond networking, but – considering the findings on administrative burdens in Chapter 7 – enforcing this clause in practice to prevent funds from being misspent is likely to be linked to a high effort for the programme agencies, thereby lowering the overall efficiency of cooperation as intervention. The possible replacement by informal partnerships,

¹⁸¹ Current discussions on the design of LEADER Measure 42 among LEADER actors at the European level support this assumption. At the European level within the ENRD activities, a LEADER Focus Group on transnational cooperation was launched in November 2009, which dealt with questions of simplifying the administrative procedures inherent to LAGs’ cooperation projects. For more information, see: http://enrd.ec.europa.eu/leader/leader/focus-groups/en/focus-group-3_en.cfm, accessed 09.04.2012.

the risk of misspending and administrative burdens might be fundamental reasons for Member States not to offer Measure 42 (cp. Figure 3.1).

On the other hand, there are three reasons that are particularly relevant from the Community perspective for not deleting LEADER transnational cooperation projects from the menu of EAFRD interventions:

1) **Lighthouse projects**. There are convincing good practice examples which underscore the notion that transnational cooperation can have particular value likely not to be achieved otherwise.¹⁸² Moreover, despite inter-territorial cooperation (within one country) appearing to be more easily arranged (e.g. better possibilities of personal contact, no language barriers) (Marquardt 2012a), and being better suited for knowledge transfer, and despite the addressees' culture has to be understood, cultural diversity resulting from transnationality is likely to be beneficial to the final effects of cooperation (cp. Inkpen and Tsang 2005).

2) **Technical and social assistance**. Bearing in mind that the (potential) LAGs from the newer Member States with less experience are particularly interested in partnerships, and that many Hungarian actors declared their interest in partnership with LAGs from older Member States, it can be easily guessed that the special value of partnerships lies with their enabling effects, which are likely to result in one-sided partnerships. Generally, information, help and social pressure are most likely to flow from those with greater expertise to those with lesser expertise (Frank *et al.* 2004). Not all of those effects could be achieved through loosely coupled network relations. This applies, for instance, to actions related to social learning,¹⁸³ or – more specifically for the Romanian case – to the effect of mediation and social control in potential LAGs' partnership processes.¹⁸⁴ Therefore, incentives are needed for mobilising experienced LAGs for which the output of such a partnership is less promising. In such a case, a partnership funded under LEADER is particularly likely to evoke European added value as these kind of enabling effects are likely to enhance later EAFRD-funded projects.

3) **Flag-shiping the EU**. As found by Ray (2001) transnational cooperation works insidiously to enhance the visibility of the EU at the sub-national level, and thereby promote the overall objectives of the Union itself; working at local level LEADER brings the Commission closer to the people (CEMAC 1999; Kull 2008) and therefore is of common interest as well.

Whether, however, it is a rightly-placed incentive, to set partnerships as the criterion for the general LAG-selection process (cp. Marquardt 2012a) is questionable. Interestingly, many

¹⁸² For examples of LAGs' cooperation projects, see http://enrd.ec.europa.eu/leader/leader/en/transnational-cooperation_en.cfm, accessed 09.04.2012.

¹⁸³ Information brokering and experience transfer seem to be particularly fruitful if they build upon reactive interlinked ties, meaning that the addressees actively receive or even seek information, which is described by Nelson and Farrington (1994) as bilateral exchange of information. A reason for creating reciprocal ties is the possible feedback effect, which might enhance development processes. Generally, the importance of social interaction at the heart of any networking measure is to be considered, because - according to Johnson (1995) - it advances learning processes. This suggests that opportunities for peer learning should be offered to rural actors. A good example of a measure design which builds upon effects of social interactions is a mentoring programme that was started by the Hungarian LEADER Centre in October 2008. This programme aimed at imparting LEADER approaches to Romanian counterparts. Mentors of Hungarian LAGs have to present their newly-gained LEADER experiences and assist Romanian actors by setting out the basic requirements for LEADER-like development. A further example is a LAG staff exchange programme initiated by ELARD in 2011 and 2012 (for details, see <http://www.elard.eu>, accessed 04.04.2012).

¹⁸⁴ Recapping the theory in Chapter 2 exploring which effects of social interactions are likely to be achieved with networking and which from partnerships can be done by applying Putnam's (2000) concepts of "bridging" and "bonding" social capital. While the former refers to more distant relationships formed across diverse social groups, the latter refers to close relationships facilitating solidarity and enforcing social control. Certainly, not all partnerships might exclusively incorporate bonding social capital, but also bridging social capital. Networking, however, will by trend first and foremost be related to bridging social capital.

partnerships of German LAGs (not only with Romanian actors) were established only shortly before the respective application deadlines. Time will show whether those relations develop into real partnerships or remain artificially-staged collaborations.

As findings have shown that the formation of supra-regional partnerships and EU-wide networking is an essential driver for the development of potential LAGs, but that LEADER Measure 42 has hardly had any contribution in this regard despite explicitly considering third countries and LEADER-like groups, extending the preparatory LEADER measure by cooperation elements should be considered. Here, the aspects of a lower level of intensity in partnerships, low administrative burdens, the crucial role of key actors, such as supra-regional organisations, and incentives for the experienced parties are favourably to be considered.¹⁸⁵ Taking cost-benefit analyses into account, study findings support the current instrumental design in that no financial support for networking, but only technical support through the network units is provided. Material support for networking might be relevant in cases where LAGs have limited access to means of information and communication technologies, which were found to be essential for maintaining partnership.

Still, at first glance, and similar to the funding of partnerships, the question also arises over why formalised networks such as the NRNs and ENRD are needed if informal networking can be efficient and free of cost. In this case, the answer lies in certain risks associated with informal networking (cp. Marquardt *et al.* 2011): First, the output is almost impossible to plan, as it relies solely on voluntary contributions, which in turn mostly depend on the envisaged personal benefit. Consequently, continuity in networking, which is essential if actors are in need of technical assistance, cannot be assured. A good example for periodically networking are the more or less formally established national or European LAG networks, which, like in Romania (Section 3.5; Chapter 7), were mostly created – following the principle of networking – to address the need for information exchange or forming a common voice. Even if such LAG networks are formally set up, dormancy can be observed (cp. Marquardt 2012a). Second, due to a lower degree of commitment, informal networking could carry a higher risk of losing important information. Third, networking is expected to become more effective the more actors are involved, as long as disorganisation can be avoided. Moreover, through network management and targeted activities, emphasising, e.g., interdisciplinarity and transnationality, particular valuable effects might be achieved. The last point underscores the potential that accompanies organising networking not only at the national, but also at the European level. Another aspect which should not be forgotten when discussing the funding of networks is that not only are tangibles more likely to be exchanged via markets and intangibles through networks (Chapter 2), but that especially difficult to codify resources like tacit knowledge, which is important when new solutions to rural problems are sought, are not readily available on the market. That financing the rural networks through collecting membership fees instead of EAFRD funds might have exclusive effects has been discussed by Marquardt *et al.* (2011).

Also the survey among the NNUs underlined the value of organising formal networking beyond the national context (Table A.9.1), and again it can be assumed that rural actors in the less experienced Member States benefit more, so that some Member States might be less motivated to participate in EU-wide networking. Generally, the fear that others make no contribution or “free-ride”, which is a well-known phenomenon (de Bruijn and ten Heuvelhof 1995; Chapter 2), might also be a deterrent. Moreover, some ENRD activities are only appealing if all Member States contribute. As an economic incentive might be less effective if

¹⁸⁵ Some potential Romanian LAGs have included a visit to foreign LAGs within their capacity-building process. But as this was no standard element of the Measure 43.1, the administrative burdens for being refunded were very high for beneficiaries and foreign hosts. Consequently, due to these deterrent experiences, much effort will be needed to convince the German partner to host potential LAGs under such funding conditions again.

it is addressed to governmental organisations,¹⁸⁶ it might be the right decision to design the establishment of the NRNs as a **Regulatory Instrument** complemented by financial support. Making the setup of NRNs mandatory can also be meaningful in cases where actors, particularly policy-makers, have not yet experienced the possible values of networking, and networking has to be stimulated. Nevertheless, study findings, theory on social networks (Chapter 2), and reviews of experiences with networking (Marquardt 2012a) suggest that the effectiveness and efficiency of networking also depend on the motivation of the actors involved and benefit from personal action. Thus, despite being mandatory, the institutional framework of participating in the ENRD has to be favoured by the NRNs if the potential of EU-wide networking is to be used sufficiently. Consequently, the success or failure of the networks also depends on whether the Member States see their establishment only as an obligation to be fulfilled, or if they invest more effort because they see genuine benefits. The comments made by the NNUs clearly highlight that there is a potential for improvement in this regard (e.g. in terms of decision-making on ENRD activities) and that the institutional framework of the NRNs has to be flexible to adapt to the national context. Making participation in network activities obligatory for LAGs, which (also) breaks with the principle of voluntarism (Duguet 2006), is likely to be less meaningful (cp. Figure A.9.1), as at the level of the LAGs the fact that the creation of added value based on the creation of social capital is likely to be achieved only through personal effort becomes even more relevant. Consequently, despite staff of the administration having no personal benefit and their efforts being compensated by funds, the networks are likely to benefit from a trustworthy, constructive and promising atmosphere that motivates actors to invest into the network.

Indeed, because the NRNs are funded and the principle of reciprocity must not be applied for maintaining the networks, members' contributions appear to be lower than the network design suggests. Thus, the potential exists for increasing the instruments' efficiency. Bearing in mind, however, that funds have to be spent for some kind of technical assistance in any case, that the networks show some added value,¹⁸⁷ and that the networks also serve the sponsors' interests, investment into rural networks should not be judged as misspent because the principle of efficiency which has to be applied to EU interventions (Chapter 3) has not been kept. Instead, the network design can be seen as assignment and incentive.

Even having clarified the question of whether or not to set up networking interventions, the question over the extent of resource allotment remains. While identifying the amount that constitutes an incentive to form partnerships might be more feasible, determining the resources to be invested into the rural networks appears more challenging. Although the amount of resources at the network units' disposal varies drastically between Member States (Figure 3.2), nearly all network units confirmed that their current budget is adequate.¹⁸⁸ Certainly, there are also indications as to the purposes for which more financial resources could be useful: evaluation was mentioned as one example. No statement on the suitability of the ENRD's budget is possible.

¹⁸⁶ Still, as from a European perspective Technical Assistance interventions, to which the rural networks count, are expected to increase the effectiveness of spent funds, and are of particular European interest, they apparently go along with an economic incentive, as the EU co-financing rate is, at least in some Member States/ regions, higher than for other EAFRD interventions (cp. Chapter 3).

¹⁸⁷ Nearly all surveyed network units thought that the resources spent on the NRNs could not be invested more fruitfully in other Technical Assistance measures, whereby two survey participants stated that the NRN activities bring added value to Technical Assistance activities.

¹⁸⁸ The NRNs' budget is adequate at least – as many NNUs emphasised – for carrying out the obligatory tasks ascribed to them. There are, however, major differences not only in funding but also in the contributions of network members to the NRNs, which could compensate to some extent for a lack of financial resources. For one NRN it was stated, e.g., that many activities could only take place because of the numerous actors involved.

Overall, if the set of networking instruments for enhancing rural development should be effective and efficient from the community perspective and contribute to a European added value, targeted instruments for stimulating networking and supporting partnerships are needed, whereupon the possible cleavage between making networking mandatory and effectively using the potential (social) networking theoretically offers, can probably only be overcome if the (proven) benefits of networking are sufficiently communicated¹⁸⁹ and the instruments are flexible in terms of the institutional framework required.

9.6 The relevance of EU-wide networking for Romanian actors and their EU integration

Despite external assistance, Romanian actors still – four years after EU accession – have an outsider position in the European rural development arena compared to other (potential) EU Member States. One reason for this is certainly that the instruments supporting EU-wide networking, LEADER Measure 42 and the NRN, did not begin running until the end of 2011. However, networking and partnership building can occur independently of LEADER, and the example of Hungary shows that embeddedness in EU-wide networks does not depend solely on the duration of EU membership, but rather on the willingness of actors to get involved. Indeed, the empirical work shows that there is a “European will” (see also Boia 2006),¹⁹⁰ that potential Romanian LAGs are interested in partnerships, and also that many NRN members hope to get involved in EU-wide networking through their NRN membership. Moreover, the experiences from the case studies suggest that the feeling of belonging to Europe and that other rural actors stand behind similar interests, strengthens and mobilises Romania’s civil society. These aspects indicate LEADER’s additional functions in the instrumental category of *Consciousness-raising instruments, Intellectual/ Moral appeals* (Table 2.2). However, only individual key actors manage to get involved in the EU-wide networking activities, and there is a lack of capabilities to organise networking and/or to take the first step in this direction, so an external stimulus is essential (cp. Chapter 8).

Clearly, the Romanian LEADER actors need to gain experience, and at the moment they lack the resources for establishing partnerships which go along with higher transaction costs, because they are mostly concerned with building up capacities for putting forward their own LAGs. Exactly this process is facilitated by EU-wide networking, which demands less transaction costs than do partnerships and brings about technical assistance. It is in any case important and useful for all stakeholders at all levels, not only for potential LAGs, to get involved in networking, as there is a severe need for technical assistance in implementing EU rural development policies.

A key factor for successful networking is being proactive. As described above, actors in other EU countries tend not to consider Romanian actors as potential partners. Raising their public profile is therefore essential. This is one further reason for the early establishment of the NRN, which is to be both a direct and indirect support to potential LAGs. Unfortunately, in the period of abeyance of the NRN (Table 4.2) this “external presentation function” of the later NNU, which would have facilitated establishing contact to potential LAGs for foreign actors, has not been accomplished by the Managing Authority. The Managing Authority has generally been rather reserved regarding the promotion of international contacts; it withdrew from activities such as the *euregia 2008* congress in Germany or the LEADER Cooperation

¹⁸⁹ For the relevance of communication in policy transfer and diffusion, see Frank *et al.* (2004) and Footnote 23.

¹⁹⁰ The Eurobarometer statistics (available under http://ec.europa.eu/public_opinion/, accessed 09.04.2012) show that after a slight dip in public opinion in 2005, after the EU-10 entered the Union, the positive attitude of the Romanians towards EU membership steadily decreased until the end of 2007. A significant drawback can be noted for 2010, which might be reasoned in the strict austerity measures imposed by the IMF, the World Bank and the EC (see Chapter 3).

Fair in Scotland 2010 (cp. Chapter 4) and for a long time Romania was not present on the homepage of the EU LEADER+ Contact Point, and was later missing on the ENRD-website. Moreover, the Managing Authority has hardly participated in NRN meetings, which would have also been an opportunity to learn how to enhance the implementation of EAFRD measures and to contribute to the further development of EU rural development policies. The case of Bulgaria, for instance, shows that it is possible to find an interim solution for the delayed setup of the NNU. The absence from ENRD events also implies that for a long period, apart from some key actors, Romania has not contributed to ENRD activities, which might have been particularly valuable for current candidate countries, which are likely to not only benefit from good practice, but also from unsuccessful practice examples for avoiding failure.

Networking activities, partnerships in particular, suffer if the actors do not trust each other. An openness towards and integration with European partners could have a positive effect on Romania-internal networks by increasing publicity and transparency, and thus increasing the degree of social control. The involvement of external actors could, in the best case scenario, induce a trickle-down process which has a positive effect on all levels of the rural network complex. In Romania, this could clearly help to solve the issue of lacking trust, which not only hampers forming formal partnerships within LEADER, but also burdens relationships between the agricultural administration and the potential beneficiaries (cp. Chapters 5 and 7). Thus, besides the effect of technical assistance, for Romania, EU-wide networking has a second enabling function. Overall it is obvious that EU-wide rural networking is particularly relevant to be triggered at an early stage of (the way to) EU accession, whereupon establishing an NRN should be given priority as it facilitates further rural networking activities, such as, for instance, within LEADER.

Considering that administrative burdens deter LAGs to enter into formal partnerships, and also considering that Ray (2001b), after his study on transnational cooperation speculates that the kind of politico-administrative system affects decisions on cooperation, it will be important for the Romanian administration to avoid a bad image to not unnecessarily burden the involvement of Romanian LAGs in formal EU-wide networking activities.

The Romanian case suggests that the ENRD should aim to do more than just complete its core tasks, like collecting and disseminating information. Active coordination between the ENRD, the national networks and Managing Authorities is needed to integrate the Romanian actors and enhance the implementation of EAFRD interventions. On the one hand, direct support should not only be offered to LAGs when establishing transnational partnerships, but the ENRD could also provide direct support for rural actors from countries where no NRN is in place. Another reason for the ENRD having an open ear for the administration is that sometimes more informal technical assistance in implementing the EAFRD might be more effective and efficient than the formal one provided by DG Agri. Not only in this context is requesting informal assistance perhaps more useful for addressing complex problems (Frank *et al.* 2004), it probably impedes less transaction costs and is available timely, but advice might also be of a more personal nature, which is essential if critical decisions have to be made by individual actors, or in cases of administrative failure, which is currently no exception in Romania. On the other hand, monitoring is also needed. As seen in the Romanian case, even after 2008 some of the NRNs existed only on paper. The ENRD might contribute actively in developing the NRNs, whereupon a review process coordinated at the European level should also result in possibly critical comments and clear-cut recommendations.

