

INSTITUTIONAL FRAMEWORK FOR SUPPORT OF LOCAL ENTREPRENEURSHIP WITHIN LEADER APPROACH IN SLOVAKIA

INŠTITUCIONÁLNY RÁMEC PODPORY PODNIKANIA NA VIDIEKU PROSTREDNÍCTVOM PRÍSTUPU LEADER NA SLOVENSKU

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I. Introduction

The Slovak Republic has been a part of the European integration since the year 2004. Access to the European Union (EU) structures has brought many changes including adoption of the EU policies concerning rural development. Rural development was incorporated into the EU common agricultural policy in 2000. The focus is on the economic, social and cultural development of rural Europe. Where at stake is the survival of the countryside as a place to live, work and enjoy⁽¹⁾. In the programming period 2007 – 2013 the main mission of the rural development was stated as the promotion of sustainable rural development throughout the Community in a complementary manner to the market and income support policies of the common agricultural policy, to cohesion policy and to the common fisheries policy⁽²⁾. For the current programming period 2014 – 2020 the leitmotiv of rural development policy is to help the rural areas of the European

Union to meet the wide range of challenges and opportunities that face them⁽³⁾.

All the aforementioned policies had basically one general objective, which was to equalise the position of the rural areas within a country, what in fact can be translated as addressing disparities. Regional (spatial) disparities express the scope of difference of intensity manifestation of economic phenomena under investigation observed within regions of given country⁽⁴⁾. Regional disparities are manifested in different conditions of life as well as in unequal economic and development potential. For the purposes of this study it is important that contrast between city and rural area can be also understood as a form of spatial disparity⁽⁵⁾.

When categorizing disparities, several approaches are used in existing literature, while division into two basic groups – factors of economic nature and factors of social nature, is

⁽¹⁾ European Union (2012)

⁽²⁾ Council Regulation (EC) No 1698/2005

⁽³⁾ Regulation (EU) No 1305/2013

⁽⁴⁾ OECD (2002)

⁽⁵⁾ Vorauer (1997)

Abstract (EN)

Current development of rural areas of Slovakia is not fully reflecting the measures taken at the level of the European Union. Contrary, the differences between the territories seem to be deepening. When analysing the critical factors, job creation together with unemployment seem to be among the most pressing ones. The academics believe that the local entrepreneurship and development of small and medium size enterprises (SME) in rural areas have significant impact on accelerating the development of these communities, yet, only limited measures are taken to support them. Therefore, the main objective of the paper is to analyze the institutional framework for support of local SME within implementation of the LEADER approach as a direct instrument of the rural development policy. The emphasis was put on the last programming period (2007 – 2013) and the conditions set for the current programming period (2014 – 2020).

Keywords (EN)

rural development, LEADER approach, rural entrepreneurship, institutional framework

Abstrakt (SK)

Súčasný rozvoj vidieckych oblastí na Slovensku v plnej miere nereflexuje snahy Európskej únie. Naopak, zdá sa, že rozdiely medzi územiami sa čoraz viac prehĺbujú. Z kritických faktorov, ktoré danú situáciu ovplyvňujú sa najvýraznejšie prejavuje práve tvorba pracovných miest a zamestnanosť. Experti z akademickej sféry veria, že miestne podnikanie a rozvoj malých a stredných podnikov na vidieku majú značný význam pri akcelerácii rozvoja vidieckych komunít, avšak napriek tomu sú opatrenia na podporu miestneho podnikania prijaté len v obmedzenej miere. Hlavným cieľom príspevku je zhodnotiť inštitucionálny rámec pre podporu miestnych malých a stredných podnikov v rámci implementácie prístupu LEADER ako priameho nástroja politiky rozvoja vidieka. Dôraz bol kladený na predchádzajúce programové obdobie (2007 – 2013) a podmienky nastavené pre súčasné programové obdobie (2014 – 2020).

Kľúčové slová (SK)

rozvoj vidieka, prístup LEADER, vidiecke podnikanie, inštitucionálny rámec

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one of them⁽⁶⁾. Regarding the disparities of social nature, at the most countries the largest emphasis is placed on unemployment. Experts mention as possible indicators the unemployment structure, employment trends, future development of employment, active population, qualification structure of population and housing standards⁽⁷⁾. Importance of employment is not only seen as an important factor of spatial disparities but also as the best safeguard against exclusion⁽⁸⁾.

