

## IMPACT OF ADVISORY AND CONSULTANCY WORK OVER THE PROJECT-BASED DEVELOPMENT CHOICES OF A RURAL TERRITORY

Cosmin SĂLĂȘAN, Sebastian MOISA, Isidora RADULOV

Banat's University of Agricultural Sciences and Veterinary Medicine "King Michael I<sup>st</sup> of Romania" from Timisoara, 119 Calea Aradului, 300645 Timisoara, Romania,  
Phone: +40256277437, Email: cosminsalasan@gmail.com

Corresponding author email: cosminsalasan@gmail.com

### Abstract

*The paper targets the observations over the impact of consultancy and advisory work performed at the scale of a rural micro-region in terms of present choices for the future development by implementation of different possible projects, mostly with public co-financing. The choice of area and previous activities leads to one Local Action Group active in the previous programming period with specific knowledge and accumulated experience. The preparation for the current programming period creates the opportunity to analyse the directions and the volumes of the future intentions of projects in a sort of project pipelining during the information and animation meetings in the future Local Action Group. The observations collected by a structured questionnaire are further analysed to extract the facts and findings related to different types of actions, investment levels and co-financing readiness. The findings are further compared to the respondents' profile, the earlier achievements and the current reality and realism in order to understand the impact of the specific inputs from consultancy during the animation sessions. The consultancy and the content delivery of the advisory sessions are comparable for the purpose of this analysis as both preparation phases for the two programming periods were covered by the same consultant. The findings lead to solid grounds for the conclusions linking the content and the consultancy interventions to the realistic options of the local actors closely correlated to the vocation of the rural micro-region and the logic of earlier interventions by projects.*

**Key words:** consultancy, co-financing, LAG, LEADER, projects.

### INTRODUCTION

The research regarding the rationale of different development options, particularly by project-based interventions at the scale of a rural region is very limited. Furthermore, it is difficult to identify the place and the role of the supporting advisory work and consultancy inputted in the preparation and implementation stages of the future strategic development of a zone or a mix of relevant rural actors.

In this respect, the most relevant research environment is currently represented by the Local Action Groups (LAG) supported by the National Rural Development Programmes (NRDP) for the implementation of their Local Development Strategies (LDS). The relevance is derived from the type of actions covering all possible and available investments in rural areas supported by the NRDPs, by the type of actors regrouping under a Public-Private-Partnership all rural stakeholders and scale considering that most projects are small to medium size, less relevant in a national

competition but highly relevant for the micro-region.

Considering the absolute lack of experience in community led local development from the period of Romania's pre-accession to EU the consultancy role in animating and structuring the rural partnership ready to assume the future LDSs appears critical to success.

For all these considerations, the analysis choice focusses on a LAG that successfully implemented its strategy under NRDP 2007-2013 and prepares the implementation of its new LDS under NRDP 2014-2020. The central interest highlights the capitalised learning from the previous programming period used during the formulation efforts for the future strategy at the beginning of the year 2016.

The previous implementation results are used to measure the choices, the diversification or the continuity of the expressed options for the current programming period (2014-2020). The observations can highlight the consultancy impact over the options as type and scale of intervention while aiming to support the best

choices in terms of proportionality, interest and development vocation for the territory.

## **MATERIALS AND METHODS**

Since the observation environment had to provide a diversity of options for project-based development in a rural area that has benefited consistently from advice and consultancy support with a complete range of eligible rural stakeholders the best choice for a micro-region was offered by the 163 Local Action Groups from the 2007-2013 period that have completed the implementation of their strategies at the end of 2015. The NRDP 2007-2013 (MARD, 2015) by its fourth LEADER dedicated axis brought for the first time the possibility to introduce a community led local development approach. The learning process had to be implemented on-the-fly with no previous experience, not even similarities from the earlier developments, with untrained staff and poorly informed rural population. That situation offered perfect grounds for the consultancy to support the formulation and the later implementation of the required Local Development Strategies. These inputs are measured in the current paper two-fold: implementation success of the first round of LDSs, and the link and foundation of the present choices for the current LDSs. The second measurement gives the substance to the capitalised learning from the earlier LDS (LAG LMJ, 2014) as reflected by the rationality of the expressed options for development.