Indeed, networks can not only provide information and assistance, but also facilitate enforcement through social control, peer pressure and usage of soft mechanisms that do not require laws or formal structures (de Bruïne and Clarotti 2001) following the idea of new

modes of governance.¹⁹¹ Therefore, supplementing NRNs' management by the Open Method of Coordination (OMC) (Chapter 2) appears to be promising. The existing network structures linking the NRNs to the ENRD offer the opportunity of joint benchmarking for the work of the individual NRNs. By doing so, for enforcing the effective implementation of the NRNs, the problem of applying appropriate sanctions might be circumvented by means of social control and social pressure, following the principle of blaming and shaming. Another reason for supporting this proposal is that the problem of monitoring and evaluating the achievements of the NRNs' objectives with hard figures is likely not to be tackled in a satisfactory manner in near future. Whether, however, the OMC will be powerful enough to assure the will of politicians in Romania to further the NRN implementation cannot be stated for sure. Indeed, experience with the OMC show that this method does not always lead to the desired effects in all Member States and it has not always been used constructively (Borrás and Ejrnaes 2011; EC 2010b; cp. Section 2.3.3.6). However, as the results of this study reveal that external experts are mostly more acknowledged by Romanian actors than internal ones, and that their very presence had significant effects on governance processes and the conduction of projects, the application of OMC might fruitfully complement the Romanian NRN's delivery system. To ensure that social pressure is translated into appropriate action and that recommendations fall on fertile ground, some developments need to take place within the Romanian administration, where at present problems seem not to be open to debate.¹⁹² Also, the acceptance of external support requires that failures and weaknesses in the implementation of RDPs are acknowledged and accepted. Furthermore, the Romanian politico-administrative system has to function in such a way that established capacities and modes of practice are not only enacted as long external control is present – as it turned out, for instance, for several Twinning projects (Chapter 7) – but are accepted and driven by the actors involved.

Finally, the Romanian actors have to be aware that being involved in EU-wide networking, to which one-sided auxiliary relations can be counted, but which does not necessarily require following the principle of reciprocity, does not equal European integration. It might be a first step upon which the more costly/effortful establishment of reciprocal ties and embeddedness can be built. It can be hoped that the Romanian actors are aware of the external support they received and provide similar assistance to (potential) candidate countries.

9.7 Conclusions

EU-wide networking is definitively a driver of rural development and an ingredient for enhancing the implementation of EU policies. This chapter revealed that, despite networking being generally promoted because of its cost-effectiveness and its potential to create added value, it might be meaningful to not only rely on informal networking, but to fund EU-wide networking for rounding off the set of EAFRD interventions. Studying the Romanian case from multiple perspectives particularly indicated the enabling effects of networking, which is likely to turn into the advantage of rural actors in inexperienced NMSs, including (potential) beneficiaries and administration.

¹⁹¹ Noteworthy at this point are the consideration of Frank *et al.* (2004) on the flow of resource social capital, which tends to flow – as mentioned earlier – from the more experienced to the less experienced party. According to Frank *et al.*, the flow of social capital “is still reciprocal, as the supported actor in response to social pressure provides a resource, in the form of conformity,” (*ibid.*, p. 152) to the other parties concerned. In this specific case of enforcing conformity in the EAFRD implementation process in Romania, social pressure might result for the Community even in both social and financial capital.

¹⁹² For example, the MARD-website presents two well-developed potential LAGs, but does not address any kind of problematic issues that occurred during the implementation phase of LEADER.

Especially Romania is likely to benefit from networking interventions, as in that country the implementation of rural development policies has been severely hampered by administrative shortcomings, administration and (potential) beneficiaries are in need of assistance to comply with EAFRD implementation, and a lack of trust among the various stakeholders hampers the formation of formal partnerships within LEADER and the collaboration between actors involved in the implementation process. To alleviate the listed circumstances, networking between Romanian administrative bodies and (potential) beneficiaries – as shown in Chapters 7 and 8 – as well as EU-wide networking can be effective instruments. Besides strengthening the capacities of rural actors through information and technical assistance, and by promoting a participatory approach, social control turned out to be an essential effect of EU-wide networking. Indeed, it is crucial for implementing LEADER partnerships and furthering Romania-internal networking. In this regard, LEADER is essential for preparing the ground for fruitful networking by transferring the idea and strengthening network capacities at the local level. The timely setup of the NRN, which facilitates the establishment of transnational relations, potentially functions as a source for external assistance and presents rural Romania in the EU, appears to be equally important.

The observed networking activities, which are acknowledged by the Romanian actors to be useful, tended to be one-sided relations in some cases rather than true networking or proper partnerships. If the positive developments are to continue in the longer term, however, these auxiliary relations have to be responded to, which entails the Romanian actors becoming more active. The potential exists for this to happen if one considers how Romanian LAGs have recently started to network and actively build up external partnerships (not only with actors involved in LEADER) and the motivation of NRN members.

Increased social control is an important effect of (rural) networking. Social control is not only instrumental within LEADER in Romania, where external actors often function as mediators by building up trust and partnerships, but the effect of social control is also one of the reasons why establishing the ENRD matters for Romania: The ENRD provides a certain degree of social control, which could help to overcome issues such as political influence and mutual distrust in that country. The effect of social control might be increased by supplementing the NRNs' delivery system with the OMC to jointly enhance the NRNs' performance.

Indeed, the valuable networking effects observed in Romania are often based on informal, non-funded relations. However, such effects are reserved to key actors and are also not a systemic feature in the administration. Thus, for sufficiently harnessing the identified possible effects of EU-wide networking in Romania, the following interventions are essential: intervention for placing an external stimulus; facilitating the establishment of organisational and management capacities; arranging technical assistance; providing an incentive for experienced rural actors to network with Romanian actors (going beyond the compensation of transaction costs for feeding one-sided auxiliary relations); and initiating the institutional framework for enforcing social control. These interventions are also likely to serve Community interests, as they probably lead to more effective spending of EAFRD funds. But networking depends on a willingness to make the necessary effort and to accept social control – it is an instrument that cannot merely be imposed by EU regulations. Also the integration of Romanian actors in EU-wide rural networks depends mostly on their own activities, especially on those of the responsible persons and organisations at the national level.

Against the background of the pros and cons of funding networking that were discussed in this chapter, the surveys among the NRNs across the EU and (potential) LAGs from three Member States suggest that to achieve the greatest Community added value from EU-wide networking, to include strong and weak actors, to enhance policy delivery throughout the Community and to avoid misspending, it is necessary to formally complement the combination of *Economic Incentives, Information and Communication Instruments* with *Regulatory Instruments*. Nonetheless the added value is likely to be larger the less networking

is perceived as an obligation and the more networking can be adapted to pre-existing institutional contexts.

The possible special effect of partnerships, in contrast to networking, which makes them worth being funded – among others allowing social learning – are certainly relevant for both established and potential LAGs. Considering the importance of the enabling effects of networking and partnerships, the instrumental design of LEADER interventions should be adapted to potential and inexperienced LAGs, for which networking and partnerships of low intensity appear to be particularly relevant, and for which experienced partners have to be motivated to enter into possibly one-sided network relations. The relevance of technical support in networking to rural actors and its preference to financial support for networking is obvious. When designing such instruments – despite the efficiency of broad information circulation – attention should be paid to increasing the elements of *direct support* at the European level, particularly to compensate for – if necessary – deficits in NRN service delivery and to provide assistance to the national administrations.

To be effective by trend the total amount of funds directed to EU-wide networking does not necessarily have to be increased, but these interventions would certainly benefit from the side-effects of *visibility* (as it is understood in the political sciences; cp. Table 2.3; Section 3.4), especially from increased systemic accountability and subsequently increased evaluation efforts corroborating their value, as well as from greater politico-administrative attention.

Conclusions and Policy Recommendations

In this chapter, findings with regard to the processes behind the implementation of LEADER and the National Rural Network (NRN) in Romania are brought together and overarching conclusions are drawn. Based on this, policy recommendations are formulated and a research outlook is provided.

10.1 Summarising Discussion

The mandatory implementation of LEADER and the NRN, which are designed to make use of certain governance structures and (social) networking for delivering effective rural development policies, poses a challenge to Romania. These “new policy instruments”, to use the jargon of the policy scientists, also offer potential beyond the possibility of introducing integrated rural policy-making, both at the local and the national level. These instruments form stimuli for conscious and instrumental sectoral networking, and for improving governance. In a country like Romania, where the degree of experience and organisation is low, their special value lies in their enabling function, potentially the result of, among other factors, EU- and country-wide networking.

Contrasting effects of policy, polity, i.e. the design of political institutions, politics and administering with the instruments’ theoretical potential allows conclusions on the determinants of the instruments’ successful implementation. Certainly context matters, but so do processes and structures that pervade the policy-making process. Thus, in Romania the historico-cultural legacies of four decades of socialism – one of the major origins of the scepticism towards the successful implementation of these two instruments – are only one obstacle for these policy instruments. Other obstacles can be seen in the way the instrumental features are manifested in the European legal framework, the design of the delivery system, the functioning of the politico-administrative system, as well as governance and management failures and the relations between targeted society, administration and policy-makers. Approaching these two instruments from the social and political sciences, this study investigated the potential for and occurrence of processes to be stimulated by LEADER and the NRN, and met the scientific challenge of making them tangible. Embedding those analyses into the assessment of the framing policy-making processes provided an additional interpretative layer. In other words, the overarching research framework lent those micro-analyses of the instrumental peculiarities allure. This applies, for instance, to the SNA-based tracing of LAGs’ development paths, to patterns of social capital creation, to the relevance of information in policy-making, as well as to the assessment of governance outcomes. This study is innovative in how it approaches policies: It comprehensively considered policy (initiated) processes in their administrative-technical and social dimension. The simultaneous analysis of reciprocal effects between policy formation and implementation and policy initiated processes, as well as certain social interactions allowed (intangible) driving forces such as power and social capital, as well as key actors, to be identified. Thus, the relevance of paying (more) attention to such processual dimensions in instrument choice and design, and evaluation for effective policies became obvious. Moreover, investigating the grey area between initial policy formation and implementation and the situation of *potential* beneficiaries and their developing social networks allowed identifying (insufficiently known) factors that are important for the instruments’ success.

To allow an opinion to be developed regarding whether LEADER and the NRN are worthwhile interventions in Romania, and keeping the relevance of enabling evaluation (cp. Stame 2008) and the effects of narratives in policy-making (cp. Pollard and Court 2005) in mind, the findings on the potential of LEADER and the NRN in Romania are discussed

below, followed by the study's implications regarding capacity-building processes and the special features of the "new policy instruments".

10.1.1 *Establishing a basis for the LEADER approach?*

Considering the high administrative burdens inherent to applying for LEADER and the low financial means of Romanian local actors, the set-up of the preparatory LEADER measure, which co-finances administrative costs that LEADER applicants in many older Member States are confronted with, turned out to be essential. It enabled many potential beneficiaries to fulfil the formal requirements to participate in LEADER. This is true despite the measure's ineffective and inefficient implementation in Romania. Its ad-hoc implementation shortly before the deadline for receiving associated funds expired led to misspending simply because the measure's intervention logic was disregarded. This entailed increased administrative burdens to applicants, and had severe impact on potential LAGs' capacity-building.

Enabling actors to participate in the programme does not equate with establishing a sound basis for practicing the LEADER approach and achieving the instrument's objectives. Indeed, despite poor time management, a failed schedule and changing guidelines, the impact of this intervention on local capacity-building in the technical dimension can still be seen as great, because solely the elaboration of development strategies based on a regional assessment taking an *integrated view* is likely to significantly enhance community planning in Romania, even independent of the application of other LEADER features. Nevertheless, time constraints burdened (informed) *participation* and thus practicing *good governance* in the potential LEADER regions (cp. Figure 6.6). No final opinion can be drawn on how far this measure stimulated the establishment of regional capacities to act (collectively) as the initial point for applying the LEADER approach (without mediating external assistance). Evidently, there are good and bad practices, regions where participation was stimulated and regions of exclusive actions, respectively. Also, the PPP formation is probably perceived in many cases as a forced marriage (see below).

The preparatory LEADER measure accompanied by information campaigns was certainly well intended to support all potential LEADER regions. However, it did not lead to *decreased disparities* (feasible in chances to participate in LEADER). First, following the programme design, administratively, organisational-technically and economically strong regions are more competitive in the LAG-selection process, which favoured communal-driven microregion-associations. Second, for regions lacking these assets, and which are not embedded in wider supra-regional social networks that allow access to early information and assistance, time for compensation through establishing human and social capital was very scarce. Furthermore, in Romania the idea of competitive LAG selection in the instrumental design as a driver for *high quality* and *innovation* failed, because if informal political networks are decisive in policy implementation processes, each programme design, no matter how well conceptualised, becomes irrelevant. Consequently, potential beneficiaries lost trust in the politico-administrative system and their motivation to engage in the programme. The latter effect is severed through the programme's complexity, hampering public participation and through the high administrative effort, which is partly induced by national guidelines and design of the delivery system. LEADER's innovative notion will probably also lag behind in Romania due to severe deficits in the communal infrastructure, a lack of financial resources and the too high demand for other rural development measures.

As revealed by tracing governance outcomes with MCDA, following an *endogenous approach* is hampered by the nationally-defined selection criteria, as well as by a limited spectrum of rural development measures available for LAGs' realisation of regional development strategies (cp. Figure 6.5). While the former circumstance is Romanian-specific, the latter can be observed across Europe in the current funding period; it results from auxiliary European legislation inducing high administrative effort and high accountability on

Member States, with a wider spectrum of eligible measures under LEADER, complemented by negative incentives in the form of sanctions. To that end, the intended effect of better targeting and increasing interventions' effectiveness through local empowerment is likely to be reduced. The findings on LEADER in Romania shed light on the programme's neo-endogenous notion in two ways: On the one hand, without external support, integrated regional rural development would probably hardly find any foothold in that country. On the other hand, regional-external factors, the programme guidelines in particular, hamper the usage of the regional endogenous potential. *Decentralisation* of administrative tasks for accompanying the *bottom-up approach* is not only likely to be burdened due to a lack of qualified staff familiar with LEADER at the county level, but primarily due to the tendency to over-control where decision-making power is delegated (see below). As revealed by means of SNA, weak administrative networks, including weak relations to potential beneficiaries, carry the risk that other parties gain power during the implementation process and use LEADER as a political means of pursuing their interests. Indeed, county councils try to steer the mayors, who depend on its good will in many regards. Thus, weak administration indirectly hampers the bottom-up approach.

The success of the preparatory LEADER measure and of the LAG selection was significantly inhibited by the functioning of the politico-administrative system. Thus far, administrative burdens faced by the Romanian administration in implementing LEADER have only been, to a limited extent, related to the instrument's specific characteristics and are notably related to the delivery system. LEADER-related problems include the programme's complexity,¹⁹³ as well as the not-automatic judgement on the comparatively exhaustive applications, which formed a major administrative burden and offered an opportunity to influence policy outcomes. While no greater challenges in administering the later main LEADER Measure 41 correctly are to be expected, findings on the administrative style lead to doubts about whether the agricultural administration organisations possess the enabling skills required for associating the LEADER approach effectively, as will be discussed below.

10.1.2 The unused potential of the NRN

For identifying the potential that the NRN offers to Romania, it turned out to be crucial to question the manner in which the NRNs have been legally designed at the European level. Despite having taken form in most Member States, the NRNs feature a missed opportunity. While the networks' technical functions (primarily transferring information, interlinking stakeholders and providing assistance) are widely acknowledged, the networks' originally ascribed contribution to the Community priority of improving governance appears to be of little relevance: This purpose has neither been explicitly specified nor operationalized at the European level, and subsequently the objective is not actively driven at the national level and is hardly reflected in any NRN agenda. Drawing on theory and experience from other policy fields, in this study the NRNs' potential to enhance governance was outlined. If the right activities are set on the NRNs' agenda, they not only have the potential to improve governance, but at the same time also enhance policy delivery, through, for instance, multi-stakeholder discussions on the policy-implementation and policy-formation process. For the delivery of rural development policies in Romania, where the implementation is characterised by deficits and rural actors have to gain experience, the set-up of the network appears to be valuable and enabling in each dimension: information spreading, technical assistance or bringing stakeholders together and sourcing concentrated external advice and representing

¹⁹³ Study findings reveal that the programme's complexity burdened the introduction of the LEADER approach in Romania on both sides – on that of the (potential) beneficiaries and that of the administration. Whether, however, it forms the biggest obstacle for the introduction of LEADER, as Wade and Rinne (2008) found for the Czech Republic, cannot be said for certain. Nevertheless, the resulting demand for human resources makes the implementation of LEADER more challenging than that of other EAFRD measures.

rural Romania in the EU. Being primarily designed as an *External Instrument* – as opposed to other Technical Assistance interventions – the NRN potentially brings about capacities for administering the EAFRD that are built beyond the public sector. This might not only generally strengthen the politico-administrative system but also further its “integrated” rural focus rather than a solely agri-centric one. Moreover, even stimulating discussion among policy-makers, network members and administration could easily be described as an improvement of governance, as currently participatory policy-making can hardly be found in Romania’s rural sector. Such discussions might not only lead to improved policy delivery, but also enhance transparency in the implementation processes. The NRN could contribute to making the Romanian politico-administrative system coherent and strengthen its vertical and horizontal dimension. As the Policy Mapping of governance processes showed that informal institutions are likely to overrule the formal ones in sectoral policy-making, one may conclude that attention has to be paid to how far formal decision-making power is ascribed to the Romanian NRN. A formally-institutionalised advisory role in sector-related policy-making would be imaginable. Despite network management being outsourced to a third party, the question of whether such governance-related activities will be ever realised, and their potential used, is in the hands of the ministry.

Indeed, rural stakeholders in Romania are still hardly organised and have not managed to enliven the NRN on their own. Therefore, external stimuli and assistance are essential. Nevertheless, the empirical work revealed that, contrary to the general low activity of the civil sector, a part of the network members are despite the long period of abeyance, still interested in the network and willing to engage in it. Primarily, the severe need for information for pursuing their interests in rural development motivates them to “network”. Not seeing the existence of the network as granted, their potential contribution appears to be even higher than that of network members in many other Member States. In the latter, network members’ contribution to the NRNs are likely to be limited as the principle of reciprocity is in the context of the NRNs, which are externally funded, abrogated. Establishing the NRN might have the effect of a stepping stone for the Romanian rural actors to learn to organise and to use bundled competencies and power.