Currently in Europe, unemployment is continuing to fall in most countries but a great divide remains. In late 2015, unemployment in Europe was still 2.1 percentage points higher than it was in the last quarter of 2007. This represents 21 million persons in the EU area, which is respectively 5.3 million more unemployed than in the fourth quarter of 2007⁽⁹⁾. Even though these numbers do not stand particularly for rural areas, typically, rural areas are more vulnerable regarding facing negative trends in development.

In the economic reality of rural areas, there exist several ways, how employment or unemployment can be addresses, while development of entrepreneurship seems to be among the most significant ones. Scholars believe that comprehensive development can never be obtained without rural development and in order to achieve this goal the best investment is creating a context for sustainable entrepreneurship and its promotion in rural area since the entrepreneurship has this ability to identify resources, opportunities and problems available in the context while devising new solutions to move toward developing of different aspects of village and environment⁽¹⁰⁾. Entrepreneurship is believed to be a key determinant of the economic success of a country or region and a crucial factor in shaping the spatial distribution of economic activities on the national territory. Entrepreneurs are not only responsible for the creation of new firms, but also for their technological lead and success as well as for the creation of new jobs⁽¹¹⁾. Entrepreneurial activities are believed to lie at the heart of any development in rural areas regardless of whether or not it involves opportunistic industrialization of farming⁽¹²⁾. Generally, the role of entrepreneurship in rural development is following: villagers access to the required goods and services, economic growth of villages, reducing immigration to cities, promoting the level of social security and welfare in villages, encouraging to create new business, encouraging to develop existing jobs⁽¹³⁾.

When focusing on rural areas, the stress is on the rural entrepreneurship, which involves an intimate relation between the entrepreneurial activity and the place where it occurs. Rural entrepreneurship draws on the innate (natural, cultural, historical, human, social and/or financial) resources of a place, which the venture needs to support its

development⁽¹⁴⁾,⁽¹⁵⁾. One of the main reasons why rural entrepreneurship is of so great importance is the fact that its function is not necessarily connected to particular individuals or firms but is seen as a mundane activity in which all market actors can engage⁽¹⁶⁾. Among other actors, policy-makers play a crucial role, while some authors believe that local and regional debates about entrepreneurship and the value of entrepreneurship for regional development are not always well understood by national policymakers⁽¹⁷⁾. Majority of policy initiatives targeting entrepreneurial activity emphasizes the importance of high growth firms that are strongly integrated with global markets⁽¹⁸⁾, while they pay little attention to the small enterprises, despite their undeniable importance for local rural development.

Development of local business requires addressing several aspects, which are economic, social, environmental and institutional. Hereby, we would like to point out the importance of institutional factors as the experiences of the last three decades of highly developed countries has proved the significant role of institutional factors in determining the economic success in a quickly changing environment⁽¹⁹⁾. In addition, some authors argue that institutions are crucial mediators of the regional policies in specific regional contexts. Thus, institutions can be the answer to the question, why the formal rules of regulation and policies not always lead to the intended outcomes⁽²⁰⁾. There are few most significant segments of national institutional systems that determine productivity growth and long-term well being of societies. The crucial role is given to the system of regulations that influence the incentives for entrepreneurship and the effectiveness of financial systems institutions that together create the framework for high supply of enterprises with high growth potential⁽²¹⁾.

In general, entrepreneurship cannot be done without considering the role of different organizations and institutions, as each activity needs a kind of organizing and organization at different levels, whether national or local. As a result, there are relationships between public sector, private sector and the activities that all lead to entrepreneurship⁽²²⁾. These activities can be seen as economic programs in which the public and private sectors coordinate their efforts to develop the national or regional economy. When designing such policy, it is important to envisage policymaking and policy implementation as a multilevel affair that requires a coordinated strategy across geographies⁽²³⁾. In the context of the EU, the LEADER approach is one example of a program that supports bottom-up mechanisms that specifically aim at encouraging people and local enterprises to become aware of their power to influence their own life situations and giving them the

⁽⁶⁾ Kutscherauer et al. (2010)

⁽⁷⁾ Wishlade, Yuill (1997)

⁽⁸⁾ OECD (2017)

⁽⁹⁾ *Ibid.*

⁽¹⁰⁾ Ansari et al. (2013)