Technically, the information and the animation sessions, as part of the current setup of next generation of LAGs and LDSs (AFRI, 2016) were concluded with a brief questionnaire structured in questions with open answers as detailed below. The choice of the application moment was driven by the need of fresh, relevant, concise and precise information regarding the development framework as set by the EU (EC, 2013) and national regulations (MARD, 2016).

The structured questionnaire asked seven questions of which the first three are of interest in the present analysis: 1- What projects do you expect to implement with the support of the future LAG? What is the total value/amount for each of these projects? What is the level of

your own financial contribution that you are prepared to allocate for these projects?

The aim was to link and compile the collected answers in the sense of capturing the highest interest in further development, the economic size of the future projects in terms of amounts and the readiness to support the investments by co-financing the public contribution to the projects.

In order to provide the respondents with sufficient freedom of decision each question included three possible answers. Offering multiple potential directions made possible an inner ranking of development priorities and allowed the self-priorities to come straight from the concerned rural actors instead of extrapolating and articulating multiple answers. The directions and options, the amounts needed for the targeted projects and the level of contribution by co-financing are corroborated to illustrate the current state and orientations of the project promoters and further connected with the results from the first programming period (LAG LMJ, 2015). These results lead to the conclusions proposed by the present paper highlighting the rationality of the participants, the development vocation of the territory and the impact of the consultancy over the choice' formulation process and not the nature or the type of choices made.

## **RESULTS AND DISCUSSIONS**

The selected LAG territory has a high favourability for both agriculture and rural economy, being well connected in terms of communication and transport infrastructure and therefore presenting a multiplication factor in terms of development opportunities. These elements of high favourability were needed in order to ensure a positive balance of implementation results for the projects from the NRDP 2007-2013. This success is considered to be critical to the learning experience of the rural actors and has a consistent influence over the present and future development options.

The LAG LMJ (Lunca Muresului de Jos) developed in a partnership of 14 rural and 1 urban localities covering 1308 km<sup>2</sup> and 69253 inhabitants. These figures become highly relevant when the implementation results are introduced.

The profile of the participants to the information and animation sessions and therefore of the respondents in our analysis reflects the general shares of interest and professions in the territory. In this respect, half of the respondents were farmers and the other half was uneven split between rural entrepreneurs (30%) and NGOs, initiative groups and public entities (20%).

The composition of the groups is highly relevant to the study since the answers rarely point outside the immediate and direct professional interest. This is to say that farmers interested in developing entrepreneurial actions in non-agricultural rural economy have manifested their interest and the results are captured in answers. Still there is no case of rural entrepreneur interested in investing in agriculture at this point, at least not reflected by the collected answers.

The open answers were meant to give complete freedom to the respondents in formulating their options and intentions. One major decision factor in this case was represented by the moment of collection when most of the measures in the NRDP 2014-2020 (MARD, 2016) were in a very early stage of formulation. This level of development could have created sufficient confusion for the relevant rural actors and the stakeholders in the absence of coherent consultancy support making permanent reference to the EU framework (EC, 2013) as the general pillar of orientation for rural development actions in the current period.

A general observation across the three questions can indicate that the participants have developed a two-step level of priorities with a coherent build-up yet the third level is rather unclear, not consolidated or even developing according to the first two actions. This observation is based on the relative reduced number of collected answers and might question the validity of their orientations when applied to the entire territory. For these reasons the focus shifts to the first two options along the three questions.

The freely formulated answers for the directions of the future projects were later checked for errors, processed, interrelated, cross-linked and interpreted. The resulting answers from the first question are presented below (Table 1) as complete set of data in

order to enable the observers by offering the complete picture of directions and intentions. As it can be observed the quasi-majority of the participants (189/200 respondents) answered with a first option for a future project. Almost 2/3 of these respondents (61%) have presented a second project intention and almost 1/3 of them have even a third project intention (31%).