Overall, starting with funded networking after half of the programming period has elapsed, the total value of the network has decreased drastically. Public procurement problems in tendering the network unit or not, the case of Bulgaria has shown that an interim solution can be found. This inactivity and the resulting period of deadlock of three years indicate a lack of political will and management competence. The non-functioning of the NRN is accompanied by indirect negative effects on other EAFRD interventions, as well as the by eliding of nested intervention logics, e.g., in terms of technical assistance to LAGs, the NRN’s contribution to the ENRD, and by a decreased transfer of experience from other Member States to rural Romania. Considering all these negative impacts on the EAFRD’s effectiveness and that the network had, according to binding regulations, to be functional by the end of 2008, leads one to question the role of the Commission; its passivity could be interpreted as ascribing little value to the Romanian NRN.

10.1.3 Capacity-building in the pre-implementation phase – a decisive determinant for policy-instruments’ success

Findings on the (pre-)implementation phase of LEADER and the NRN in Romania again underscore the pivotal role of timely capacity-building for the instruments’ success. As shown, this is particularly true if not only human or technical capacities of the administration and potential beneficiaries are to be established, but also social structures to be formed. Throwbacks in capacity-building to be recorded for the pre-implementation period in Romania are striking and disappointing, because in fact the Romanian actors had already received timely external assistance during the NRDP initial policy-formation process for

coping with the implementation process, and had formed a promising basis for both instruments. However, the period of abeyance between initial capacity-building and the interventions' official/feasible start, when the external experts and thus social control and social pressure were absent, resulted in a period of deadlock instead of the time being used for stabilising initially-formed capacities. A deficit of interaction between potential beneficiaries and the agricultural administration, as well as ambiguity, led to a loss of social and human capacities, demotivation, disbelief in the instruments, and a loss of trust in the agricultural administration, all of which are essential for effective networking within the NRN and delivering LEADER. The uncertainty related to implementing LEADER resulted in the stoppage in partnership formation in many potential LEADER regions, which in fact need time to consolidate. Independent from the question of whether or not the delay in implementation could have been avoided, all these negative impacts could have been alleviated without great financial effort solely by keeping contact and transferring information, which has been identified as a crucial resource in both policy formation and policy implementation. Therefore, paying attention to the grey area between initial policy formation and final policy implementation, clarifying responsibilities, and assuring the active steering of the implementation process and targeted distribution of information can be seen as decisive determinants for a policy instrument's success. This is particularly true for LEADER, where the receiver of initial information, time for social capacity-building and human resources were found to essentially determine the development path of (potential) LAGs.

10.1.4 “New policy instruments” – the right instrumentation for supporting rural development in Romania?

The common features of LEADER and the NRNs, which should bring about particular instrumental effects and set them apart from other EAFRD interventions, are the enclosure of networking and governance structures in instrumental design. The pivotal question to be addressed at this point is whether scepticism about the success of these two policy instruments in the post-socialist NMS Romania is justified. To make a statement on the usage of the potential of the instrumental feature of networking in Romania, it has to be differed between close, formally institutionalised social relations and less intensive relations, i.e., networking in the narrow sense of the word. And indeed, currently funds do not form an incentive for the formation of profound partnerships to which the partners are truly committed, as the aversion towards formal institutions is still going strong. While the aversion against partnerships limits the instrumental value, supporting networking in and around the Romanian rural sector appears to be a meaningful investment. The idea of networking with less close relations, for whose establishment less trust is required, appears to find fruitful ground and its benefits have been fast recognised: informal or formal, mostly non-funded networking, particularly with external stakeholders, has been experienced and perceived positively by Romanian actors and its concept has been picked up by many of them. Furthermore, establishing network-like organisational structures in the form of the NRN, which can rely on very distant actor relations (cp. Table A.3.4), is definitively advocated by rural actors and appears to be worthy of being established in Romania. In other words, while funds for close formal local partnerships might be a wrongly-placed incentive, leading to tokenistic actor constellations, the incentive “to network” is likely to bring about enabling effects, which are judged as positive by beneficiaries, sponsors and Community, and might even result in added value which originates from social interactions.¹⁹⁴ The instrumental effects of networking and

¹⁹⁴ Setting these findings into the theoretical context presented in Chapter 2, one may conclude that in Romania the concepts of social capital drawn by Bourdieu (1983) and Burt (1992) appear to be more relevant in terms of interventional output than that of Coleman (1988). Though, also positive effects of social capital in the understanding of Coleman were found in this study: the strong social cohesion in remote villages as a driver for collective action is an impressive example.

governance are both linked to the status of civil society. Although civil society is said to be weak in Romania, and this study revealed that many actors lack initiative and shy away from taking responsibility, the critical mass of stakeholders required to set up the NRN and form LAGs has been achieved, which might be a sufficient starting point for effective networking. The question remains whether rural actors are able to sustain or re-establish such organisational structures without external assistance.

The potential for using governance structures instrumentally for rural development in Romania effectively appears to be quite low. So far using horizontal governance structures as drivers for following an integrated approach to rural development can rarely be found, and their establishment and/or execution in an appropriate manner appears to be difficult between multiple sectors at the local and the national level, as well as between administrative bodies. The impact of both instruments on horizontal governance structures on the local and national levels is also case-specific and depends, among other things, on the individual mayors or county councils and the sitting minister, respectively, and on the willingness to share power. Furthermore, the mediating function of external actors within local partnership processes, which might be fulfilled by the network unit in the context of the NRN, turned out to be crucial for the formation of horizontal governance structures, for whose effective use a minimum level of social capital must be achieved. The success of social networking mostly depends on trust and personal engagement; though, as it regards the administration, horizontal networking between administrative bodies already suffers from governance failure and has to become a systemic feature in the form of formally-institutionalised structures instead of depending on key persons. Moreover, institutionalised governance structures were found to be no guarantee for a smooth implementation in Romania: Shedding light on the governance structures along the policy-making process revealed that in Romania, the success of instruments is likely to suffer from the circumstances that a small circle of policy-makers also has relatively high formally-institutionalised influence on administering rural development interventions in the implementation phase, and that informal governance structures dominate the policy processes. Considering that the success of policy instruments, which build upon certain governance structures, also depends on the wider governance environment, the deficits in the overall Romanian politico-administrative system do not facilitate the introduction of new modes of governance at the local level. For instance, trust in law enforcement, such as rights resulting from a partnership contract, is low. In this context the establishment of the NRN, which probably makes rural development policy implementation more public and transparent, is likely to have a positive impact on the level of general trust and societal social capital, and thus indirectly on the implementation of LEADER. This trickle-down effect is likely to start at the European level if ENRD members actively observe the processes in Romania and enrich the Romanian governance environment with social control in this way.

In the vertical dimension, practicing a bottom-up approach indirectly depends – like in other Member States – to some degree on the EU regulatory framework, which motivates the Member States more or less to transfer responsibilities to the LAGs. However, in Romania the tendency to over-control by the administration and the ministry's intention to keep decision-making power, leads to less optimistic prognoses for local empowerment. Furthermore, the structures of the governmental hierarchy parallel to those of the agricultural administration, in particular through the county councils, are likely to burden the realisation of a bottom-up approach in some Romanian LEADER regions.

Promoting certain modes of governance – be it at the local, county, national or European levels – is first and foremost a question of political will. Nevertheless, as Wade and Rinne (2008) model it for LEADER, the rural networks at the national and European level could also form an element of participatory democracy supplementing parliamentary and representative democracy. Such a notion in NRN delivery becomes slightly apparent, however, only in some Member States.

Given the low status quo in terms of good governance, the instruments' objective of improving governance is likely to be achieved in Romania's rural sector, at least in some of the LEADER regions, as the application of the new modes of governance already entail an improvement. Still, patience will be needed until good governance can be observed as common practice in that country. Indeed, the low probability of achieving added value through the creation of social capital and the effects of specific governance structures might be called a dissatisfactory outcome of spending Community funds, but having the instruments' specific enabling values, the stimuli to networking and integrated rural development and the possible contribution to EU integration in mind, LEADER and the NRN might not necessarily be called unworthy interventions, despite their intervention logics not being fully adhered to. Particularly the enabling effects potentially resulting from the NRN are also of Common interest and serve the objectives of the EAFRD, as they are likely to enhance implemented rural development policies. Moreover, taking a pragmatic view, the share of funds which would actually be misspent if no use of the instruments' networking- and governance-related features would be made, only makes up a small share of the LEADER Axis and of Romania's EAFRD budget (27% and 0.6%, respectively);¹⁹⁵ and also from the funds allocated to the NRN (0.3% of Romania's EAFRD budget) only a part serves solely networking purposes, because some functions of the NRN would have to be delivered anyway, independent from its network design.

When judging the suitability of these two instruments from an administrative perspective, it is noteworthy that the observed cases of misspending of funds had no specific relation to the instrumental features of networking and governance. And while it is true that the functioning of the politico-administrative system is a major obstacle to their effective implementation, the system affects the implementation of other EAFRD measures in a similar way. However, the constraints to the relation between administration and beneficiaries might be a greater obstacle than to other instruments. Furthermore, analyses of management styles suggest that – primarily due to a lack of decentralised decision-making capacities – the administration will hardly provide the enabling atmosphere required for implementing “new policy instruments” (Table 2.4) effectively. The common argument that the implementation of LEADER causes higher administrative costs on the side of the administration in comparison to other measures, will – as shown – not necessarily apply to the programme's implementation in Romania. This finding may not hide that under consideration of funds spent for LAG management, the administrative cost/funds ratio turns to the disadvantage of LEADER in comparison to other EAFRD measures, which reflects the expectations of higher effectiveness through LAGs' empowerment.

Despite networking itself being based on the principle of voluntarism, which is also true for the final functioning of LEADER and the NRN, making the implementation of these two instruments mandatory is essential for Romania, as they are a stimulus for integrated rural development, civil society development and participatory policy-making. Here, external instrument choice can be advocated when bearing in mind that sectoral policy formation suffers from short-term, volatile and little participatory decision-making, and that the introduction of these two instruments is likely to have been hampered by a lack of political will. It can be hoped that the instruments' implementation, initiated at the European level, gets the ball rolling in the sense that policy-makers discover the instruments' value for enhancing policy delivery, funds-absorption capacities and effectiveness of spent funds, as well as rural actors becoming sufficiently mobilised to organise themselves, if necessary, without external intervention. Long-term, perceiving the introduction of these two policy instruments as voluntary policy transfers can be seen as an essential pre-condition for using

¹⁹⁵ The share of 27% of the LEADER Axis counts for EU funds allotted to Measures 42 and 43. At the EU-level, the EU contribution to these two measures is 21% (cp. Figure 3.1).

their potential sufficiently. Moreover, if the implementation of these instruments were a national choice, it would be an important signal to Romania's rural actors, as such an instrument choice can be seen as an expression on how society is aspired to be governed, suggesting, in the case of selecting LEADER and the NRN, a "mobilising state" (Table 2.2). The case of the Romanian Paying Agency for Rural Development, in which the Europeanisation of the administrative culture can be observed since the pre-accession period, shows that policy transfer can fruitfully initiate adaptation and learning effects, which might be more easily achieved if the process is supplemented by negative or positive incentives (as will be discussed in the next sub-section). By so doing, national styles might not only be overcome in the administration, but in the overall politico-administrative system. The instruments might create their own culture, thereby increasing the probability of their own effectiveness (cp. Schneider and Ingram 1990).

In terms of possible policy failures resulting from the (obligatory) policy transfer, some minor risks have been identified, among them an increase of regional disparities within Romania and the support of exclusive LAGs (entailing a lack of legitimacy). In the context of the NRN, a policy failure might occur if too much formal decision-making power would be ascribed to the network, which could be misused by some informally powerful actors.

10.2 Policy Recommendations

One overarching recommendation can be repeated and refined, namely extending the cost-benefit equation in policy instrument choice and design by processual considerations, not only in terms of administrative costs, but also in its social dimension. Moreover, the study on implementing LEADER and the NRNs revealed that both instruments are new, not only for Romania, but also within the CAP, and the potential exists to improve the instruments' effectiveness, not only in Romania but also at the top of the multi-level governance system.

The manifestation of policy instruments in the EU regulatory framework needs more attention. In the course of mainstreaming LEADER, negative impacts on the programme's approach primarily resulted through auxiliary management-related regulations, and this issue has already found consideration in discussions on LEADER in the upcoming funding period. Nevertheless, for showing that the community priorities such as improving governance are an objective truly aspired to, they are to be translated more carefully into the EAFRD-related regulations. Also, when the theoretical potential of an instrument should be sufficiently used, objectives of interventions have to be clearly defined and operationalized, while still leaving room for manoeuvre for adaptation to the national contexts. As shown in this study, drawing intervention logics for the NRNs is possible for the instrumental features of networking, as well as for improving governance and policy delivery. It is understandable that vague terms such as "added value" are avoided in central regulations, but there are alternative means to forming a common understanding of what should be achieved, under, for instance, the objective of improving governance. It is also crucial to communicate in how far the NRNs should strive to achieve an added value.¹⁹⁶ Such clarification can be seen as an important prerequisite that Member States transpose common objectives and priorities sufficiently into national documents, and thus make effective and efficient use of the instruments' potential.

An active role of the Commission and stringent enforcement of EU legislation is important. The Romanian case suggests that national documents transposing EU legislation should be more strictly approved by the Commission. Also, conformity checks in the implementation

¹⁹⁶ Such common agreements on the definition of objectives and the interpretation of terms could be arranged in a manner akin to the establishment of the CMEF, in accordance with the procedure referred to in Article 90 of Regulation (EC) 1698/2005. By doing so, all Member States would then have to try to achieve the set objectives and develop a strategy to do so (instead of touching on certain objectives – e.g. "generating added value" – half-heartedly or achieving them accidentally).

process should increasingly cover the dimension of coherence with the objectives of the interventions, and go beyond proving the correctness of the financial management. It is not acceptable to tolerate that intervention logics are not adhered to and funds are misspent, as it has been the case in Romania with the NRN or within the preparatory LEADER measure. The correct implementation of European legislation has to be enforced, particularly if the Community's interests in EAFRD spending are not protected (Caldeira 2008; ECA 2010). Currently, EAFRD interventions can easily suffer from a lack of enforceability (Chapter 7). Tolerating such deficits at the European level, however, suggests the insignificance of the concerned interventions, instead of convincing policy-makers of the value of actions set at the European level.¹⁹⁷ For Member States like Romania, where the political will to further the implementation of certain instruments does not always seem present, it appears meaningful to complement the "carrots" with "sticks". For instance, along the positive incentives of high co-financing rates for implementing LEADER and the NRN, (increasingly) negative incentives in the form of sanctions or reimbursement of misspent funds could be set. The Romanian case suggests that such means are effective, even if politicians do not necessarily recognise the value of the instruments concerned.

LEADER and the NRN ought to be made more attractive to (future) NMSs and the design of capacity-building measures can be improved. It would be worth tackling the issue that policy-makers in NMSs often perceive the implementation of LEADER to be a necessary evil for receiving other benefits of CAP because they assume that LEADER entails, e.g. high administrative burdens and shows late visible impact. Indeed, this study also revealed that the implementation of LEADER needs time and might be challenging, but it has also shown the instrument's enabling function through the provision of information and assistance, which not only addresses the LAGs, but also – as *Meta-Instrument* (Section 3.4) – the wider EAFRD implementation. Certainly, more obvious than for LEADER are the enabling effects that accompany the NRNs, where they also directly serve the administration and policy delivery. In this regard the relevance of both instruments for capacity-building could be underscored and communicated more intensively.¹⁹⁸ Nevertheless, despite the instruments' enabling functions, which suggest the timely implementation of an NRN in a (future) NMS, support of capacity-building for the implementation of both instruments is very valuable for the administration and potential beneficiaries. Following the lessons learnt in Romania, obviously attention has to be paid to institutionalising responsibilities in the grey area between policy formation and implementation. With regard to interventions supporting capacity-building, the following can be proposed: First, for both instruments, social capacities have to be created early by mobilising rural stakeholders and interlinking them with the administration. Second, shortly before or in the application period of LEADER, it is not sufficient to merely rely on external experts for training potential beneficiaries and administrative staff members because external experts are often not familiar with the details of the national programme guidelines and delivery system. In-house training within the administration and training of potential beneficiaries by the administration, both of which entail joint learning, are likely to better address this issue. Third, for facilitating informed decision-making and subsequently

¹⁹⁷ Steunenberg (2010, p. 373) analysed the Commission's role and its possibilities for enforcing European policies, and concluded that despite being aware of an infringement, the Commission does not always challenge concerned Member States and instead acts in "silent witness". Steunenberg identified various reasons for this. In the context of the preparatory LEADER measure and the NRN in Romania, the following catches the eye: too high transaction costs for challenging a Member State in comparison to the possible effect, which might apply to the relatively small budget allotted to these measures. Another reason might be that in Romania more severe problems in terms of law enforcement have to be tackled.

¹⁹⁸ The categorisation of policy instruments developed for this study (Table 2.2), which goes beyond the differentiation of the three commonly-used categories of *Legislative and Regulatory Instruments*, *Economic and Fiscal Instruments* and *Information- and Communication Instruments*, might be a useful basis for highlighting the special instrumental values of LEADER and the NRN.

practicing good governance in (potential) LEADER regions, capacity-building has to target more actors than the regional managers.