⁽¹¹⁾ Faggio, Silva (2014)

⁽¹²⁾ Korsgaard, Müller, Wittorff Tanvig (2015)

⁽¹³⁾ Ansari et al. (2013)

⁽¹⁴⁾ Johannisson, Dahlstrand (2009)

⁽¹⁵⁾ Gaddefors, Cronsell (2009)

⁽¹⁶⁾ Foss and Klein (2012)

⁽¹⁷⁾ Soliva (2007)

⁽¹⁸⁾ Hudson (2010)

⁽¹⁹⁾ Balcerzak, Pietrzak (2016)

⁽²⁰⁾ Glückler, Lenz (2016)

⁽²¹⁾ Balcerzak, Pietrzak (2016)

⁽²²⁾ Maia (2002)

⁽²³⁾ Hjalager, Nielsen, Simon (2013)

means to change their situations according to their own reconciled will and direction⁽²⁴⁾,⁽²⁵⁾. According to the entrepreneurial paradigm, the individual business owner or entrepreneur is the fundamental key to economic and job growth. However, rural SME policies assist the companies in acquiring the best possible access to skills, capital and labour so that they can achieve their potential and create development for themselves⁽²⁶⁾. Thus, the role of local initiatives including LEADER is inevitable for accelerating the economic advancement in rural areas while it is mainly setting the “rules of the game” at the national level, which enables local initiatives to be implemented into its full potential. Therefore, the main objective of the presented paper was to analyse, evaluate and compare the institutional framework for support of local entrepreneurship within LEADER approach in Slovakia with emphasis put on comparison of the previous programming period (2007 – 2013) and the current programming period (2014 – 2020).

II. Material and methods

The main focus of the presented paper is a critical evaluation of the institutional framework, implemented within the LEADER approach, in order to enhance entrepreneurial environment in the rural areas of Slovakia. The paper is predominantly of a theoretical nature while the analysed data were gained from the European legislation covering the area of rural development, programming documents adopted at the national level (in particular: Rural Development Programme of the SR 2007 – 2013, Rural Development Programme of the SR 2014 – 2020) and from evaluation reports elaborated at the European level (e.g. Synthesis of Mid-Term Evaluations of Rural Development Programmes 2007 – 2013, Synthesis of Ex-ante Evaluations of Rural Development Programmes 2014 – 2020, etc.). Additionally, the data regarding LEADER implementation in Slovakia were gained from a representative of Agricultural Paying Agency. During the paper elaboration, the method of document and text analysis was mostly used.

III. Results and Discussion

According to data from the EU database Eurostat, predominantly rural areas cover 46% of total area of Slovakia. On the other hand, only 4,2% of Slovakia belongs to predominantly urban areas. When it comes to population, 37,5% of total population lives in predominantly rural areas and contrary, only 11,5% of population is considered to be predominantly urban. Figures for unemployment rate of the population over 15 years old are as follows: unemployment rate in predominantly urban areas is 5,7%, 10,5% in intermediate areas and in 14,6% predominantly rural. These figures, among others, clearly show that situation in rural parts of Slovakia requires attention and it also demonstrates the need for logical and well thought through rural development policy framework

set up at the national level and consequently implemented in the given territory. Rural development policy, same as every other policy of the EU, follows certain time frame broken down into so called programming periods. For purposes of this paper we will focus on the programming period 2007 – 2013 as it was the first programming period fully implemented in the Slovak conditions and on the period 2014 – 2020 since in this second one „learning from own mistakes“ could be carried out.

IV. Institutional Support for Entrepreneurship within LEADER approach in the programming period 2007 – 2013

On 5 July 2005 the European Commission issued a proposal of EU strategic guidelines for rural development, which set out the strategic approach to be followed by member states for the preparation of their Rural Development Programmes for the period 2007 – 2013. The new regulation broadened the possibilities to use rural development funding to boost growth and create jobs in rural areas and to improve sustainability. The 6 key EU strategic objectives were listed as follows:

- improving the competitiveness of the agricultural and forestry sectors,
- improving the environment and countryside,
- improving the quality of life in rural areas and encouraging diversification,
- building local capacity for employment and diversification,
- translating priorities into programmes,
- complementarity between community instruments⁽²⁷⁾.

