

INFLUENCE OF A LOCAL ACTION GROUP ON THE LOCAL COMMUNITY

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Abstract

A Local Action Group (LAG) represents a collaboration of localities and companies from the same perimeter that merge in an association. The representatives of the Territorial Administrative Units together with the representatives of the most important companies within the respective perimeter form a partnership in order to implement the LEADER financing measures available through the National Rural Development Program NRDP and respectively the European Agricultural Fund for Rural Development EAFRD. Depending on the area features where this partnership is established, the size of a LAG, from the inhabitants number point of view, can have between 3,000 and 120,000 inhabitants. Usually, such an association has about 40-50 members, including representatives of local communities and the private environment - economic units. The Local Action Group thus formed can apply for non-reimbursable funds and thus become itself a fund management body for the potential beneficiaries in its territory. The Local Action Group taken for study was established in 2011, includes localities from Iasi and Botosani counties, respectively ten communes, one town, and 30 economic units, representing about 7% of the cumulative area of the two counties. During the entire period of operation, this LAG carried out more than 50 projects with a total value of non-refundable financing of more than 3,000,000 Euros. The current work aims to interpret the effectiveness and influence of the local action group on the community.

Key words: Local Action Groups, European Grants, Rural Development

The term "Local Action Group" (LAG) refers to a collaboration and community development structure within a local area. A Local Action Group is an entity formed by a partnership between different types of units, namely public authorities, NGOs and businesses, with the aim of contributing to rural and regional development in a specific geographical area.

The LAGs are implemented in the context of the Common Agricultural Policy (CAP) of the European Union and are financed through the European Agricultural Fund for Rural Development (EAFRD). They were created to support sustainable rural development, economic diversification, conservation and exploitation of local resources, as well as to promote innovation and entrepreneurship in rural communities. The financial administrator of the funds run through the LAG was, for the 2007-2014 financial perspective, the APDRP institution (Rural Development and Fisheries Payment Agency). For the subsequent financial perspectives, namely 2014 - 2020 and 2021 - 2017, the institution was renamed ARIF, Agency of Rural Investments Financing.

The main role of a LAG is to facilitate the active participation of the local community in the decision-making process, so that it can identify and improve the needs and opportunities specific to the respective area. The LAGs develop and implement local development strategies, managing the available financial resources and facilitating access to European funds intended for local projects.

Through LAGs, local communities can benefit from financial support, consultancy and technical expertise in various fields, such as agriculture, rural tourism, environmental conservation, local infrastructure development or non-agricultural business development. These local action groups contribute to the economic and social growth of rural areas by promoting innovation, employment and stimulating sustainable development.

Local Action Groups are assimilated to public-private partnerships, where the public part holds a percentage of at most 49%, both on the decision-making and the component part, the difference of at least 51% being owned by the private part.

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In Romania, local action groups (LAGs) are recognized and implemented within the National Rural Development Program (PNDR), which is managed by the Management Authority for the National Rural Development Program (MA NRDP) and financed through the European Fund for Agriculture and Rural Development (EFARD).

MATERIAL AND METHOD

The necessary studies and approaches for development of this paper have been carried out during 2022-2023. The primary data was the main source of information. The authors have gained access to the Local Action Group reports, financial statements and accounting statements. For studying these documents, a series of visits were carried out at the unit's headquarters. Since the Local Action Group has several departments, studies among various documents were carried out e.g., financial documents, land possession documents, access infrastructure documents etc.

On the other hand, data from secondary sources, respectively the specific literature in Romania and abroad was used, including the Rural Investments Financing Agency official reports or other official documents issued by the Ministry of Agriculture and Rural Development (NRDP, 2023).

Both the data obtained in the analysis of the Local Action Group documents as well as those of the specialized literature were processed and interpreted in order to highlight the advantages of the total amount of 3,886,348 Euro that this LAG managed and continues to manage.