For increasing the input-output ratio of EAFRD funds, it should be reconsidered which kinds of networking are funded, to which extent and under which conditions. Indeed, the importance of establishing funded rural networks instead of solely relying on cost-free informal networking is obvious; major reasons include the assurance of continuity in networking and technical assistance, as well as the need for management if large networks should work effectively and efficiently. Still, viewing the different kinds of networking (Table A.3.4) and considering the results of all chapters of this book, it becomes obvious that network activities, which turned out to be important drivers to the implementation of LEADER in Romania, and as a means upon which potential and established LAGs rely, was often not funded under LEADER. Therefore, supporting less intensive networking between (potential) LAGs only indirectly through running the network units and trying to stimulate self-contained networking instead of providing financial support appears to be meaningful. Support of formal inter-territorial or transnational cooperation is likely not to form a great incentive, because the design of the intervention might lead to an unpropitious effort-output ratio. Indeed, funded partnerships were found to not always show greater effect than networking and little economic impact; but bearing the effect of social learning and social control in mind, which might only be achieved through longer term relations, support for partnerships still appears meaningful. When designing the measure, found one-sided network relations between potential Romanian LAGs and established LAGs, as well as the role of key actors and the support of national or supranational organisations to potential LAGs should be considered, and more attention might be paid to targeted incentives for such activities. Overall, network- and partnership-activities going beyond national borders and covering the European dimension appear crucial for strengthening inexperienced rural actors, exerting – if necessary – pressure for managing the EAFRD coherently, and last but not least for calling rural actors' attention to Community values. Whether in the long-term the running of LAG-partnerships should be supported, or – like in Bavaria/Germany – this should be limited to LAGs' initial phase, can be discussed for Member States with experienced LEADER actors. The study showed that this kind of support, as well as the support for the formation of PPPs, has turned out to be essential for the Romanian actors and can be advised to be offered in (future) NMSs as well.

Right agenda setting and endogenously grown objectives are keys to running NRNs. The study has implications for running the rural networks. First and foremost, setting activities contributing to improving governance and achieving an added value on the networks' agenda is fundamental. Picking up the principles of networking, it turned out that for running the NRNs successfully and using the effect of reciprocity, it is necessary to complement the objectives defined for the NRNs at the European level by endogenously grown national objectives, as a network has to be relevant for its members and has to address their interests. Furthermore, the involvement of administrative staff from different levels in NRN activities is to becoming common practice. It would be desirable if the rural networks and LEADER are used and acknowledged as *Learning Instruments*, not only by rural actors, but also by policy-makers. In this regard, it would be advantageous if the DG Agri led the way.¹⁹⁹

¹⁹⁹ The use of LEADER and the rural networks as *Learning Instruments* is likely to benefit, if the involved parties of several layers of the EU multi-level governance system would act with equal status, as should be the case in a network. Only if stakeholders in Brussels provide local actors with the feeling to take them and their experiences seriously, will reciprocal learning with added value occur, and the multi-levelled delivery system for implementing instruments in the upcoming funding period will likely to be designed more constructively. Generally, proximity to rural areas then probably felt by actors at upper levels, allows one to imagine ways to take advantage of their potential (similar to Farrell 2000). Doing so, however, requires a shift in emphasis from management to facilitation (cp. High and Nemes 2007; Table 2.4).

Supplementing NRNs' management by the Open Method of Coordination (OMC) appears to be a promising exercise. Two aspects lead to the proposal of evaluating the NRNs following the OMC: First, the problem of monitoring and evaluating the achievements of the NRNs' objectives with hard figures is not likely to be tackled in a satisfactory way in the near future. Second, the organisational structures of the ENRD offer the opportunity to jointly benchmark the work of the NRNs. By so doing, for enforcing the effective implementation of the NRNs, the problem of applying appropriate sanctions might be circumvented by means of social control and social pressure. How powerful the application of OMC in the Romanian case will be remains to be seen, but having the significant effects of social control exerted by external actors on governance processes and the conduction of projects found for Romania in mind, the OMC might fruitfully complement the common delivery design of the NRNs.

Creating a favourable environment for administering rural policies and making sufficient use of the new modes of governance. For enhancing the delivery of the NRDP in Romania, it is fundamental to stabilise the politico-administrative system with long-term budget planning, clear demarcation of technical and political functions and sufficient administrative networking. Beyond that, LEADER and the NRN are generally likely to contribute to improved governance and to strengthen civil society on the one hand, but also flourish in a favourable governance environment and build upon a strong civil society, respectively. Thus, first of all, increased transparency, which is also likely to be furthered through the NRN, and correct law enforcement are an asset for establishing trustworthy relations to rural actors and trust in (formal) institutions. Then again, such trust can be seen as one precondition for making effective use of the new modes of governance. Moreover, creating a favourable atmosphere for implementing LEADER and the NRN might be more easily achieved by opening the country to external actors. In this regard, Romania is likely to benefit not only from LEADER-related network activities, but particularly from the ENRD. Similar effects might result if the MARD actively requests external actors for technical assistance, which requires, however, for the ministry to stand by its weaknesses. Further supplementing measures might be fruitful: Due to the reciprocal effects between governance processes and the strength of civil society, measures such as supporting the capacities of supra-regional and local organisations are likely to directly or indirectly contribute to the creation of societal social capital, which might then again enhance the framing conditions for partnership processes within LEADER and for participatory democracy action within the NRN.

Making use of the NRN and MCDA for endogenously grown national rural development strategies. It can be recommended that Romanian actors make sufficient use of the NRN for the elaboration of their NRDP for the upcoming funding period with the identification of rural needs (at the local level) and the definition of national priorities. In so doing, suitable guidance might be to follow the LEADER approach for achieving endogenous integrated rural development at the country level, instead of designing the RDP primarily in such a way to absorb a maximum of EC funds. For this purpose the application of MCDA is likely to be instrumental, as it has been proven in this study to be a valuable tool for the elaboration of development strategies for a LEADER region. It can facilitate following a broad participatory approach, and at the same time take into account the multiple contributions of rural development measures to various objectives. To establish such a mode of governance, which is new to Romania, and practice it in a good way, the MARD has to behave as one equal partner among others and may not be seen as considering discussions with the NRN members to be merely an obligation, but as an enrichment of the politico-administrative system.

Picking up instrumental values, nurturing networks, acknowledging support – important tasks for the Romanian rural actors. Some recommendations can also be directed to the Romanian rural actors. First of all, it would be desirable if not only selected LAGs build upon the elaborated regional strategies and picked up features of the LEADER approach in communal planning. Second, Romanian rural actors who have benefitted from relations to

external actors and their experiences should be aware that such relations – even if not as close as partnerships – need to be nurtured to benefit from them in the longer term. Third, the many Romanian actors who felt the support of external actors for getting along with LEADER and other rural development problems should consider that actors in (potential) candidate countries face or will face challenges similar to what they have experienced. It would be a nice gesture if they were to transfer lessons learnt – where both good and bad practices might be helpful.

10.3 Research Outlook

This study provided a comprehensive and profound insight into the policy-making processes around LEADER and the NRN in Romania from multiple perspectives. Still, some issues need to be investigated in greater detail, or may raise researchers' interest to do so.

The approach for calculating administrative costs, taking working steps as a reference point, appears very promising for enhancing the design of delivery systems. As delivery systems are essentially formed by decisions made in Brussels and from this Romania-focussed study implications for other implementation contexts can only be drawn very carefully, taking the effort to collect further data allowing cross-country comparisons would be a meaningful undertaking.

By analysing the concept of the NRNs, the question of rural governance at the national level has been brought one step forward; still, it is obvious that the potential of the NRNs in terms of their possible impact on governance drawn up in this study has to be more extensively empirically verified. For NRN-related research, this study provided only a first cornerstone. Many questions seem worthy to be traced: For example, comparing different forms of NRN organisational structures, or searching for a saturation point in funds devoted to NRNs compared to the networks' contribution to the overall EAFRD's effectiveness. Similarly, follow-up assessments of the development of the Romanian LAGs are necessary for verifying factors determining the development paths of potential LAGs identified, and for examining factors having a further impact on their long-term development.

Indeed, this study went beyond the commonly-applied qualitative assessments of social capital creation and governance processes. Building upon the SNA-based approach and considering the factors identified as drivers for the development of potential LAGs, it would be interesting to first examine the relevance of social capital in mediating processes and transferring processes in greater detail. Second, it would be interesting to investigate the effects of social control and social pressure in the context of policy enforcement in a network-analytical manner. Third, despite being critical, it appears appealing to also apply the presented SNA-based approach to the assessment of governance structures at the national (and EU) level. Nevertheless, the developed concept of Policy Mapping, complemented by Institutional Mapping applied for reflecting sectoral governance structures and processes, has turned out to be instrumental for identifying power distributions, as well as formal and informal institutions burdening or driving related policy-making processes. For future investigations, this approach might be refined to sub-policy fields, as the influence of civil sector organisations is likely to vary from topic to topic.

One challenge demanding the attention of researchers and programme planners in the preparation of the CMEF for the next funding period is the question of evaluating the effect of funded networking activities. The provision of a concept which fulfils the requirement of delivering hard figures and systematic evidence, which allows comparison between Member States and data aggregation at the EU level, and which is practicable, has not yet been fully fulfilled. The proposal briefly outlined in Chapter 9, to apply SNA for evaluating EU-wide networking in a standardised way (cp. also Marquardt and Möllers 2010), which features an extension of the research concept used in Chapter 5 for assessing information networks,

seems a promising starting point for this purpose. Indeed, this proposal already picks up the finding of the present study, that it is essential to consider both formal and informal networking when determining the value of funded networking, and is applicable to a large data set.

This study uncovered instrumental values of LEADER and the NRNs which have not been commonly promoted so far; and also do the conceptualisation of the SNA-based approach for tracing the development of LAGs and social capital creation, as well as of the MCDA-based approach for proving governance outcomes satisfy the need for transferability (a common problem in evaluating interventions aiming at process stimulation). However, the challenge remains to make those research approaches with meaningful effort applicable on a larger scale, thereby bringing systematic proof for the social capital- and governance-based added values of these two capitalising instruments, and just as importantly, making the results impartable to both policy-makers and tax payers.

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Legislation

European legislation

- Commission Decision of 13 December 2006 establishing a mechanism for cooperation and verification of progress in Romania to address specific benchmarks in the areas of judicial reform and the fight against corruption (EC/2006/928).
- Commission Decision of 20 February 2008 setting up the organisational structure for the European Network for Rural Development (EC/2008/168).
- Commission Decision of 7 July 2009 fixing the annual breakdown per Member State of the amount referred to in Article 69(2a) of Council Regulation (EC) No 1698/2005 concerning support to rural development and amending Commission Decision EC/2006/636 (EC/2009/545).
- Commission Notice to Member States of 19 March 1991 laying down guidelines for integrated global grants for which Member States are invited to submit proposals in the framework of a Community initiative (19991/C73/14).
- Commission Notice to the Member States of 14 April 2000 laying down guidelines for the Community initiative for rural development (Leader+) (2000/C139/05).
- Commission Regulation (EC) No 885/2006 of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the accreditation of paying agencies and other bodies and the clearance of the accounts of the EAGF and of the EAFRD.
- Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).
- Commission Regulation (EC) No 1975/2006 of 7 December 2006 laying down detailed rules for the implementation of Council Regulation (EC) No 1698/2005, as regards the implementation of control procedures as well as cross-compliance in respect of rural development support measures.
- Commission Regulation (EC) No 434/2007 of 20 April 2007 amending Regulation (EC) No 1974/2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 by reason of Accession of Bulgaria and Romania to the European Union.
- Communication to the Member States laying down guidelines for global grants or integrated operational programmes for which Member States are invited to submit applications for assistance within the framework of a Community initiative for rural development (1994/C180/01).

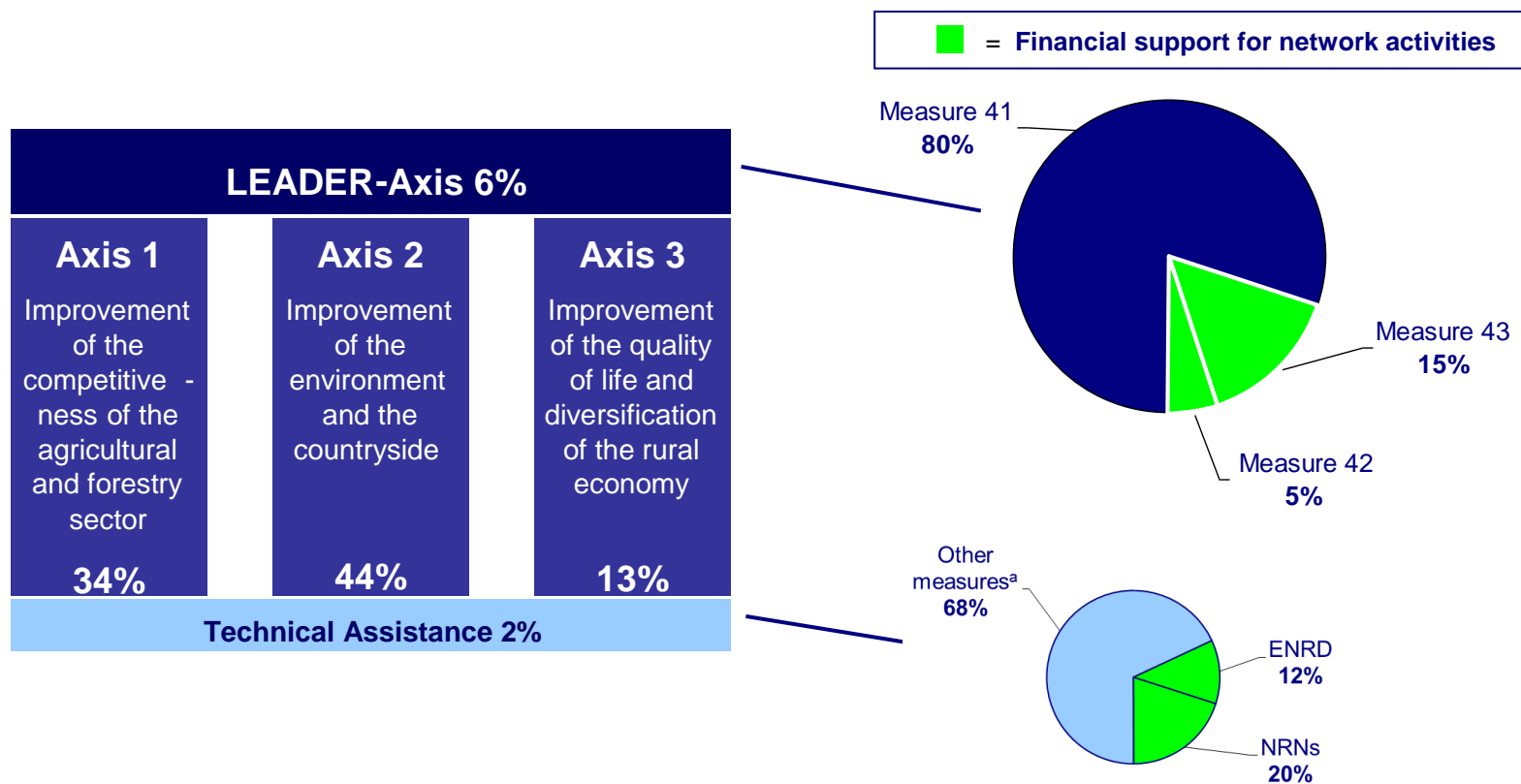
- Council Decision of 20 February 2006 on Community strategic guidelines for rural development (programming period 2007 to 2013) (EC/2006/144).
- Council Decision of 19 June 2006 adapting Annex VIII to the Act of Accession of Bulgaria and Romania (EC/2006/664).
- Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities.
- Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy.
- Council Regulation No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).
- Council Regulation (EC) No 1463/2006 of 19 June 2006 adapting Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) by reason of the accession of Bulgaria and Romania to the European Union.
- Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers, amending Regulations (EC) No 1290/2005, (EC) No 247/2006, (EC) No 378/2007 and repealing Regulation (EC) No 1782/2003.
- Regulation (EU) No 211/2011 of the European Parliament and of the Council of 16 February 2011 on the citizens' initiative (EU/2011/211).

National legislation

- Emergency Ordinance No. 292 of 29 December 2000 on measures for stabilizing and reorganizing the function of the General Secretariat of the Government immediately after the elections. (Ordonanță de Urgență nr. 292 din 29 decembrie 2000 pentru stabilirea unor măsuri privind reorganizarea și funcționarea Secretariatului General al Guvernului).
- Government Decision No. 405 of 23 March 2004 on the organizing and functioning of the Cabinet's General Secretariat (Hotărâre nr. 405 din 23 martie 2004 pentru organizarea și funcționarea Secretariatului General al Guvernului).
- Government Decision No. 775 of July 14 2005 on procedures for development, monitoring and evaluation of public policies at central level. (Hotărâre nr. 775 din 14 iulie 2005 pentru aprobarea Regulamentului privind procedurile de elaborare, monitorizare și evaluare a politicilor publice la nivel central).
- Government Decision No. 561 of 10 May 2009, for approval of the procedures, at Government level, regarding the approval and submission of draft public policy documents, draft laws and other documents for adoption/ approving (Hotărâre nr. 561 din 10 mai 2009 pentru aprobarea Regulamentului privind procedurile, la nivelul Guvernului, pentru elaborarea, avizarea și prezentarea proiectelor de documente de politici publice, a proiectelor de acte normative, precum și a altor documente, în vederea adoptării/aprobării).
- Government Ordinance No. 26 of 30 January 2000 on associations and foundations (Ordonanței Guvernului nr. 26 din 30 ianuarie 2000 cu privire la asociații și fundații).
- Government Ordinance No. 16 of 24 January 2002 on the public-private partnership contracts (Ordonanță nr. 16 din 24 ianuarie 2001 privind contractele de parteneriat public-privat).
- Law No. 188 of 8 December 1999, on the status of public servants (Lege nr. 188 din 8 decembrie 1999 privind Statutul funcționarilor publici).