These 6 key EU strategic objectives were then transformed into more operational version by the main legislative tool, which was the Council Regulation 1698/2005 of 20 September 2005 “On support for rural development by the European Agricultural Fund for Rural Development (EAFRD)”. In this regulation, 3 main objectives were defined, which in fact got reflected in the priority Axis of the whole policy implementation. The objectives and consequently the Axis were:

- improving the competitiveness of agriculture and forestry by supporting restructuring, development and innovation;
- improving the environment and the countryside by supporting land management;
- improving the quality of life in rural areas and encouraging diversification of economic activity⁽²⁸⁾.

Additionally, there was one more Axis, Axis 4 – LEADER approach, which was seen as a horizontal since all three afore-

⁽²⁴⁾ Dargan, Shucksmith (2008)

⁽²⁵⁾ Thuesen, Nielsen (2011)

⁽²⁶⁾ Hjalager, Nielsen, Simon (2013)

⁽²⁷⁾ European Commission (2012)

⁽²⁸⁾ Council Regulation (EC) No 1698/2005

mentioned Axis could be implemented through LEADER. The Community strategic guidelines for rural development 2006 set out the objective for the LEADER approach as follows: LEADER should contribute to the priorities of axes 1 and 2 and in particular of axis 3, but also plays an important role in the horizontal priority of improving governance and mobilising the endogenous development potential of rural areas⁽²⁹⁾.

For the purposes of this paper, it needs to be said, that those are mainly measures of Axis 1 – Improving the competitiveness of the agricultural and forestry sector and Axis 3 – The quality of life in rural areas and diversification of the rural economy, which are oriented on support for entrepreneurial activities, while Axis 1 is solely oriented on agriculture.

The framework set up by the Council regulation 1698/2005 was translated into the context of member states through their national Rural development programmes. In Slovakia, the full title was the Rural development programme of the Slovak Republic 2007 – 2013. The structure of the document necessarily copied the regulations given by the European level; therefore, it was also divided into 4 axis, while Axis 4 was devoted to LEADER. Justification of the LEADER implementation in Slovakia was set as a response to the following critical areas:

- deepening the decline of municipalities and rural areas;
- uncoordinated practices and partners' activities at the local level;
- underdeveloped human and managerial capacities for bottom-up development planning;
- disinterest of local people in public affairs (weak level of dissemination of information);
- social isolation in end rural municipalities⁽³⁰⁾.

On the other hand, the document also stated that there is a great potential of the labour force in the countryside, what in connection with significant natural and cultural heritage offers a wide range of rural development opportunities⁽³¹⁾. This statement clearly indicates that Slovak institutions are aware that local labour force is presented in the rural areas and should be used in favour of rural development and even though lack of SME or entrepreneurial spirit was not mentioned as one of the critical areas it is clear, that development of entrepreneurship would be a way how to solve issues with employment. Despite this indication, further set up of rural development policy, mainly through LEADER, was not done in this direction, as it was only measures of Axis 3 – The quality of life in rural areas and diversification of the rural economy, which could be implemented through LEADER. Such a decision was not made in neither of neighbouring countries and it was solely up to the decision of Slovak authorities.

Within the Axis 3, 6 measures were supported, in particular:

- Diversification into non-agricultural activities (Code 311)

- Encouragement of tourism activities (Code 313)
- Training and information (Code 331)
- Basic services for the economy and rural population (Code 321)
- Village renewal and development (Code 322)
- Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy (Code 341)⁽³²⁾.

Linking these measures with support for entrepreneurship we would find out that entrepreneurs were considered as eligible beneficiaries only in case of measures 311 and 313. In particular those were legal entities and natural persons operating in the agricultural sector, whose share of annual revenues/profits from agricultural primary production on the total revenues was at least 30%, further those were natural persons authorized to do business in tourism (where for agricultural business applicants, their annual revenue/income from agricultural primary production in the total revenue/income must be less than 30%) and legal persons operating in tourism. Additionally, these were also the only measures, where job creation was stated as one of the expected results (500 and 250 jobs for measures 311 and 313 respectively). When breaking down the mentioned measures into supported activities, the predominant orientation on rural tourism is apparent even though tourism activities were not the main pillar of rural entrepreneurship in Slovakia.