RESULTS AND DISCUSSIONS

The two counties on the territory of which the Local Action Group is active are part of the North-East region of Romania, this being the country's development area with the largest extent and a level 2 territorial-statistical unit (NUTS 2), according to Eurostat. The North East region groups 6 counties - territorial administrative units of the third level (NUTS 3): Bacău, Botoșani, Neamț, Iași, Suceava and Vaslui. The area of the North East region is 36,850 km², representing 15.46% of the total area of the country. 3,734,546 inhabitants represent the population in the region, a value that represents 17.25% of Romania's population, and its density is 101.3 inhabitants/km². In terms of density, it ranks 2nd, after the Bucharest-Ilfov Region. A percentage of 56.6% of this region is represented by the population living in rural areas. The region has a varied relief, harmoniously combined, of which: 30% mountains, 30% subcarpathian relief, 40% plateau.

The territory of the studied LAG constitutes an approximate total area of 740 square km, representing approximately 7% of the area of Iasi and Botoșani counties.

The analyzed GAL forms a partnership made up of 11 local public authorities, 4 NGOs, 2 cult units, 4 agricultural societies, 16 economic units of the Limited Liability Company (LLC) type, 6 economic units of the Individual Enterprise type, a group of producers, a Water User's Association and an Authorized Natural Person. The local action group is formed on a territory that spans the Iasi and Botoșani counties, the rural areas covered by the LAG being in the north-western part of the counties.

The territory is divided into a number of 11 Territorial Administrative Units (UAT), of which, 8 UAT in Iasi County: Andrieseni, Bivolari, Popricani, Proboata, Roșcani, țigănași, Trifesti and Victoria and 3 UAT in Botoșani County: Romanești, Santa Mare and the city of Ștefănești, which are made up of 58 localities.

In 2011, group obtained the operating authorization from the Ministry of Agriculture and Rural Development and the approval for the implementation of the SDL 2007-2013 valued at 2,806,000 euros.

Located on the border with the Republic of Moldova, the territory of the LAG is placed parallel to the Prut river, running through the northeastern half of Iasi county, occupying the SE part of Botoșani county. The GAL is an organization or structure for regional collaboration and development, operating in the Prut Valley region, in the vicinity of this water course, which includes the border areas between Romania, the Republic of Moldova and Ukraine.

The purpose of this entity is to promote sustainable economic, social and cultural development within its territory. This group is involved in the implementation of programs and projects aimed at rural development, tourism, agriculture, entrepreneurship and other areas relevant to the local community.

The entity is based on the principles of partnership and the involvement of multiple stakeholders, such as local authorities, non-governmental organizations, the business environment and the local community in general. Through this partnership, the group facilitates access to financing and resources for the development of local projects and initiatives.

The specific objectives of the LAG define the financing branches that are launched. The objectives are updated according to the multi-annual local development strategy, respectively according to the needs and priorities identified

within the territory. These include improving infrastructure, supporting sustainable agriculture, promoting local tourism, stimulating entrepreneurship, modernizing primary agricultural production conditions or developing rural communities.

In the current paper, the authors centralize, analyze and present the financial impact of the local action group on the perimeter it serves, from a financial point of view, detailed into different branches. The financing branches allocated at the national level are divided into Funds, Programs, measures, financing lines, depending on the economic segments they support. Similarly, within the local action groups there are several branches, depending on the economic or social segments that

need to be supported within the perimeter. It should be emphasized that these branches, translated into objectives and further into financing measures, are defined by the LAG management. Each collective LAG formulates a Local Development Strategy (LDS) depending on the existing deficiencies in the perimeter, budgeting distinctly, depending on the gap level of the deficiencies, each individual financing branch. In contrast, the measures developed and launched at national level, on which the potential beneficiaries can apply, assume the same conditions and restrictions for the entire territory of the country.

In the following table 1, the financing measures carried out by the LAG taken for study since its establishment and until now are presented:

Table 1

Centralization of the financing measures and the values of the implemented investments – Euro

No.	Branch name	Projects no.	Eu Grant	Investor contribution	Total
1	M0 Young Farmers	16	536,000	0	536,000
2	M1 Agricultural exploatations modernization	8	781,176	570,307	1,351,483
3	M2 Agricultural production processing	2	32,827	44,993	77,820
4	M3 Cooperation for development	1	45,701	31,048	76,749
5	M4 Economy diversification	9	492,753	245,126	737,879
6	M5 Integration of the roma minority	1	29,274	0	29,274
7	M6 Development of social infrastructure	3	214,005	0	214,005
8	M7 Villages revitalization	14	863,138	0	863,138
Total		54	2,994,874	891,474	3,886,348

Regarding the centralization shown in the table above, a series of considerations are necessary.