- Law No. 24 of 27 March 2000 on the Methodology for the Preparation of Normative Acts (Lege nr. 24 din 27 martie 2000 privind normele de tehnică legislativă pentru elaborarea actelor normative).
- Law No. 215 of 23 April 2001 on the local public administration (Lege nr. 215 din 23 aprilie privind administrației publice locale).
- Law No. 90 of 26 March 2001 on the organizing and functioning of the Government of Romania and its Ministries (Lege privind organizarea și funcționarea Guvernului României și a ministerelor).
- Law No. 528 of 25 November 2004 to alter and revise Government Ordinance No.16/2002 on the public-private partnership contracts as well as Law no. 219/1998 on the status of concessions (Lege nr. 528 din 25 noiembrie 2004 pentru modificarea și completarea Ordonanței Guvernului nr.16/2002 privind contractele de parteneriat public-privat, precum și a Legii nr.219/1998 privind regimul concesiunilor).
- Law No. 246 of 18 July 2005 to approve Government Ordinance No. 26/2000 on associations and foundations. Monitorul Oficial al României no. 656/2005.
- Law No. 251 of 23 June 2006 to amend Law No. 188/1999 on the Status of the civil servants (Lege nr. 251 din 23 iunie 2006 pentru modificarea și completarea Legii nr.188/1999 privind Statutul funcționarilor publici).
- Law No. 273 of 29 June 2006 with regard to the local public finances (Lege nr. 273 din 29 iunie 2006 privind finanțele publice locale).
- Law No. 62 of 10 May 2011 on social dialog (Lege nr. 62 din 10 mai 2011 privind dialogul social).
- Ministry Order No. 91 of 14 April 2010 on approval and organisation of the development and approval of draft normative acts at the Ministry of Agriculture and Rural Development (Ordin nr. 91 din 14 aprilie privind aprobarea de organizare a sistemului de elaborare și avizare a proiectelor de acte normative în cadrul Ministerului Agriculturii și Dezvoltării Rurale).
- [NRDP] Romanian Ministry of Agriculture and Rural Development (2010) National Rural Development Programme 2007-2013 (5. ed.), Bucharest.

Figure A.3.1: Concept of the European Agricultural Fund for Rural Development 2007-2013 and budgetary distribution to its components



Note: The total budget of the EAFRD from 2007-2013 originally scheduled is €99.9 billion (without resources directed to the EAFRD under the European Economic Recovery Plan), later adapted to 96.2 billion (EC/2009/545). The percentages in this figure indicate the EU-27 total distribution.

^a The category "Other measures" includes material, preparation of studies, etc.

ENRD = European Network for Rural Development NRN = National Rural Network

Source: Adapted from Marquardt *et al.* 2011, based on data from DG Agri 2008; ENRD 2009; National Rural Development Programmes; and notification from the countries' network units.

Table A.3.1: Key features on EU co-financed rural networking and cooperation in different programming periods (1991-2013)

LEADER programming period	Network unit at European level	Network(ing) units at national/regional level	Financial support for networking and cooperation to LAGs	Other aspects of cooperation and networking	Budget for networking	Budget for cooperation between LAGs; no. of cooperation projects; no and share of LAGs participating in cooperation projects
LEADER I 1991-1994 12 MSs	LEADER Co-ordinating unit (contracted) 1991-1994	-----	Means for participating in networking activities are supported		Not more than 8.84 m€ (2% of LEADER budget)	-----
LEADER II 1995-1999 15 MSs	LEADER Observatory (contracted) 1995-2001	Established with severe delays in the MSs (mostly in 1997), with exception of Belgium, Denmark and Luxembourg	TNC is supported		31.444 m€ (1.8% of the LEADER budget)	140 m€ (7.9% of LEADER budget) at least 252 TNC projects approximately 600 LAGs (50%-60%) involved
LEADER+ 2000-2006 15 MSs	LEADER Observatory, settled in the DG Agri, (2001-2008) including LEADER+ Contact Point (2004-2008)	Established in all old MSs, similar organisations were assigned with tasks of a NNU in Poland, Estonia and Hungary	ITC and TNC are supported	Involvement in cooperation projects is an advantage in the LAG selection	68.7 m€ (1.36% of the LEADER budget) ^a	504.8 m€ (10% of LEADER budget) 858 TNC projects at least 464 LAGs (68.5%) involved; 1330 ITC projects 745 LAGs (83.3%) involved
LEADER mainstreamed 2007-2013 27 MSs	European Network for Rural Development Contact Point, inherently linked to the DG Agri	Establishment of NNUs is obligatory; until 2011 in 26 MSs network units have been set up	ITC and TNC are supported	Involvement in cooperation projects is an advantage in the LAG selection	Not comparable as network activities go beyond LEADER	11750 m€ (5% of LEADER budget earmarked); additionally 1056 m€ are earmarked to the European and national rural networks

Note: DG Agri = Directorate-General for Agriculture and Rural Development
MS = Member State NNU = National Network Unit /Networking Unit
^a These figures do not count for resources spent for networking in the 10 NMSs.

Source: CEMAC 1999; ELO 2001; Metis *et al.* 2010; ÖIR 2003; Török 2008

ITC = Inter-territorial/ Interregional cooperation m
TNC = Transnational cooperation

Table A.3.2: Key figures of the monitoring and evaluation system for the Romanian LEADER measures 2007-2013

LEADER Measure	Objectives according to the CMEF	Additional national objectives and priorities	Common indicators	Additional national indicators	Common evaluation questions ^b
<p>Measure 41</p> <p>Implementing local development strategies with a view to achieving the objectives of one or more of the three other EAFRD Axes^a</p>	<p>LEADER</p> <ul style="list-style-type: none"> - Implementation of the LEADER approach in the mainstream rural development programming - Improving the competitiveness of the agricultural and forestry sector, the landscape and environment, the quality of life in rural areas and economic diversification 	<p>Participation of the local communities members at the local development process and encouraging innovative actions</p> <p>Promotion of the endogenous potential of the territories on the basis of a bottom-up approach</p> <p>Alleviating disparities between regions</p>	<p>Baseline</p> <p>Development of LAGs</p> <p>Economic development of the non-agricultural sector</p> <p>Employment development in the non-agricultural sector</p> <p>Input</p> <p>Amount of public expenditure realised (total versus EAFRD)</p> <p>Output</p> <p>Number of LAGs (division according to new or existing LAGs)</p> <p>Total size of LAG area (in km²) (division according to new or existing LAGs)</p> <p>Total population in LAG area (division according to new or existing LAGs)</p> <p>Number of projects financed by LAGs (divided by Axis and types of measure)</p> <p>Number of beneficiaries supported (divided by Axis, types of measure and type of beneficiaries)</p> <p>Result</p> <p>Gross number of jobs created (division according to on-farm/off-farm jobs, age and gender)</p> <p>Number of participants that successfully ended a training activity</p> <p>Impact</p> <p>Economic growth</p> <p>Employment creation (division according to age and gender)</p>	<p>Output</p> <p>Number of the LAG's members (divided by gender, age, nationality)</p> <p>Number of private partners and NGOs members in the LAG</p> <p>Result</p> <p>Number of the beneficiaries developing innovative actions</p>	<p>To what extent has the LEADER approach contributed to improving governance in rural areas?</p> <p>To what extent has the LEADER approach contributed to mobilising the endogenous development potential of rural areas?</p> <p>To what extent has the LEADER approach contributed to introduce multi-sectoral approaches and to promote cooperation for the implementation of rural development programmes?</p> <p>To what extent has the LEADER approach contributed to the priorities of Axis 1, 2 and 3?^a</p>
<p>Measure 42</p> <p>Implementing cooperation projects involving the objective selected for the local development strategy (cp. EC/2005/1698, Art. 63b)</p>	<p>- LEADER</p> <ul style="list-style-type: none"> - Implementation of the LEADER approach in the mainstream rural development programming - Promoting cooperation and Best practices 	<p>Encouraging the local actors to work together with representatives of other communities inside the country or from abroad</p>	<p>Baseline</p> <p>Development of LAGs</p> <p>Economic development of the non-agricultural sector</p> <p>Employment development in the non-agricultural sector</p> <p>Input</p> <p>Amount of public expenditure realised (total versus EAFRD)</p> <p>Output</p> <p>Number of supported cooperation projects (division according to the level of cooperation –inter-territorial or transnational- and according to each of the 3 EAFRD Axes^a)</p> <p>Number of cooperating LAGs (division according to the 3 axes and to the level of cooperation)</p> <p>Result</p> <p>Gross number of jobs created (division according to age, gender and on/off farm)</p> <p>Impact</p> <p>Employment creation (division according to age, gender and on/off farm)</p>	<p>Output</p> <p>The number of cooperation projects that involve more than two LAGs in Romania</p> <p>The number of cooperation projects that involve a LAG from EU with LEADER+ experience</p>	<p>To what extent has the support contributed to promoting cooperation and to encouraging transfer of best practices?</p> <p>To what extent have cooperation projects and/or transfer of best practices based on the LEADER approach contributed to a better achievement of the objectives of one or more of the three other EAFRD Axes?^a</p>

Table A.3.2 continued

LEADER Measure	Objectives according to the CMEF	Additional national objectives and priorities	Common indicators	Additional national indicators	Common evaluation questions ^b
<p>Measure 43</p> <p>Running the local action group, acquiring skills and animating the territory</p> <p><i>For Romania</i></p> <p>43.1 Public-private partnership building</p> <p>43.2. Running costs, skills acquisition and animation</p>	<p>- LEADER - Implementation of the LEADER approach in the mainstream rural development programming</p> <p>Increasing the capacity for the implementation of LEADER</p>	<p>Fostering partnerships, preparing and assuring implementation of the local development strategies</p> <p>Priorities: Setting up and developing the LAGs; Cooperation between actors</p>	<p>Baseline Development of LAGs Employment development in the non-agricultural sector</p> <p>Input Amount of public expenditure realised (total versus EAFRD)</p> <p>Output Number of actions supported (division according to the type of skills acquisition and animation action)</p> <p>Result Number of participants that successfully ended a training activity</p> <p>Impact -----</p>	<p>Output Number of actions supported divided by type of actions: general training (1 action =1 training session) specialised training for the representative of LAG (1 action =1 training session) drawing up the applications for selection of LAGs (1 action = 1 strategy)</p> <p>Result Total number of people trained who successfully ended the training actions, out of which: - general training - specialised training for the representatives of the LAG</p>	<p>To what extent has the support increased the capacities of LAGs and other partners involved for implementing local development strategies?</p> <p>To what extent has the support contributed to increasing the capacity for the implementation of LEADER?</p>

Note: ^a The objective of the three EAFRD Axes are improving the (1) Competitiveness of the agricultural and forestry sector; (2) Environment and countryside; (3) Quality of life in rural areas and diversification of the rural economy.

CMEF = Common Monitoring and Evaluation Framework EAFRD = European Agricultural Fund for Rural Development LAG = Local Action Group

Source: DG Agri 2006; NRDP 2010

Table A.3.3: Selected common horizontal evaluation questions according to the CMEF 2007-2013

Selected common horizontal evaluation questions	Particular relevant for evaluating
To what extent has the programme strengthened arrangements for partnerships between the regional, national and European level?	NRNs, LEADER
To what extent has the programme design been successful in encouraging multiplier effects?	NRNs, LEADER
To what extent has the European Network for Rural Development contributed to establish good rural development practice?	NRNs
To what extent has the technical support increased the capacities of the managing authorities and other partners involved for implementing, managing, controlling and evaluating rural development programmes?	NRNs
To what extent has the programme contributed to an integrated approach to rural development? To what extent has the programme maximised synergies between the axes?	LEADER, NRNs
To what extent has the programme contributed to achieving economic and social cohesion policy objectives with respect to reducing the disparities among EU citizens and territorial imbalances?	LEADER
To what extent has the programme successfully targeted the particular situation of the programme area, e.g., depopulation or pressure from urban centres?	LEADER
To what extent has the programme contributed to promoting sustainable development in rural areas?	LEADER, NRNs

Note: From a set of 19 common horizontal evaluation questions, which are applied at the level of a Rural Development Programme, those have been selected, which appear to be of particular relevance for evaluating LEADER and the NRNs. Not all sub-question or parameters for dividing results into categories suggested in the CMEF are presented in this table.

CMEF = Common Monitoring and Evaluation Framework

NRN = National Rural Network

Source: DG Agri 2006

Table A.3.4: Different kinds of funded and non-funded networking taking place within and around LEADER and NRN activities

Categorisation of networking within LEADER and the NRNs	Description	Kind of relation	Strength of relation	Special characteristics	Transaction costs
Partnership building <i>Financially supported under Measure 43</i>	Forming and running a LAG as public-private partnership	Formal regional-internal partnership <i>(no networking in the narrow sense)</i>	Very strong, by definition reciprocal	Periodically constant, binding relations, little anonymous (personal/actor-related relation)	High effort by individual partners is needed; additional administrative costs
Networking within the LEADER region <i>Indirectly financially supported under Measure 43 (“animating the territory”)</i>	Uncoordinated exchange of information and (informal) cooperation between actors within a LEADER region	(Informal) regional-internal networking	Weak - middle strong, reciprocal or non-reciprocal	Non-binding relations, actors do not stay anonymous and have a fair chance for personal communication	Low effort by individual actors is needed
Inter-territorial and transnational cooperation <i>Financially supported under Measure 42</i>	Cooperation goes beyond exchange of information and includes a joint project	Formal inter-territorial partnership <i>(no networking in the narrow sense)</i>	Strong, by definition reciprocal	Periodically constant, binding relations, quite anonymous (primarily organisation-related and less personal LAG-LAG-relation)	High effort by individual LAGs is needed; additional administrative costs
Networking organised within and by the NRNs <i>Indirectly financially supported by providing funds for running and managing the NRNs; preferably the network units stimulate further networking</i>	Coordinated distribution and exchange of information and interlinking of actors	Formal and informal exchange of information – externally coordinated and funded networking	Very weak, reciprocal or non-reciprocal; relations might be indirect (via intermediates and media)	One actor can serve the interests of many other actors; members can stay anonymous	With exception of the network unit, network members have no effort
Non-funded (EU-wide) networking a) <i>Non-funded networking</i> b) <i>Non-funded partnerships</i>	a) (Uncoordinated, informal) exchange of information; b) (Informal) cooperation between actors from different regions	Flowing transition from informal networking <i>(networking in the narrow sense)</i> to informal partnerships	a) Weak, reciprocal or non-reciprocal b) Weak - strong, by definition reciprocal	Several kinds of relations; partnership formation without external obligations possible; intensity of relations spontaneously adaptable	Very low – very high effort; no administrative costs for fulfilling funding requirements

Note: LAG = Local Action Groups
Source: Own design.

NRN = National Rural Network

Table A.3.5: Worldwide Governance Indicators for Romania and the EU-27

Worldwide Governance Indicators	Romania in 1996		Romania in 2002		Romania in 2010		EU-27 in 2010		
	SNU	PCT WW	SNU	PCT WW	SNU	PCT WW	Aver. SNU	Min SNU	Max SNU
Voice and Accountability Extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, association, and the press	0.24	0.58	0.452	0.62	0.045	0.61	1.142	0.045	1.583
Political Stability and Absence of Violence Likelihood that government will be destabilised by unconstitutional or violent means, including terrorism	0.459	0.33	0.371	0.50	0.257	0.50	0.74	-0.178	1.436
Government Effectiveness Quality of public services, the capacity of the civil service and its independence from political pressures; quality of policy formulation	-0.507	0.53	-0.185	0.45	-0.144	0.56	1.175	-0.144	2.214
Regulatory Quality Ability of the government to provide sound policies and regulations that enable and promote private sector development	0.071	0.62	0.02	0.58	0.661	0.55	1.264	0.607	1.901
Rule of Law Extent to which agents have confidence in and abide by the rules of society, including the quality of property rights, the police, and the courts, as well as the risk of crime	0.018	0.55	-0.262	0.55	0.050	0.74	1.182	-0.08	1.971
Control of Corruption Extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as elite "capture" of the state	-0.224	0.48	-0.471	0.42	-0.158	0.53	1.02	-0.18	2.374

Note: PCT = Percentile SNU = Standard Normal Unit WGI = World Governance Indicator WW = Worldwide
 The six aggregate indicators are reported in two ways: (1) in their SNUs, ranging from approximately -2.5 to 2.5, and (2) in percentile rank terms. Percentile ranks on WGIs indicate the percentage of countries worldwide that rate below the selected country (PCT WW). For both, SNU and PCT WW, higher values indicate better governance ratings.

Source: Calculations based on Kaufmann *et al.* (2010) and The World Bank Group (2011).

Table A.3.6: Budgetary distribution to LEADER measures in Romania in the period 2007-2013

(Sub-) Measure		% of LEADER	Total in m€	Public in m€ (20% national and 80% EU contribution)	Private in m€
4.1	Implementation of RDCs	73%	246,317,899	171,604,657	74,713,242
4.2	Cooperation between LAGs	2%	5,498,826	4,701,496	797,330
4.3		25%	61,176,112	58,768,718	2,407,394
4.3.1 ^a <i>Preparatory LEADER Measure</i>	PPP-building, Capacity-building	5%	14,161,138	11,753,744	2,407,394
4.3.2	Running the LAG; Skills acquisition; Animation ^b	20%	47,014,974	47,014,974	----
LEADER Total		100%	312,992,837	235,074,871	77,917,966

Note: ^a Within Sub-measure 4.3.1, only Phase 3 requires private co-financing.