When it comes to real implementation of measures through LEADER approach in Slovakia, it can be stated that the LEADER was heavily dominated by the public sector (municipalities) as the eligible beneficiaries, who were consequently implementing projects oriented on public sector. First indication is the total number of projects, which were approved within individual measures. As Figure 1 shows only 10% of projects implemented within LEADER were oriented on entrepreneurial activities (measures 311 and 313), while public sector projects formed 84% of total number (measures 321 and 322).

Second indication, total number of beneficiaries (captured in the Figure 2), shows that entrepreneurs as final beneficiaries formed 14% out of the total number of beneficiaries and municipalities 77%. In fact, out of 26 LAGs, which operated in the last programming period only 3 of them were able to implement projects within all the "private" measures (LAG Malohont, LAG Podpoľanie and LAG Kras).

Another sign of lower support aimed at private sector within LEADER was the allocation of investment. In total, up to the end of the year 2015, 11 578 229 € was used for private sector projects and more than double the sum, in particular 49 121 582 €, was used for public sector projects. Since job creation was identified as one of the biggest benefits of enterprises operating in rural areas, the focus was also on the actual state regarding this matter. Up to the end of the year 2015, thank to implementation of projects within the measures 311 and 313, 9 and 15,5 jobs were created respectively. These numbers fulfil the target values by 1,8% and 6,2%. Similar conclusions, however, were also reached at

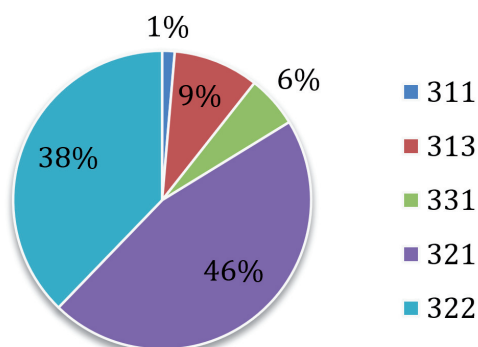
⁽²⁹⁾ European Commission (2015)

⁽³⁰⁾ Ministry of Agriculture SR (2007)

⁽³¹⁾ *Ibid.*

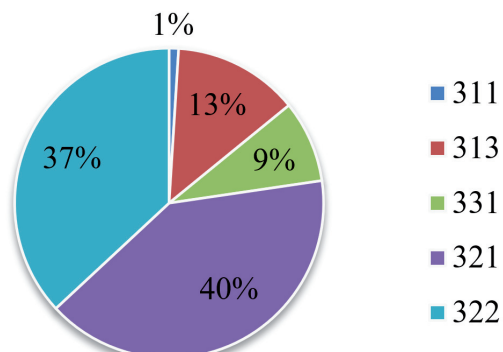
⁽³²⁾ *Ibid.*

Figure1: Approved projects per measure (in %)



Source: own elaboration of data from Baková (2016)

Figure2: Final beneficiaries per measure (in %)



Source: own elaboration of data from Baková (2016)

the European level, where in most cases the implemented projects had positive yet rather small effects on value added and employment for the whole region or country, not just for the targeted enterprises or sectors. This result is the *impact* of support measures and it is different in scale across the regions. It mainly depends on the volume of expenditures and the structure of the economy⁽³³⁾.

Based on the aforementioned information the following conclusions could be derived for the support of entrepreneurship through LEADER in Slovakia in the programming period 2007 – 2013:

- in theoretical framework, potential of rural areas regarding entrepreneurship was well identified,
- decision of Slovak authorities regarding enabling implementation only for Axis 3 through LEADER narrowed down the possibilities for support for local businesses,
- supported measures were only eligible for limited number of local entrepreneurs,
- supported measures were predominantly focused on the area of rural tourism, which is not so widespread in Slovak reality,
- support for private sector projects was significantly lower than for the public sector,
- target values regarding employment were not reached in Slovak rural areas.

These and other information could serve as “lessons learnt” for setting the framework for the current programming period 2014 – 2020.

V. Institutional Support for Entrepreneurship within LEADER approach in the programming period 2014 – 2020

Rural development policy for the programming period 2014 – 2020 is rooted in the number of legal regulations. The following are among the most important ones:

- Regulation (EU) No 1303/2013 laying down common

provisions on the European Structural and Investment funds,

- Regulation (EU) No 1305/2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD),
- Regulation (EU) No 1306/2013 on the financing, management and monitoring of the common agricultural policy,
- Regulation (EU) No 1310/2013 laying down certain transitional provisions on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

In this period, EU rural development policy is entering a new phase. It promotes structural reforms in farming, environmental conservation on farms and in forestry, diversification of the rural economy (including diversification on farms), and improvement of living conditions in rural areas⁽³⁴⁾. What is more, rural development policy is part of the overall EU2020 strategy that sets the strategic objectives of the Union for 2014–2020.