It can be observed that within the analyzed LAG, 8 distinct branches of financing have been developed. These branches (officially called Measures) are equivalent to E.A.F.R.D measures. – N.R.D.P. implemented at national level. The difference is, as stated previously, that the rules of application are not those at the national level, but are customized by the LAG members in advance, depending on the specifics of the LAG territory. Besides, this particularity is also one of the fundamental features of the local action group concept.

Applicants for financing, both actors from the public sector and actors from the private sector can be related to the 8 measures. Thus, five of the measures can be accessed by actors from the private sector (M0-M4) and three of the measures can be accessed by actors from the public sector (M5-M7).

Important to emphasize is the way in which the financing measures were designed to target

specific deficiencies in the territory of the local action group. Specifically, M0 is a branch that mainly aims, as an national level equivalent of Measure M112 (DR30), to reduce the age of the population employed in agriculture and land harvesting, Romania having very numerous and diverse holdings from this point of view.

M1 and M2 within the LAG taken for study pursue the improvement of working conditions within the economic links of agricultural production and processing. Specifically, M1 refers to the activity of obtaining primary agricultural products, in raw form, while M2 refers to their processing, respectively conditioning and at most their first transformation (into flour, oil, fodder, etc.). These two measures also have equivalent financing measures at the national level, but in the respective case, the requirements and restrictions apply universally, throughout the country.

M3 refers to the association stimulation of agricultural producers, also having a counterpart in the financing competitions held at the national level. Romania registers, in relation to the rest of the EU, deficiencies regarding the association of

farmers. It has been demonstrated that association in groups of producers or cooperatives brings advantages both to the purchase of inputs and to the sale of products. The measure stimulates the association in groups of producers to represent the interests of all members, at the same time facilitating the shortening of the economic chain between the farm and the final consumer (farm-to-fork). M4 is the last of the measures that an economic operator from the private sector can access. Having multiple equivalent measures at the national level, this financing branch also aims to reduce the gaps compared to the EU average. Concretely, the deficiencies found in the LAG perimeter taken for study are a. the population's dependence on subsistence or semi-subsistence agricultural activity, b. the lack of services intended for the population, c. the high degree of unemployment due to the lack of sufficient employers outside the agricultural sector. Thus, in order to improve these deficiencies, through this measure the investors who proposed non-agricultural activities in the rural area while also hiring staff from the vicinity benefited from grants, both for the benefit of the rural population in the area.

The following two measures, namely M5 and M6 can be accessed by economic actors without patrimonial purpose, namely Non-Profit Organizations. As their name suggests, these measures have social goals aimed at improving the living conditions of vulnerable social categories.

The last of the available measures, M7, is intended for Local Public Authorities - Townhalls, which can submit investment proposals to improve living conditions in rural areas, within the LAG perimeter. The financing projects thus submitted by the Local Public Authorities targeted, as examples, the purchase of equipment for snow removal, the purchase of minibuses, the expansion of the sewage network, the establishment of a playground for children, the modernization of a communal road, etc. As can be seen, all the funds attracted by this measure were intended to improve the standard of living in the localities benefiting from the projects.

In addition to the benefits related to attracting funds for different levels and sectors in the economy, jobs were created through all the projects carried out through all the centralized measures in above table 1. This means, on the one hand, that unemployment has decreased in the territory of the LAG and, on the other hand, that the level of salary contributions paid to the state budget has increased with all the advantages

derived from these measures. In addition, for the implementation of each project, purchases of services, goods, or construction works were made, on a local or national level, with the related benefits thus obtained.

CONCLUSIONS

The entity analyzed in the current work is a Local Action Group functional through an Association of public and private entities from the territory of 11 Administrative Territorial Units from two counties of the North-East Region.

The Local Action Group received its operating authorization in 2011 and since then has successfully implemented a number of 54 projects.

From the studies carried out and the centralizations rendered, it seems that the largest funding was attracted, in order, by the modernization of living conditions for the rural population, the modernization of agricultural holdings and the installation of young farmers. Substantial amounts were also directed towards the diversification of the economy in the rural area. All the implemented investment projects led, in addition to the direct results, to indirect and long-term results by multiplying the effects and by creating jobs for indefinite periods both by the beneficiary units and by some of the units located downstream or in upstream along the economic chain.

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