^b Sub-measure 4.3.2 is divided into two components: a) LAGs' running costs; and b) Training and animation. At least 20% of funds received under this sub-measure have to be spent for activities of Component b.

LAG = Local Action Group RDC = Regional Development Concept

Source: Based on NRDP 2010.

Box A.5.1: The methodological evolution of SNA and its peculiarities

SNA traditionally belongs to the quantitative methods (Wasserman and Faust 1994). It includes a mathematical and a graphical component and relies in recent times often on computational models (Freeman 2004). The method emerged under contributions from social psychology and anthropology in the 20th century with a final breakthrough in the 1960s as reviewed by Scott (2001; see also Freeman 2004; Wasserman and Faust 1994) and is still further developed and improved. It suggests a broadening of focus from individual actors to sets of actors and the relationships among them (Friemel 2011). SNA concentrates on the relation of relationships in a network (Hollstein 2006) for assessing network structures, while the entities' attributes are secondary (Wald 2011), which is a clear difference to the paradigm of the empirical-analytical social research (Sedült 2005).

The adaptability of SNA to many different types of social networks is clearly advantageous, demands, however, that results are interpreted carefully in the context of interest (see Scott 2001). This is because direct and indirect interactions with the environment are possible, providing, for instance opportunities or constraints for individual actions (Wasserman and Faust 1994). While three decades ago (Granovetter 1979, p. 501) criticised that most network models are constructed in a "theoretical vacuum", the opinion that context matters when applying SNA is widely accepted in recent times (see Friemel 2008, 2011). Not only are the research objects manifold, but also the disciplines making use of SNA (Friemel 2011; Scharpf 2000); it is applied in social, behavioural as well as in the natural sciences. While Scharpf (2000) states that all analysed networks focus on specific empirical aspects, Friemel (2011) emphasises that recently also research on socio-economic groups building up on secondary census data sets has been presented. Reviewing recent scholarly work also reveals that there is no method emerging as ground-breaking in the field – one still finds quantitative and graphical approaches and newly developing qualitative approaches to SNA (Friemel 2011; Hollstein and Straus 2006). Qualitative approaches for analysing social networks are still in a laboratory stage (Straus 2006) and their finally accepted as SNA in the scientific world, remains to be seen (cp. Hollstein 2006). Despite acknowledging the theoretical and methodological variety around social networks, Sydow (2006) finds still clear deficits in the research on network-like organisations; particularly in view of the practical management of network structures and processes. Furthermore, the methodological challenge of assessing patterns of causality and the temporary dimension of networks (see, e.g., Hollstein 2001) is more and more tried to be met by scientists. Still the assessment of network dynamics inherent to social network research is difficult as the characteristics of networks bring about that the impact of networks cannot be assessed linearly, because several interacting processes occur in parallel and one can find re-iterative processes.

Table A.6.1: Overview over rural development measures potentially being included in the regional development concept of LAGs in Romania

Rural Development Measure listed in the regulation EC/2006/1974	Measures in the Romanian NRDP	Measures which are likely to be included into the LAG's RDC
(111) Vocational training, information actions, for persons engaged in the agricultural, food and forestry sectors	Yes	Yes
(112) Setting up of young farmers	Yes	No
(113) Early retirement of farmers and farm workers	Yes	No
(114) Use by farmers and forest holders of advisory services	Yes	Yes
(115) Setting up of farm management, farm relief and farm advisory services, as well as forestry advisory services	No	(Yes)
(121) Farm modernisation	Yes	Yes
(122) Improving the economic value of the forest	Yes	Yes
(123) Adding value to agricultural and forestry products	Yes	Yes
(124) Cooperation for development of new products, processes and technologies in the agricultural and food sector	No	Yes
(125) Improving and developing infrastructure related to the development and adaptation of agriculture and forestry	Yes	Yes
(126) Restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention actions	No	(No)
(131) Helping farmers to adapt to demanding standards based on Community legislation	No	(Yes)
(132) Supporting farmers who participate in food quality schemes	No	(Yes)
(133) Supporting producer groups for information and promotion activities for products under food quality schemes	No	Yes
(141) Supporting semi-subsistence farms undergoing restructuring	Yes	(Yes)
(142) Setting up of producer groups	Yes	Yes
(143) Providing farm advisory and extension service	Yes	(Yes)
(211) Natural handicap payments to farmers in mountain areas	Yes	No
(212) Payments to farmers in areas with handicaps, other than mountain areas	Yes	No
(213) Natura 2000 payments and payments linked to Directive 2000/60/EC	Yes	No
(214) Agri-environmental payments	Yes	(No)
(215) Animal welfare payments	No	(No)
(216) Support for non-productive investments	No	Yes
(221) First afforestation of agricultural land	Yes	No
(222) First establishment of agroforestry systems on agricultural land	No	No
(223) First afforestation of non-agricultural land	Yes	No
(224) Natura 2000 payments on forestry land	Yes	No
(225) Forest environment payments	No	(No)
(226) Restoring forestry potential and introducing prevention actions	No	(Yes)
(227) Support for non-productive investments	No	Yes
(311) Diversification into non-agricultural activities	No	(No)
(312) Support for the creation and development of micro-enterprises	Yes	(Yes)
(313) Encouragement of tourism activities	Yes	Yes
(321) Basic services for the economy and rural population	No	Yes
(322) Village renewal and development	Yes	Yes
(323) Conservation and upgrading of the rural heritage	No	Yes
(331) Training and information for economic actors operating in the fields covered by Axis 3	No	Yes
(341) Skills acquisition and animation with a view to preparing and implementing a local development strategy	Yes	No
(41) Implementing Local Development Strategies	Yes	
(411) Projects related to Axis 1 - Competitiveness	Yes	
(412) Projects related to Axis 2 – Environment and Land management	Yes	
(413) Projects related to Axis 3 – Quality of Life and Diversification	Yes	n.a.
(421) Transnational and interregional cooperation	Yes	
(43) Running the Local Action Group, Skills acquisition, animation	Yes	
<i>For Romania and Bulgaria sub-measures</i>		
43.1 Public-private partnership building	Yes	
43.2. Running costs, skills acquisition and animation	Yes	

Note: LAG = Local Action Group NRDP = National Rural Development Programme

Table A.6.2: Criteria for selecting Romanian Local Action Groups to be funded under LEADER

Selection criteria	Scoring
Territory	
	Max:
Territory with a population between 30,000 and 70,000 inhabitants	5
Territory with a population density of less than 75 inhabitants per km²	5
Territory encompasses disadvantaged areas, Natura 2000 areas, zones of high nature value/ areas with high nature value or/ and areas affected by restructuring industry	5
Territory that includes portions of different counties	5
Partnership	
	Max:
Groups with representatives of ethnic minorities (To receive points, each partnership must include at least one ethnic minority organisation)	5
Groups with a balanced representation of young people (Young people are people aged up to 40 years. A balanced representation of young persons will be considered optimal and will receive maximum points if at least 25% of the legal representatives of organisations forming the partnership are young, for the rest scores will be obtained in proportion to the representation of young people in the partnership)	5
Groups with a balanced representation of women (A balanced representation of women will be considered optimal and will receive the maximum score if at least 25% of the legal representatives of organisations that form the partnership are women; the rest of the score will be obtained proportionally to the representation of women in the partnership)	5
Groups that include representatives of agricultural organisations, producer groups, representatives of the forest industry, representatives of the economic sector or environmental organisations (For each type of organisation it will be awarded one point. Only if the area covered by the partnership does not include forest, for each type of organisation 1.25 points will be awarded)	5
Groups in which the private partners and civil society representatives represents more than 65% of total partners	5
Strategy	
	Max 55
of which quality of the strategy	
	Max 30
Initial situation assessment and needs analysis of the potential area (Diagnosis and SWOT-Analysis) [A partnership will be able to obtain scores allocated to this sub-criterion if a detailed diagnostic analysis of every aspect present in the territory is conducted, and if the SWOT-Analysis is consistent with the diagnosis. In this respect, the requirements of the guide (MA NRDP 2010a) will be taken into account]	4
The objectives set for the implementation of the local development plan (Scores are obtained if the goals / priorities reflect the SWOT-Analysis and if there is a synergistic and complementary relationship between objectives / priorities)	3
Actions to achieve objectives (Scores are obtained if the actions are consistent with the objectives set/priorities set/ strategy defined)	3
Complementarity with other development programmes (Scores will be obtained if the strategy proposed by the partnership demonstrates the complementarity with other relevant programmes providing local, national or European development funds)	3
The criteria used for selecting projects of the LAG (Scores are obtained if the selection criteria are in line with the objectives of local strategy)	3
Administrative provisions, detailed rules, audit trail and control	3
Provisions for evaluation and monitoring	3
Effectiveness of local partners in the consultation on the local development strategy (Score will be achieved if all elements of the strategy are supported by the minutes or records of meetings. Consultation of actors should contain: 1) Involvement of interested entities in the preparation of the Local Development Plan; 2) Dissemination of the progress made and constraints encountered; The following consultation methods may be used by partnerships: 3) Questionnaires sent to local actors; 4) meetings / forums; 5) Workshops / focus groups; 6) Exhibitions at the local level; 7) Consultations with the support of local opinion leaders; 8) local community committees; 9) Committees of citizens; 10) electronic consultations, etc. Consultations will aim to clarify the following issues: 1) Decision-making stages of the Local Development Plan; 2) Their content; 3) expected results; 4) Principles, methods and timing of work; 5) Factors relevant and necessary for forming the partnerships; 6) Partnership needs regarding the cooperation with experts; etc.	3
Efficiency of provision of information to potential beneficiaries on the activities undertaken within the Local Action Group (Points will be obtained if at least four types of actions are described with specified methodology and tools - meetings thematic conferences, ad hoc seminars, workshops, posters, publications, access to databases, compilation and dissemination of materials, media, internet etc., Information and communication for residents and stakeholders in development planning in connection with the proper functioning of the LAG and implementation of all actions of the local development strategy)	4
of which components of the strategy	
	25
Innovative actions	4
Cooperation actions	4
Combine multiple objective axes of the National Rural Development Programme	3
It is aimed at semi-subsistence farmers (or diversification)	4
The strategy is aimed at young people (It will be scored if the selection criteria ensure that over 30% of beneficiaries will be young)	3
The strategy integrates environmental problems (It will be scored if the selection criteria ensure that over 25% of projects include actions for environmental protection)	4
The strategy aims at facilitating the implementation of the measures specific beneficiaries such as producer groups, associations, partnerships, etc.	3
Total Max: 100	

Source: MA NRDP 2010b. (originally published in Romanian. not all explanatory phrases have been translated).

Table A.6.3: Impact assessment of pre-selected rural development measures on the sub-objectives for developing the case region by local experts

Measures	111	121	123	125	133	312	313	321	322	331
Increasing social inclusion	Some	Some	A tad	None	A tad	Some	Some	Some	Some	A tad
Extending service infrastructure	None	A tad	None	None	None	A tad	None	A tad	A tad	A tad
Improving public safety	None	None	None	None	None	None	A tad	A tad	A tad	None
Extending organic farming	Significant	Fair	Some	Fair	Significant	A tad	Some	Some	A tad	Some
Improving economic efficiency of the primary sectors	Significant	Fair	Fair	Fair	Significant	A tad	A tad	A tad	None	A tad
Initiating value added chains/ Enhancing local products	Fair	Fair	Significant	Fair	Fair	A tad	Some	A tad	Some	A tad
Sustainable management of natural resources	Some	A tad	Some	Fair	Some	A tad	Some	A tad	A tad	A tad
Strengthening human resources in the primary sectors	Significant	Some	Some	A tad	Fair	A tad	None	Some	Some	Some
Establishing and improving touristic attractions	Fair	A tad	A tad	A tad	Some	Some	Significant	Some	Some	Some
Developing accommodations	Fair	A tad	A tad	None	A tad	A tad	Significant	A tad	Some	A tad
Developing structures for promoting tourism	Fair	None	None	None	A tad	A tad	Fair	A tad	Some	A tad
Strengthening human resources in tourism	Fair	None	None	None	A tad	Some	Fair	Some	Some	A tad
Promoting SMEs	Some	A tad	A tad	A tad	Some	Fair	A tad	Significant	Some	Fair
Creating an appealing environment for investors	Some	A tad	A tad	A tad	A tad	Fair	A tad	Some	Some	Fair
Strengthening human resources in industry and other businesses	Fair	None	None	None	Some	Fair	A tad	Fair	Some	Fair
Valorising culture, cultural heritage	A tad	None	A tad	None	None	A tad	Fair	A tad	Fair	None
Improving the image and publicity of the region	A tad	A tad	A tad	A tad	Some	Some	Significant	Some	Fair	Some
Protecting the environmental quality	A tad	Some	Some	A tad	Some	A tad	Fair	Some	Fair	A tad
Creating jobs	Fair	Some	Some	None	Some	Fair	Fair	Some	Fair	Some
Improving the regional facilities	Some	Some	Some	None	Some	Fair	Fair	Some	Fair	Some

Note: The verbal assessments were translated into a quantitative scale as follows: significant = 1; fair = 0,333; some = 0,111; a tad = 0,037, none = 0. This is one of the scales suggested in the AHP Software Expert Choice. Before they assessed the impacts, local experts were asked to make pairwise comparisons of the verbal terms used for the assessment. In these comparisons they stated how they interpret the verbal terms, e.g., how much more impact a measure with ‘some impact’ would have as compared to a measure with a ‘fair impact’. The results supported the applied scale.

Box A.7.1: Assessing administrative costs in agricultural administration

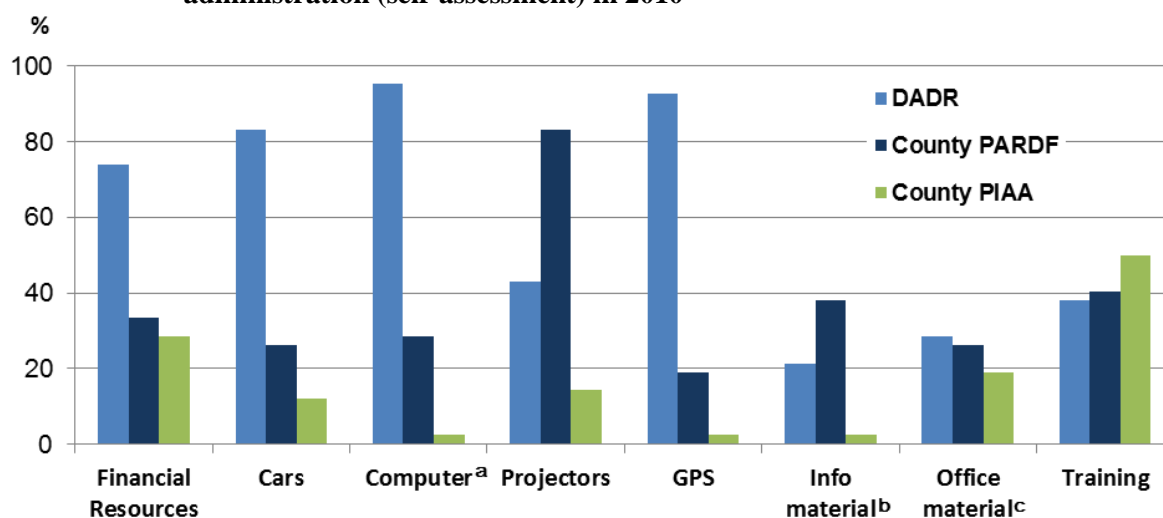
The EC's Action Programme for reducing administrative burdens on businesses at EU level by 25% by 2012 (EC 2007) endorsed in early 2007 included *Agriculture and Agricultural Subsidies* as one of 13 subjects. Subsequently initiated studies concentrated on burdens of beneficiaries in EU programmes and not on burdens faced by administration. The focus of measurements of administrative burdens was on CAP Pillar 1 (DG Agri 2011b) and not on interventions of Pillar 2. Certainly, independent from the studies launched by the EC/the DG Agri, research on administrative burdens was undertaken. However, also here the main focus was on CAP Pillar 1 and agri-environmental measures. [See, e.g. for the perspective of the beneficiaries DEFRA (2007), Falconer and Saunders (2002) and Mettepenningen and Van Huylenbroeck (2009) and Rørstad *et al.* (2007); and for the efficiency of the administration, which also finds some consideration in Rørstad *et al.* (2007), see Mann (2001).] Only recently a study on administrative burdens to beneficiaries related to selected EAFRD measures (not including LEADER) was published (DG Agri 2011b). Furthermore, Mantino *et al.* (2008), who compared delivery systems for implementing EAFRD measures (see Chapter 7), made some investigations on problematic steps for the administration in measure delivery. Yet, Mantino *et al.* (2008) did not assess administrative costs. An OECD report on implementation costs in agriculture (OECD 2007) comes to the conclusion that no study on EU rural development interventions provides quantitative estimates on policy related transaction costs. Only one very recent study by Fährmann and Grajewski (2011) provides some insights into costs related to administering investment measures.

The methods applied for assessing policy-related transaction costs occurring in the administration can be roughly divided into a rather indirect and a direct approach. In terms of the former Mann (2001) builds his analysis primarily on the budget of the involved organisations and departments, which is a straightforward way to gather the exact overall administrative and implementation costs for implementing a set of interventions, but does not necessarily allow identifying measure-specific cost drivers systematically. Similarly, Rørstad *et al.* (2007), who look at both, costs for beneficiaries and administration, argue that there exist no internal procedures in the involved administrations for attributing the administrative costs to the various policy measures, because administrations are responsible for several tasks, and some costs are joint for two or more policy measures. Thus, they supplemented the assessments by interviews of administrative staff about how to split those costs. When the degree of jointness was such that it was impossible to attribute the costs to the individual instruments, they split the costs between policy measures on the basis of the number of applications (Rørstad *et al.* 2007). Fährman and Grajewski (2011) discuss the disadvantages of such ways of indirect assessment of administrative costs. They point to the impreciseness and a high level of estimation if only single representatives of the administration are consulted. For their research they use data of a cost-accounting system, in which administration's staff registered time worked on certain issues. Analytical problems faced with that approach were among others gaps in the data set and that the structure of the accounting system sometimes not even equalled the system of rural development measures. Therefore, the data set was supplemented by staff surveys. Due to the logic of the accounting system, their investigations include one year rather than the cycle of the rural development measures and thus might reflect the effort for crucial tasks in the course of one measure inappropriately.