Table 1. Options for projects/investments (No. of respondents)

Options / Question	1a	1b	1c
No. of respondents	189	116	56
Not answered	0	73	133
Non-agricultural activities, services, rural business	40	26	12
Cultural activities and sport	7	2	3
Social activities	4	1	0
Modernising agriculture	45	22	6
Modernising fruit production	0	0	0
Modernising winery	1	1	0
Modernising animal husbandry	8	10	4
Agricultural infrastructure	7	1	3
Social infrastructure	6	4	1
Cultural and sport infrastructure	8	5	3
Food processing	8	6	4
Non-agricultural infrastructure	0	1	0
Public physical infrastructure	9	5	6
Beekeeping	5	1	1
Vegetables, flowers and special crop production	3	2	3
Support to young farmers	6	3	0
Fruit production	11	4	2
Marketing and agro-markets	2	1	0
Fishery	0	1	0
Conditioning and storage	14	10	2
Alternative energy	3	5	2
Information, dissemination and communication	0	2	0
Exchange and know-how	0	1	0
Association and producer groups	1	1	3
Support to small farms	1	1	1

In order to facilitate the general observation in terms of orientations the first five directions as preferred by the respondents are presented below (Table 2).

The first three categories represent systematically more than 50% of the provided answers for the first or the second project intention.

Table 2. Main options for projects/investments (No. of respondents)

Option / Question	1a	1b	1c
Non-agricultural activities, services, rural business	40	26	12
Modernising agriculture	45	22	6
Conditioning and storage	14	10	2
Modernising animal husbandry	8	10	4
Non-agricultural infrastructure	9	5	6

Also, the total number of potential projects in the first two categories is absolutely

comparable where 78 answers count for projects in non-agricultural activities, services and rural business and 73 answers indicate projects in modernising agriculture. Since the differences between the first two categories are around 2% however we compare them, in total, as first or second project intention we can conclude that these directions are equally of main interest for the respondents. Also, the large differences between the first two and the following expressed options indicate a specific weight of these categories that are not complementary.

The expected amounts for completing the implementation of the announced project intentions are relatively dispersed among segmented values (Table 3).

Table 3. Expected amounts of total financing for the projects (No. of respondents)

Amounts / Question	2a	2b	2c
No. of respondents	163	74	32
Not answered	26	115	157
3000 €	1	0	0
4000 €	0	1	0
5000 €	5	4	4
7000 €	1	1	0
8000 €	3	1	0
10000 €	9	4	0
15000 €	5	1	0
20000 €	4	5	2
21000 €	1	0	0
25000 €	6	1	1
30000 €	1	4	2
35000 €	1	0	0
40000 €	10	4	2
50000 €	24	7	2
60000 €	5	2	1
70000 €	4	1	1
80000 €	3	1	0
90000 €	2	0	0
100000 €	34	13	3
120000 €	1	0	1
150000 €	2	6	2
180000 €	1	1	0
200000 €	22	4	3
250000 €	3	0	1
300000 €	2	4	0
400000 €	3	1	1
500000 €	8	3	1
600000 €	0	1	0
1000000 €	0	3	1
1200000 €	1	0	0
1500000 €	0	0	1
2000000 €	1	1	2

The levels as illustrated in the table above are those advanced directly by the respondents. Within such a large range of dispersion it might prove difficult to observe a potential trend. To this aim the various amounts are regrouped in coherent categories (Table 4). The categories are meant to increase with the amounts instead of maintaining uniform classes in order to highlight eventual concentrations instead of simply reducing the scale of the dispersion.

Table 4. Regrouped ranges of total financing for the projects (No. of respondents)

question	2a	2b	2c
<20000 €	24	12	4
20000-49000 €	23	14	7
50000-99000 €	38	11	4
100000-199000 €	38	20	6
200000-499000 €	30	9	5
500000-999000 €	8	4	1
>1000000 €	2	4	4

A first observation refers to the polarisation around the category 100000-199000 €. Most answers across all three options (64 respondents, or 33% of total) most options within the first (23%) and the second options (27%) place this range among the most likely level of the project' total expenditure. This category is followed by the range of 50000-99000 € relatively close to the first one and equal at the level of the first project intention, while the other categories disperse almost Gaussian from the above revealed peak.

If crossed with the types of projects promoted and the expected amounts for the implementation the main development options consolidate further their position of core interest (Table 5). The highest total amounts as expressed per options or in the consolidated total indicate the investments in modernising agriculture as dominant followed by the rural entrepreneurship. This observation consolidates the earlier findings linked to the main orientations.