Within this period, the terminology has changed and the term community-led local development (CLLD) started to be used. CLLD shall be supported by the EAFRD, which shall be designated as LEADER local development and may be supported by the ERDF, ESF or EMFF. Those Funds are referred to as the European Structural Investment Funds concerned⁽³⁵⁾. The main difference between the previous programming period and this one is that this one allows for multi-funding financing as stated above. There is also increased flexibility in the use and combination of rural development policy measures to better address specific territorial needs, along with choice of measures with a clear contribution to the EU2020 priorities⁽³⁶⁾. In total, 118 programmes are foreseen in all 28 Member States. The new RD Regulation for the 2014–2020 period addresses six economic, environmental and social priorities⁽³⁷⁾. These are stated in the Commission Implementing Regulation (EU) No 808/2014.

⁽³⁴⁾ European Commission (2015)

⁽³⁵⁾ Regulation (EU) No 1303/2013

⁽³⁶⁾ European Commission (2015)

⁽³⁷⁾ European Commission (2013)

⁽³³⁾ European Commission (2014)

The objectives of LEADER/CLLD vary between three main categories:

- provision of support to rural jobs and economy,
- improvement of the quality of life,
- environmental protection.

Indicative objectives selected for LEADER/CLLD include:

- Socio-economic priority interventions that comprise farm productivity, micro and small enterprises, farm diversification, rural tourism, rural services, culture and heritage and forestry productivity
- Active dealing with demographic challenges, family and care structures
- Integration of rural and urban development
- Conservation and care of the natural heritage and the countryside
- Promotion of innovation, networks and cooperation in rural areas
- Improvement of supply chain and local production systems, in relation to food, agriculture, craft and fishery
- Adding value to culture and valuable monuments related to the territory
- Promotion of social inclusion and poverty reduction
- Activities to welcome active population ⁽³⁸⁾.

In Slovakia, currently there are two main documents playing crucial role in LEADER/CLLD implementation and those are the Slovak Rural Development Programme 2014 - 2020 (RDP) and Integrated Regional Operational Programme 2014-2020 (IROP). Finances from the European Agricultural Fund for Rural Development are implemented through RDP, while finances from the Regional Development Fund are implemented via IROP. Such setting carries a risk since the essential mechanisms determining the relationships between the LAGs and the managing authority were overall not unambiguously described, while there seems to be a gap in coordination between funds that may contribute to an impractical CLLD multi-fund approach, given the operational difficulties and control risks involved ⁽³⁹⁾.

The European Commission formally adopted the Slovak Rural Development Programme on 13th February 2015. The main objectives of the programme deal with increasing competitiveness of agriculture and forestry sector while taking into account climate friendly practices and building of strong rural economy via investing in businesses, infrastructure, human resources, local services and integration of marginalized communities ⁽⁴⁰⁾.

In the RDP, several key challenges were identified. Among others the unemployment rate in rural areas was mentioned together with youth unemployment and issues linked to the marginalized Roma communities. In order to address the challenges, Slovakia committed to invest in diversification of rural economy beyond agriculture and to create 1 100 jobs through the implementation of local development strategies (LEADER/CLLD) and an additional 900 jobs in micro

and small enterprises. Beside the job creation, the other indicative targets for LEADER/CLLD implementation are that the share of rural population covered by local development strategies will be 20,84% and 3,67% of rural population will enjoy the improved services. From the information stated above it is clear that the emphasis on job creation in the new programming period is apparent already in RDP and it also can be seen in formulation of the Integrated Regional Operational Programme.

Integrated Regional Operational Programme was in Slovakia presented in the first half of 2015. The document is composed of 6 priority axis, namely:

- Safe and environmentally- friendly transport in regions
- Easier access to effective and quality public services,
- Mobilising creative potential in the regions,
- Improving the quality of life in regions with an emphasis on the environment,
- Community-Led Local Development,
- Technical assistance ⁽⁴¹⁾.