Box A.7.2: Capacities of the Romanian agricultural administration in 2010

In 2010 the capacities of the Romanian agricultural administration varied between organisations. The equipment of the county administration was found to strongly reflect the use of the pre-accession assistance under which all organisations of the agricultural administration could be supported. The - at that time - newly established paying agencies are still comparatively well equipped. Much attention was paid to the Paying and Intervention Agency for Agriculture (PIAA) in charge of Pillar 1, because direct payments seemed more promising in terms of a fast absorption of budget and adequate management (see Hubbard *et al.* 2011). This preferential treatment in terms of equipping is clearly reflected in Figure A.7.1. The surveys (cp. Research activity B2) showed that in 2010 throughout the administrative bodies, covering running costs, particularly gas for cars, has become a major challenge. This is the case although at least for two of the organisations (DARD and PARDF) (nearly) all running costs could theoretically be covered by Technical Assistance resources. Further fields for the fruitful use of Technical Assistance funds were identified by the surveyed county offices. Results show that the Romanian administration generally lacks staff. Staff shortage became even more severe in and after the financial crisis, when Romania had to cut down the number of public employees in the agricultural sector by 25% in 2010, after already in 2009 8.4% of the positions in the agricultural administration had been axed. The offices also lack other resources such as projectors and computers. Lacking capacities were also assessed from an administrative-external perspective by the members of the Romanian NRN, a mixed stakeholder group involved in rural development (Research activity E). Apparently having the focus more on the overall NRDP implementation process, above all, they identify as possible areas for the meaningful use of Technical Assistance resources a better supply with information as well as better trained administrative staff. Furthermore they see a need to verify the impact of NRDP measures through studies. The essence of these demands is underscored by the fact that respondents are members of the Technical-Assistance financed NRN, and 68% of them even preferred to cut the network's budget for tackling administrative deficits. On the other hand, with 0.36% the absorption of Technical Assistance funds was extremely low in Romania until the end of 2009, 1.4% until the end of 2010, respectively (DG Agri 2010; ENRD 2011); far below EU-27 average of 13.1% and 18.5%. Main reasons for the low absorption are: 1) Management failures; 2) Severe public procurement problems including many court trails, which lower the administration's motivation to make use of Technical Assistance; and 3) A lack of public and political understanding to co-finance Technical Assistance resources in times of a financial crisis. In such situation a critical press on public institutions spending money for training also lowers the administration's motivation and political will to use Technical Assistance funds. Furthermore, there seems to be a lack of understanding among the broad public (and politicians) which do not see the potential longer-term benefits, but focus only on the need for co-financing instead. Although 20% national co-financing have to be provided, the use of Technical Assistance might significantly increase the ability of Romania to absorb EAFRD funds and decrease the risk to receive sanctions (e.g., because of a lack of controls due to a lack of cars).

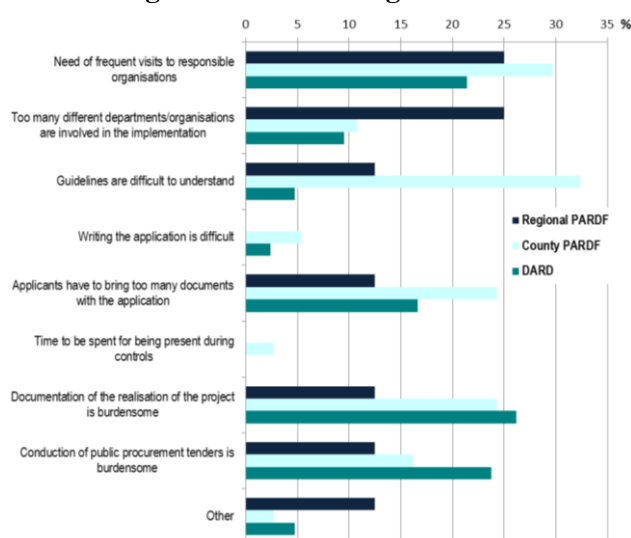
Figure A.7.1: Needs of the subordinate organisations of the Romanian agricultural administration (self-assessment) in 2010



Note: DARD = Directorate for Agriculture and Rural Development GPS = Global Positioning System
 PARDF = Paying Agency for Rural Development and Fisheries
 PIAA = Paying and Intervention Agency for Agriculture
 As described under Research activity B2 in Chapter 4, the percentages shown in this figure are the shares of surveyed 37 County PARDFs, 42 DARDs and 42 PIAA offices.
 Not shown is the category "Others", ticked by 40.5% of the DARDs, 14.3% of the PARDF and 7.1% of the PIAA.
^a Including soft- and hardware. ^b Information material for (potential) beneficiaries ^c Including furniture.

Source: Own data 2010.

Figure A.7.2: Most significant constraints for applicants of Measure 43.1, Phase 3 from the perspective of the organisations of the agricultural administration



Note: DARD = Directorate for Agriculture and Rural Development
 PARDF = Paying Agency for Rural Development and Fisheries
 As described under Research activity B2 in Chapter 4, the percentages shown in this figure are the shares of 7 surveyed Regional PARDFs, 37 County PARDFs and 42 DARDs.

Source: Own data 2010.

Table A.7.1: Calculation of administrative costs for components of the LEADER Axis and selected rural development measures

	Number of			Total value of projects in €					Average value of projects in €			Administrative costs in €			
	Submitted applications	Selected applications	Contracted projects	Total	Total public	EU (80%)	National Public (20%)	Private	Total	Total public	Private	Admin. costs ^a	Admin. costs/ Funds (total public)	Admin. costs/ Funds (EAFRD)	Admin. costs/ Total value ^b
Measure 121															
Session 03. - 31.05.10	691	254	201	217303640	117343966	93875172	23468793	99959674	1081113	583801	497312	522551	0,004	0,006	0,002
Measure 141															
Session: 15.04.–14.05.10	13571	12146	11921	89407500	89407500	71526000	17881500	0	7500	7500	0	6113064	0,068	0,085	0,068
Measure 322															
Session: 15.06. – 31.07.09	1669	329	327	807198112	791054150	632843320	158210830	16143962	2468496	2419126	49370	4142037	0,005	0,007	0,005
Measure 43.1, Phase 3															
Session: November 2010	112	111	101	5252481	4201985	3361588	840397	1050496	52005	41604	10401	132956	0,032	0,040	0,025
Main LEADER Measure 41	n.a	n.a	4926	246317899	171604657	137283725	34320931	74713242	50004	34837	15167	5474952	0,032	0.040	0.022
Selection of LAGs	150	81	81	----	----	----	----	----	----	----	----	49924	----	----	----
LEADER Measure 43.1 Phase 1 and 2	n.a	n.a	n.a	1657317	1657317	1325853	331463	0	----	----	----	n.a.	----	----	----
LEADER Measure 43.2 Component a	n.a	n.a	324	37611979	37611979	30089583	7522395	0	----	----	----	36432	0,001	0.001	0.001
LEADER Measure 43.2 Component b	n.a	n.a	162	9402995	9402995	7522396	1880599	0	----	----	----	40301	0,004	0.005	0.004
LEADER Measure 42^d	n.a	n.a	162	5498826	4701496	3761196	940299	797330	33943	29022	4921	180046	0,038	0.048	0.033
LEADER Measure 41 (Admin. costs including LAG selection)^d	n.a	n.a	4926	246317899	171604657	137283725	34320931	74713242	50004	34837	15167	5524877	0,032	0,040	0,022
LEADER Measure 41 (Admin. costs including LAG selection and LAG running costs^c)^d	n.a	n.a	4926	246317899	171604657	137283725	34320931	74713242	50004	34837	15167	5261658 6	0,307	0,383	0,214
Measure 41 and 42 (Admin. costs including LAG selection)^d	n.a	n.a	5088	251816725	176306153	141044922	35261230	75510572	83947	63858	20089	5704924	0,0324	0.040	0.023
LEADER Measure 42 (Admin. costs include LAG selection and LAG running costs^c)^d	n.a	n.a	5088	251816725	176306153	141044922	35261230	75510572	83947	63858	20089	5279663 2	0,299	0,374	0,210

Note: Admin. costs = Administrative costs

EAFRD = European Agricultural Fund for Rural Development

LAG = Local Action Group

^a Includes costs for administering non-selected applications.

^b Total amount of public and private resources

^c Here, running costs are funds of Measure 43.2 Components a and b + corresponding admin. costs.

^d Forecast; for estimations see main text in Chapter 7.

Box A.7.3: The relevance of information in policy-making processes

Information and knowledge are crucial means and resources within policy-making processes. At each stage of the policy-making process there is a (potential) role for information and knowledge (Pollard and Court 2005; see also Blandford 2007 and Jones *et al.* 2009), but information is only valuable if it can be used, and used opportunely (Crosby 1992a). At the *agenda-setting* stage, knowledge is used to identify new problems or highlight the magnitude of a problem; uptake of knowledge is enhanced if it is crystallised around a policy narrative. Then again credibility and communication are important for using information instrumentally. Furthermore, Cobb and Elder (1972) argue that an unequal distribution of influence generally leads to systematic biases in the range of issues and information considered, sustained by significant pre-political forces. Noteworthy here is that the production and dissemination of information can have both, constitutive and instrumental functions. Furthermore, for developing a *policy strategy*, knowledge plays a role in structuring various alternative policy options, and in suggesting the causal links between given conditions, the policy and its outcomes. Moreover, accurate and complete information must be provided if policy measures are to be targeted, efficient and cost effective (Blandford 2007). For having impact in the *policy-formation* process, the quantity and credibility of the evidence is important (Lascoumes and Le Gales 2007). At the *implementation* stage, operational knowledge helps to improve the effectiveness of initiatives. *Monitoring* and (*ex-post*) *evaluation* of an intervention is essential for accountability and for designing new policies, whereupon in terms of the latter the key factors for impacting *anew policy formulation* seem to be to generate relevant information and communicate evidence directly to policy-makers or to gain media exposure (cp. Pollard and Court 2005). Blandford (2007) comes to the conclusion that despite differences in assumptions, all models, which address the role of information in policy-making, recognise the importance that access to information exerts in the policy-making process and that the degree to which usable information is transferred to policy-makers is a central issue.

Box A.7.4: Law-making in the Romanian agricultural and rural sector

In Romania agricultural and rural law-making is particularly influenced by EU legislation, which covers most fields relevant for the sector. EU legislation dominates national law and often requires adjustment of national laws or new laws. A lack of adequate implementation of laws can lead to penalties by the EU (cp. Footnote 155). Looking at the national law-making process, significant changes have been made in 2000 by adopting Law 24/2000, which sets out a logical and sequenced preparation process for draft laws. Furthermore, in legislative procedures the subsequent Government Decision 561/2009 supplemented by the Emergency Ordinance 292/2000 (modified by Law 255/2001 and Government Decision 405/2004) and by Law 90/2001, has to be taken into account. Each year the legal department of the MARD makes a legislative plan for the entire year based on proposals from the technical departments, which is approved by the Minister and State Secretaries. If relevant, parts of the legislative planning are also notified to the parliament for avoiding situations in which two governmental bodies draw up legislation for the same issue. According to the legislation, the submission of laws to the parliament should be complemented by a substantiation note which explains the rationale of the law and clarifies the coherence with existing legislation. For certain legislation, law proposals have to provide multiple solutions to an identified problem and are supposed to include a cost-benefit analysis. The Public Policy Unit (PPU), supposed to assist the administration and policy-makers in preparing legislation, should be involved in drafting public policy proposals. PPU's have been established by Government Decision 775/2005. At MARD, the PPU was established in April 2007. So far, MARD has not taken advantage of the PPU in this regard and the unit is not involved in the preparation of laws as foreseen by legislation. Before sending a law proposal to the parliament, a MARD-internal consultation process has to take place. The law proposal has to obtain the approval of all directorates which may be concerned by the legislation. The juridical department, the Deputy Secretary General, the General Secretary, the corresponding State Secretary - or all of them for more general regulations - the Minister's councillor on legal affairs and finally the Minister are always consulted. The State Secretary or the Minister can decide if more GDs within the MARD should comment on the proposal. A not obligatory step is the consultation of the Social Dialogue before a law proposal is submitted to the parliament. The parliament forwards law proposals to other ministries for comments. Any of the consulted ministries can make observations, request additional provisions and eventually block the approval of the legislation. The MARD has to take these observations into account or - if not - it has to bring strong arguments for re-drafting the law proposal, before starting the external approval process again. Finally, the permanent office of the Senate decides on the agenda of laws discussed in the parliament. Passing the parliament can be an interminable procedure. Even fast-track procedures may take up to six months if a government decision is needed for approving a law (modification), as Romania has a two chamber system. By enacting emergency ordinances, legislation needs only to the government's approval to be set into force, but has to be approved by the parliament later. If acts to be introduced only concern a rule on subjects which are strictly related to the ministry's competences and do not create obligations for other ministries, enacting a ministerial order is sufficient.

Table A.7.2: Policy-making process for the Romanian agricultural and rural sector

Step	Recommended steps in a policy-making process	Institutionalised steps in sector-related policy-making in Romania ^a	(Potentially) involved actors following the regulatory framework	Steps executed in reality
1	Initiation of a policy activity Evidence / Norms/ Obligation to act	Partly Transposing EC guidelines into national law as well as which actors can make law proposals is clearly defined.	Actors with legislative initiative right: Organisations at central level and subordinated organisations in their field of competence in collaboration with the MARD	Is applied In how far actors in subordinate organisations feel their initiative right, cannot be stated for sure; many policies are initiated due to EC requirements.
2	Assessment of the need for a policy change/ Fact finding/ Diagnosis Definition of objectives and criteria for policy change (e.g. market failure, policy failure, social needs)	Partly For some law initiatives an assessment is required, but even if required, the minimum content to be presented is defined very vague.	Actors with legislative initiative right can be involved, e.g. experts and research institutes.	Partly done Occasionally experts' opinions are taken into account; hearings at parliament might take place; diagnoses seem to be rather technically and superficial than of analytical nature.
3	Programme for ministry/ Commitment to review/ to develop policy Establishing of structures e.g. Steering group/ working group/ advisory panel	Yes Yearly legislative plan; responsibilities have to be named, up from a certain point the Directorate for Legal Affairs or an law expert has to be involved.	Directorate for Legal Affairs; Minister, State Secretaries Actors selected by the Directorate in charge, Directorate for Legal Affairs and PPU	Partly The yearly legislative plan is regularly established. The PPU is seldom involved in the preparations; apparently, not much effort is spent on establishing working groups.
4	Strategy development: Search for the best policy measures Research, data collection; Informal consultation of key stakeholders; Initial economic appraisal; Elaborating alternatives	Partly Policy developer can present different legislative solutions, but is not obliged to do so.	Actors selected by the DG in charge and the PPU	Partly Depends on the developer if he proposes alternatives and if he involves the PPU. A ranking of policy instruments based on their main effects and (negative) side effects can hardly be found.
5	Ex-ante evaluation Definition of adequate indicators; Cost/benefit analysis; Checking administrative capacities	Partly For certain legal acts an assessment of potential social, environmental, economic and budgetary impacts has to be conducted.	Actors selected by the DG in charge; in complex cases, the assessment can be out-sourced.	Partly Depends on the involved actors and the requests of external stakeholders who have to approve the law, e.g., other ministries.
6	Preparation and publication of a draft policy Option paper for the minister(s); Agreement of consultation paper/ policy proposal by steering group; Minister agreement to publication	Partly Draft laws have to be accompanied by a substantiation note, a background note and an impact assessment, "as appropriate". Not all drafts have to be published.	Actors selected by the Directorate in charge and the PPU.	Partly Substantiation notes are often prepared even after the law has passed the parliament. Many law proposals are published on the ministry's website.
7	Formal ministry-internal consultation	Yes	(General) Directors concerned; further at least the General Secretary, one State Secretary, the Minister's counsellor on legal affairs and the Minister ^c	Yes, but it is commented to be too weak/ not extensive enough and thus little transparent.

Table A.7.2 continued

Step	Recommended steps in a policy-making process	Institutionalised steps in sector-related policy-making in Romania ^a	(Potentially) involved actors following the regulatory framework	Steps executed in reality
8	Explaining and discussing a proposed policy	Partly Selected law proposals are discussed by the Social Dialogue	Members of the Social Dialogue, all General Directors, General Secretary, State Secretary	Partly In regular times, many law proposals are discussed within the Social Dialogue, but in 2010 the deadlines were often too tough. Besides this obligation sometimes stakeholder potentially affected by the planned law are consulted.
9	Analysis of the consultation process and re-appraisal of options Recommendations/ draft policy statements to minister	Partly	Actors selected by the DG in charge; on some laws the general public could make comments in writing.	Partly
10	Providing legislation, defining the administrative capacity A priori assessment of coherence of new law with existing legislation and its practicability	Partly The impact on the state budget has to be lightened.	Actors selected by the DG in charge; Directorate for Legal Affairs	Partly What is considered in the impact analysis, depends on the developer, the coherence with (international) legislation is only checked after the law has passed the parliament.
11	Formal external consultation	Yes	Secretary of the parliament forwards the law proposals to ministries concerned.	Is applied Strict deadlines are enforced.
12	Enacting and adopting a new law if needed	Yes	Parliament, Government	Partly
13	Implementation, enforcement and control; Continuous budget provision	Partly Depends on the case.	Agencies in charge; for law enforcement is next to the ministry also the government responsible.	Partly Depends mostly on the DG for Budget in the ministry, the Minister, the parliament and the government.
14	Monitoring Programme data collection; Use of client information	No^b	Depends on the agency in charge and the ministry.	In most cases not
15	Evaluation/ Impact Assessment Cost/benefit analyses; Identification of impacts on chosen indicators and weakness in the implementation process	No^b	Depends on the agency in charge and the ministry.	In most cases not

Note: ^a Compare Law 24/2000; Ministry Order 91/2010; GO 561/2009, and Law 52/2003.