Table 5. Cumulated total amounts for the main options for investments (€)

Options / Amounts	2a	2b	2c
Non-agricultural activities, services, rural business (€)	4910000	2157000	700000
Modernising agriculture (€)	6536000	2640000	665000
Conditioning and storage (€)	1204000	1975000	-
TOTAL (€)	12650000	6772000	1365000

Any of the first two orientations are overpassing the realism of possible and potential allocations for this type of projects or any other types since the total public contribution (NRDP) places below the demanded levels. However, this fact does not prove a break from reality but underlines the high demand for projects in line with these two (core) categories for the territory.

At the same time, the observations regarding the concluded implementation of the previous LAGs budget indicate a high level of commitment as the projects linked to the modernisation of agriculture managed to mobilise over one million euro (1070804 €) of private contributions, otherwise compulsory in implementation (LAG LMJ, 2015)! About one third of the total budget (3,58 M€) was represented by private co-financing (1,13 M€) for measures and projects in line with the current mainstream: modernising agriculture and developing the rural entrepreneurship (LAG LMJ, 2015).

Observing the aimed co-financing shares that respondents are ready and willing to advance in line with the EU regulations (EC, 2013) and the respective national framework (MARD, 2016) the indicated percentage as free and open answers show a relative polarisation linked to the type of project intentions (Table 6).

Table 6. Shares of co-financing for the intended projects (No. of respondents)

Shares / Question	3a	3b	3c
No. of respondents	154	58	28
Not answered	35	131	161
2%	2	1	2
5%	4	2	1
8%	1	0	0
10%	51	21	14
12%	1	0	0
15%	9	5	1
20%	34	13	3
25%	3	2	2
30%	23	7	2
40%	4	1	0
50%	19	6	3
60%	2	0	0
85%	1	0	0

The orientation around the values of 10%, 20%, 30% and 50% is cross linked with two elements: the first represented by the newly acquired knowledge transported during the

information and animation sessions by the consultancy and originating in the Reg. EU no. 1305/2013 (EC, 2013) and the second derived from the previous programme (MARD, 2015) experience and the earlier implemented LDS (LAG LMJ, 2014). As the implementation report shows the average co-financing recorded for private contributions moved from 30% for rural economy and entrepreneurship investments up to 50% respectively 57% for investments in modernising the agriculture (LAG LMJ, 2015).

Another variable to consider is the relative large support for diversification of rural economy that is available via the NRDP 2014-2020 and accessible to LAGs under the shape of grants with 100% public contribution for the eligible expenditure. This type of projects did not exist in the previous programme NRDP 2007-2013 and could prove highly appealing to the present of future rural entrepreneurs.

The final consideration about the shares refers to the coverage of the co-financing and in this respect the announced shares should be read as private contribution covering both the compulsory private contribution for the eligible expenditure and the non-eligible expenditure entirely private as necessary for the implementation of the projects.

The main project intention in terms of co-financing shares collected the answers of 2/3 of the total respondents and distributed the majority of the shares between 10%-30%. The second project intention reduces the range to 10%-20%.

The presented answers for all the analysed questions and options or iterations show coherence and deep understanding linking the intentions and the determination to proceed to a project-based development indicating a possible link to the earlier gained experience and knowledge.

## CONCLUSIONS

The experience of delivering information and collecting the feedback integrated in clear action and development intentions indicate a powerful enabling instrument for the rural actors and stakeholders of the rural development process at micro-regional scale. In this context, the place and the role of the

advisory and consultancy appears critical as knowledge and information vector and partner. The role can and should resume to an objective provider of services and problem solver in the context of a wider and clearer understanding and not to direct or orient the future development.

The analysis aiming to research the impact of the advisory and the consultancy over the choices of a project-based development in a rural micro-region indicates a number of clear findings. The capacity to capitalise the previous learning points both from acquired knowledge and experiences is compiled with an elevated capacity of linking the resources and the development vocation of the territory with clear project intentions and with a high realism in designing the immediate and medium-term development priorities.

The observations and findings can only prove the impact of the consultancy over the educated choices of projects as result of efficient and repeated interaction and cannot demonstrate the opposite in absence of qualified and competent assistance.

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