Similarly to RDP, within IROP there were also identified key problematic areas. In particular within the priority axis 5 Community- Led Local Development, specific objective no. 5.1.1 Increase employment at local level by development of entrepreneurship and innovations, emphasis was put on solving regional and rural employment, especially in the tertiary sector with focus on social cohesion. Low entrepreneurial activity in rural areas was also indicated as an issue, which needs to be addressed. In this programming period emphasis seems to be again put on rural tourism although not so heavily as it was stated that for the strengthening of the economic and social viability of rural areas, the diversification of economic activities, the development of services, and the strengthening of investments in local infrastructure, is necessary.

The planned investments placed through the priority axis 5 were 99 000 000 € for less developed regions and 1 000 000 € for more developed regions.

Even though the setting for support for rural entrepreneurship in the current programming period seems to be favourable, one problematic issue can be identified there. In order to get support for the whole programming period, the Local actions group (mediators of the LEADER/CLLD approach) need to fulfil so-called Milestones A and Milestones B. Additionally, within the mid-term evaluation, the LAGs need to fulfil one of the target indicators - in particular the indicator of job creation by 50%. If these criteria will not be fulfilled, LAG may not get so called additional performance allocation or it may not receive the additional allocation for those measures, which do not generate jobs ⁽⁴²⁾. Such setting clearly aims at increasing of employment in rural areas and potentially also at increasing rural employment. On the other hand, it can have discouraging effects for LAGs as well as for final beneficiaries from private sector since the created jobs is the only value created by local entrepreneurs, based on which their performance (and project implementation) is positively

⁽³⁸⁾ European Commission (2015)

⁽³⁹⁾ *Ibid.*

⁽⁴⁰⁾ European Commission (2013)

⁽⁴¹⁾ IROP 2014-2020

⁽⁴²⁾ Ministry of Agriculture and Rural Development SR (2016)

evaluated.

From the performed analysis the following conclusions could be derived for the support of entrepreneurship through LEADER in Slovakia in the programming period 2007 – 2013:

- strengthened emphasis on stakeholders from private sector,
- support for job creation and employment in rural areas,
- complicated system of financing,
- need for increased coordination of support from two main documents/sources,
- emphasis put on job creation, which can have discouraging effects.

VI. Conclusions

Rural areas in majority of countries are facing distresses, which are often different from the problems in the urban and developed territories. Lack of entrepreneurial spirit leading to lack of jobs are considered to be one of the widespread problems linked to rurality. In order to tackle these issues, European Union sets up institutional framework for support within its rural development policy. LEADER approach is an inevitable part of the policy enabling rural areas to develop and flourish. Slovakia is an example of country, where the LEADER approach was, for the first time, implemented in its full potential in the programming period 2007 – 2013. During this time, the theoretical framework was supposed to support public as well as private and third sector. However, the measures adopted at the national level and their reflection into the practical implementation allowed for public sector domination. Therefore, some of the key principles of LEADER approach could not be fully justified. The following aspects were identified as key problematic areas from that programming period: supported measures were only eligible for limited number of local entrepreneurs, they were predominantly focused on the area of rural tourism, which is not so widespread in Slovak reality and target values regarding employment were not reached in Slovak rural areas.

Building on these “lessons learnt”, the institutional framework for the new programming period 2014 – 2020 was set up at European and consequently at the Slovak level. The rules of the game slightly changed since the central idea switched to community-led local development and to multi-funding approach allowing implementation of broader set of measures. In Slovakia, the prime role is played by two strategic documents – Rural Development Programme SR 2014 – 2020 and Integrated Regional Operational Programme 2014 – 2020. From the evaluation of the framework (which has not been implemented yet), we could derive following conclusions: the emphasis on private sector stakeholders was significantly strengthened, while the focus areas went further than just rural tourism, on the other hand, the institutional framework for implementation got more complicated with potentially too big emphasis on job creation what can have contra productive effects.

Generally, it can be said, that evolvement of the institutional framework of the rural development policy in Slovakia is going towards balanced support for all sectors. However, till

certain extend, the programming period 2007 – 2013 was not implemented into its full potential and even though corrective actions were taken when setting up the framework for the period 2014 – 2020, some threats could be identified even prior to its implementation. However, it is clear, that the final statement can only be made after the programming period termination.

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