^b With exception of some legal projects, which have to be monitored and evaluated according to European legislation.

^c The State Secretary and/ or the Minister can decide whether further actors should be involved.

DG = Directorate-General

EC = European Commission

MARD = Ministry of Agriculture and Rural Development

PPU = Public Policy Unit

Table A.7.3: Results of mapping policy-making processes and governance structures for the Romanian agricultural and rural sector

Actor/ Stakeholder	Particularly strong political or social networks? (Yes =1; No = 0)	Actors' influence (0 = no influence - 5 = very high influence)							Degree of formality (1 = informal; 2 = informal and formal; 3 = formal)	
		a) General influence on policy-making process (assessed)	b) Influence on initiating laws/changes in laws	c) Influence on strategy development	d) Influence on the law making process	e) Influence on decisions on the budget	f) Ability to influence policy-making by placing information strategically	Calculated overall influence (average a - f)	Average b)-f) ^c	Median b)-f) ^c
		European Commission (EC)	1	4	4	5	3	4	4	4.0
European Parliament and Council of Ministers	1	5	5	4	2	4	4	4.0	2.2	2
Commissioner	1	3	3	4	3	2	5	3.3	2	2
Minister	1	4	5	5	4	4	5	4.5	2.8	3
State Secretary a	1	4	4	4	4	3	5	4.0	2.2	2
State Secretary b ^a	0	3	4	4	4	3	5	3.8	2.4	2
Secretary General	1	2	2	2	3	1	2	2.0	2.8	3
Deputy Secretary General	1	3	4	4	3	5	4	3.8	2	2
Head of Cabinet (Minister Counsellor)	1	3	3	3	3	1	4	2.8	1.6	2
Minister's Counsellors	0	3	2	3	3	1	4	2.7	1.6	2
DG for Fisheries	0	1	2	2	2	3	2	2.0	2.6	3
DG for European Affairs	1	3	4	4	4	3	4	3.7	2	2
DG for Agricultural Policy	0	4	4	4	4	3	4	3.8	2	2
DG for Rural Development Policy/Managing Authority	1	4	4	4	4	3	4	3.8	2	2
DG for Budget	1	4	3	3	4	5	4	3.8	2	2
Directorate for Legal Affairs	0	2	2	1	3	1	1	1.7	2.6	3
Public Policy Unit (PPU)	0	1	2	2	2	0	2	1.5	2	2
Internal Control Body	0	1	2	1	2	0	2	1.3	1.2	1
Audit Directorate	0	1	2	1	2	0	2	1.3	1.2	1
Directorates for Agriculture and Rural Development (DARDs)	1	2	2	2	2	1	3	2.0	2	2
Paying and Intervention Agency for Agriculture (PIAA)	1	3	4	2	3	1	3	2.7	2	2
Paying Agency for Rural Development and Fisheries (PARDF)	1	3	4	3	3	1	3	2.8	2	2
Monitoring Committee	1	3	2	3	2	1	3	2.3	1.8	2
Social Dialogue	0	2	2	1	2	0	1	1.3	2	2
Parliament (Romania)	1	4	4	1	5	5	4	3.8	2.8	3

Table A.7.3 continued

Actor/ Stakeholder	Particularly strong political or social networks? (Yes =1; No = 0)	Actors' influence (0 = no influence - 5 = very high influence)							Degree of formality (1 = informal; 2 = informal and formal; 3 = formal)	
		a) General influence on policy making process (assessed)	b) Influence on initiating laws/changes in laws	c) Influence on strategy development	d) Influence on the law making process	e) Influence on decisions on the budget	f) Ability to influence policy-making by placing information strategically	Calculated overall influence (average a - f)	Average b)-f) ^c	Median b)-f) ^c
		Agricultural Commission	1	4	2	2	4	4	5	3.5
Government (Romania)	1	4	4	4	4	4	4	4.0	2	2
President (Romania)	1	4	4	4	4	4	4	4.0	2	2
Prime Minister	1	4	4	4	4	4	4	4.0	2	2
Ministry of Public Finance	1	4	3	3	3	5	3	3.5	2.2	2
Ministry of Interior	1	3	3	1	2	1	1	1.8	2.8	3
Other ministries	1	3	3	1	2	1	1	1.8	2.8	3
Structural Funds Committee	0	2	3	2	1	2	2	2.0	2.2	2
Agricultural Producers Associations League (LAPAR)	1	3	2	2	1	1	4	2.2	1.4	1
Agrostar	1	3	2	2	1	1	4	2.2	1.4	1
Food processors	1	2	2	2	2	1	3	2.0	1	1
Other businesses	1	2	2	1	2	1	3	1.8	1	1
Small farmers	0	0	0	1	0	0	1	0.3	1	1
Large farmers	1	2	1	2	1	1	3	1.7	1	1
Communes	0	2	2	2	2	0	3	1.8	1.2	1
County Councils	1	3	1	1	1	1	2	1.5	2	2
Environmental organisations	0	1	1	1	0	0	3	1.0	1	1
Social organisations	0	1	1	1	0	0	3	1.0	1	1
Worldwide Fund for Nature (WWF) ^b	1	1	1	1	0	0	2	0.8	1 ^d	1 ^d
RuralNet ^b	1	1	1	0.5	0	0	1	0.5	1 ^d	1 ^d
Center for Rural Assistance ^b	1	1	1	0.5	0	0	1	0.6	1 ^d	1 ^d
International organisations	0	1	1	2	0	0	3	1.2	1	1
Research institutes, Universities	0	1	1	2	0	0	3	1.2	1.2	1

Note: DG = Directorate-General

^a For some of the values of that actor no final joint decision was made within the team of experts, so that the author has judged, based on the data provided by the experts individually.

^b The influence of that actor was assessed by a smaller number of experts, as it was not known as key player in the policy-making process by some experts.

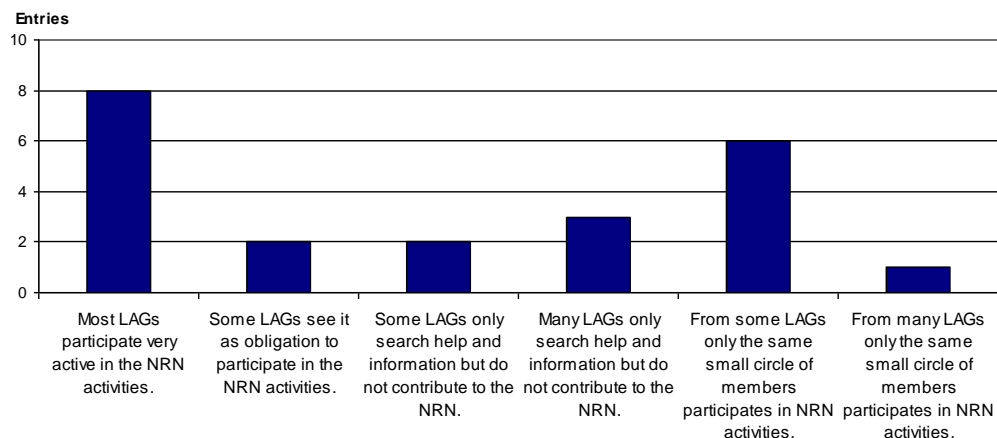
^c The assessment of the different kinds of influence (b-f) were associated by an assessment of the degree of formality on which that influence rests.

^d The value is not calculated, but directly drawn, as the degree of formality was not assessed for all the different kinds of influence for this actor.

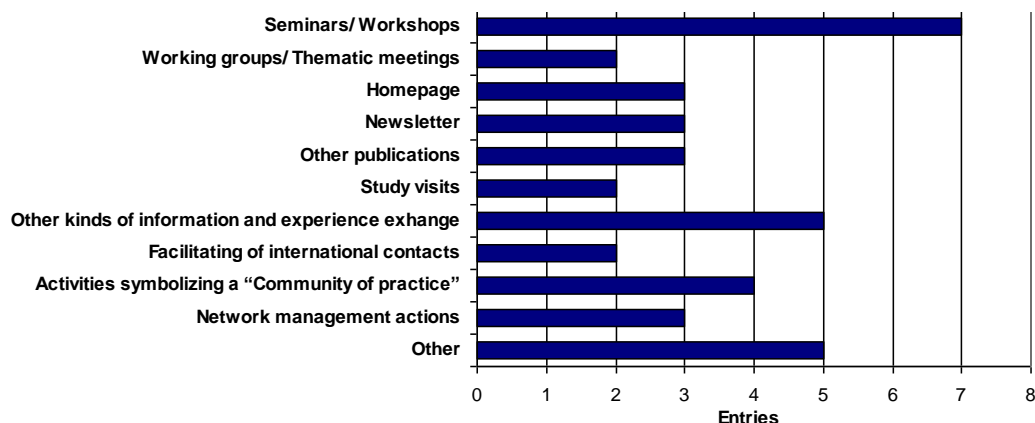
Table A.9.1: Relevance of the European Network for Rural Development for national and regional network units

Main advantages	Main disadvantages
The ENRD ensures the exchange of information and experience.	Contributions are rarely solicited.
The ENRD brings the NNUs together by organising of meeting for NNUs.	The ENRD does not make the NNUs and their work visible enough.
The ENRD provides support on different issues.	The ENRD itself is not visible enough.
The ENRD provides information on specific topics	Volume of information is sometimes too great.
Participation in the thematic working groups brings direct value.	Participation in activities at the European level is only possible for a limited number of actors.
	Regional Network Units do not have enough opportunities to join in discussions, and they have insufficient decision-making power.

Note: ENRD = European Network for Rural Development. NNU = National Network Unit
 Source: Own data 2010.

Figure A.9.1: The role of the LEADER Local Action Groups in National Rural Networks

Note: 22 entries given by 11 network units (ticking several answers was possible).
 LAG = Local Action Group NRN = National Rural Network
 Source: Own data 2010.

Figure A.9.2: Most fruitful activities undertaken by network units (self-assessment)

Note: 39 entries given by 11 network units (ticking several answers was possible).
 Source: Own data 2010.

Erklärung

Hiermit erkläre ich, dass ich die vorliegende Arbeit

“Networking” and “New modes of governance” in EU Rural Development

Policies – Challenges of implementation in Romania

selbstständig angefertigt und keine anderen als die angegebenen Hilfsmittel benutzt habe.

Halle (Saale), den 16.07.2012.....

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Doris Marquardt

Curriculum Vitae

Doris Marquardt
Environmental Planner (Dipl.-Ing.)
Theodor-Lieser-Str. 2
D-06120 Halle (Saale)
Germany

Phone: 0049(0)172 3153985
E-mail: marquardt@iamo.de

Date and Place of birth: March 6th, 1983, Winsen (Luhe), Germany
Nationality: German



EDUCATION

- 07/2009 - present **Doctoral candidate** supervised by Prof. Dr. Gertrud Buchenrieder and Dr. Judith Möllers, Leibniz Institute of Agricultural Development in Central and Eastern Europe, Halle (Saale) / Martin-Luther University Halle – Wittenberg, Germany
- 11/2009 Degree in Regional management and Regional consultancy,
European Institute for postgraduated Education, Dresden, Germany
- 10/2003 – 10/2008 **German university degree (diploma) in Environmental and Landscape planning (Dipl.-Ing./MSc)**, Technical University of Munich, Weihenstephan, Germany, Major: Environmental planning
Subsidiary subjects: Planning sciences, Agricultural sciences; Diploma thesis title: *“Relevance of social networks by the implementation of the EU-programme LEADER in Romania“*; Final grade: 1.3 (A)
- 06/2002 – 06/2003 **University-entrance diploma** – German “Abitur”,
Matthias-Claudius-Gymnasium, Hamburg, Germany
Final grade: 1.7 (A)

PROFESSIONAL EXPERIENCE

- 11/2008 – present Research associate at the Leibniz Institute of Agricultural Development in Central and Eastern Europe (IAMO), Halle (Saale), Germany, Department of External environment for Agriculture and Policy Analysis
- 09/2010 – 11/2010 Research associate/ Visiting Scholar at the Centre for Rural Economy, Newcastle, UK
- 08/2010 Short-term referent at the Agricultural Academy of Kostroma, Russia
Lecture on integrated rural development within a summer school programme
- 04/2010 - 07/2010 Consultant for the World Bank in the name of the IAMO in Bucharest, Romania
Team member in an Operation Analysis of the Romanian agricultural administration

PROFESSIONAL EXPERIENCE *continued*

- 02/2010-06/2010 Consultant within LEADER in Romania
Provision of external expertise to a potential Romanian Local Action Group within the EU funded preparatory LEADER measure including local capacity-building and guidance in the participatory elaboration of a Regional Development Concept
- 07/2007 – 07/2008 Co-leader of an Environmental planning project at the Technical University of Munich, Department of Vegetation ecology; Institute of Landscape conversation and Botany
- 03/2002 – 06/2003 Staff member, Chancellery Marquardt, Oldenburg i.H., Project “Wind power Fehmarn”
Accompanying the landscape planning components of the project

Voluntary work

- 04/2007 – 07/2007 Project manager - Exchange between German and Romanian rural actors, the agricultural administration and universities
- 02/2007 – 03/2007 Freelancer at the Directorate for Agriculture and Rural Development, Miercurea Ciuc, Romania
- 07/2003 – 09/2003 Conservation Volunteers Australia, (supported by the Commonwealth Bank *et al.*) International environmental project in Australia

Internships

- 02/2006 – 04/2006 Office for Environmental planning and (scientific) services Hanisch & Bülow, Hamburg, Germany
- 03/2005 – 04/2005 Planning office (Environmental, Landscape and Communal planning), Büro Ostholstein, Eutin, Germany
- 03/2004 – 04/2004 Nursery Töbing, Malente, Germany
- 03/2001 – 04/2001 Fehmarn Ost, Civil law association (Agriculture), Germany

SCHOLARSHIPS

- 2008 Scholarship of the Deutschen Akademischen Austauschdienst (DAAD) for short-term study visits
- 2010 Scholarship of the Deutschen Akademischen Austauschdienst (DAAD) for doctoral candidates for research visits abroad
- 2012 Scholarship of the Deutschen Akademischen Austauschdienst (DAAD) for congress trips abroad

PUBLICATIONS

- MARQUARDT, D. (2011): Rural Networks in the Funding Period 2007-2013: A Critical Review of the EU Policy Instrument. Discussion Paper No. 133, Leibniz Institute of Agricultural Development in Central and Eastern Europe, Halle (Saale), Germany.
- Marquardt, D., Buchenrieder, G. and J. Möllers (2009): The relevance of social networks for the implementation of the LEADER programme in Romania. In: Schaft, F. and Balmann, A. (eds): Multilevel Processes of Integration and Disintegration. Studies on the Agricultural and Food Sector in Central and Eastern Europe, Vol. 52, Halle (Saale), Germany.
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- WEGENER, S., LABAR, K., PETRICK, M., MARQUARDT, D., THEESFELD, I. and G. BUCHENRIEDER (2011): Administering the Common Agricultural Policy in Bulgaria and Romania: Obstacles to Accountability and Administrative Capacity, *International Review of Administrative Sciences*, 77 (3), pp. 583-608.
- WEGENER, S., MARQUARDT, D., PETRICK, M. and K. LABAR (2012): Administrative Hürden bei der Einführung der Gemeinsamen Agrarpolitik in Bulgarien und Rumänien. *Südosteuropa*, 60 (1), pp. 111-133.

Presentations

- MARQUARDT, D. and C. HUBBARD (2011): Implementing a National Rural Network: Challenges for Romania, XIIIth Congress of the EAAE: Change and Uncertainty - Challenges for Agriculture, Food and Natural Resources, Zürich / Schweiz, 30.08.2011 - 02.09.2011, paper published under: <http://ageconsearch.umn.edu/>.
- MARQUARDT, D. (2011): Netze für den Ländlichen Raum in der Förderperiode 2007-2013 - Ein kritischer Review des EU-Politikinstruments, Deutsche Gesellschaft für Evaluation e.V. (DeGEval), Regionale Entwicklung durch Kooperation und Netzwerke? Regionale und lokale Entwicklungskonzepte und -prozesse und ihre Evaluierung, Coesfeld, 05.05.2011 - 06.05.2011.
- MARQUARDT, D. (2011): Networking for building up Capacities for Rural Policy Instruments - Experiences from implementing LEADER and the National Rural Network in Romania, Agricultural Policy Forum 2010 on Bridging the gap: Agricultural and rural development policies in South Eastern Europe facing the challenge of EU compliance, Regional Conference in Dresden, Germany, October 27-30, 2010.
- MARQUARDT, D. and J. MÖLLERS (2010): "Evaluating the implementation process of LEADER in Romania", 118th EAAE Seminar, "Rural development: governance, policy design and delivery"; 25-27 August 2010, Ljubljana, Slovenia; paper published under <http://ageconsearch.umn.edu/>.
- MARQUARDT, D., BUCHENRIEDER, G. and J. MÖLLERS (2009): The relevance of social networks for implementing the LEADER programme in Romania, 67th Conference of the International Atlantic Economic Society, Rome, Italy.
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