

Case study on the implementation of the LEADER approach in the Republic of Moldova



This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of the National LEADER Network in the Republic of Moldova and do not necessarily reflect the views of the European Union.

PROMOTING LINKS BETWEEN THE RURAL ECONOMY AND DEVELOPMENT ACTIONS: LEADER APPROACH IN EAP REGION

Case Study Report on the Implementation of the LEADER Approach in the Republic of Moldova

© 2020, EaP CSF Secretariat, *Support to the activities of the
Eastern Partnership Civil Society Forum II*

The study was conducted by National LEADER Network in the Republic of Moldova within the framework of “Promoting Links between the Rural Economy and Development Actions: LEADER Approach in EaP region” project.

27 Sfatul Tarii str., office 45, Chisinau MD-2012,

E-mail: cerneva.leader@gmail.com

Authors of the Research are:

Dr. Ana Cerneva

Dr. Tatiana Savca

Content:

INTRODUCTION	5
PURPOSE, OBJECTIVES AND METHODOLOGY OF THE RESEARCH	6
CHARACTERISTICS OF RESEARCH STAKEHOLDERS	6
1. CONTEXT OF IMPLEMENTATION OF THE LEADER APPROACH IN THE REPUBLIC OF MOLDOVA	10
1.1 Premises and history	10
1.2 Pillaars, principles and eligibility criteria.....	13
1.3 <i>Actors in the implementation of the LEADER approach</i>	15
1.4 Implementations steps	19
2. IMPLEMENTATION OF LEADER PRINCIPLES.....	20
2.1 Bottom-up approach.....	20
2.2 Area-based approach	21
2.3 Local Partnership	23
2.4 Integrated and multi-sectoral actions.....	23
2.5 Networks	24
2.6 Cooperations	25
2.7 Innovation	26
3. KEY FACTORS FOR IMPLEMENTING THE LEADER APPROACH.....	27
3.1 Motivation and involvement of local partners	27
3.2 Cooperation in the implementation of the LEADER approach	29
3.3 Creation and institutionalisation of Local Action Groups	31
3.4 LAG structure and management processes.....	33
3.5 Sustainability of the development model based on the LEADER approach	38
CONCLUSIONS	53
RECOMMENDATIONS.....	56
ANNEXES	58
Consulted documents	58

ABBREVIATIONS

AIPA	Agency for Intervention and Payments in Agriculture
CPA	Central Public Authorities
LPA	Local Public Authorities
TPA	Territorial Partnership Agreement
LEADER MCC	LEADER Monitoring and Coordination Committee
LAG	Local Action Group
Ph	Peasant household
IE	Individual enterprise
MARDE	Ministry of Agriculture, Regional Development and Environment
UNDP	United Nations Development Programme
SAP	Strategic Action Plan
RM	Republic of Moldova
LDS	Local Development Strategy
SFPL	Solidarity Fund PL
LLC	Limited Liability Company
NLN	National LEADER Network in the Republic of Moldova
NSARD	National Strategy for Agriculture and Rural Development
ATU	Administrative-Territorial Unit
EU	European Union

INTRODUCTION

LEADER (the term ‘LEADER’ originally derived from the French acronym for “links between the rural economy and development actions”) is a local development method that has been applied in the European area for around 30 years to involve local actors in the design and implementation of strategies, in decision-making and in the allocation of resources for the development of their rural areas.¹

The idea of LEADER is to mobilise the energy and resources of people and organisations and encourage partnerships between the public, private and civic sectors at micro-region level – Local Action Group (LAG).

The LEADER approach is associated with local accountability through ownership of the development and implementation of the Local Development Strategy (LDS), the identification, connection and allocation of resources, including financial, and public involvement in decision-making.

The LEADER approach in the Republic of Moldova has been implemented since the end of 2015 with the support provided by several development partners: European Union, Poland, Switzerland, USA, Great Britain, Romania, Estonia, Czech Republic and others.

Currently, 32 Local Action Groups (LAGs) are active in the country, which are at different stages of implementation of the LEADER approach, in terms of methodology and institutional development (Figure 1.), covering 35 per cent of the country’s territory.

More than 1100 local residents in more than 350 rural municipalities are involved in the activity of LAGs.

This study intends to facilitate the understanding of the LEADER approach implementation in the Republic of Moldova and to guide the work of those interested in applying the Moldovan model of building and operating local partnerships to improve living conditions and increase living standards in rural areas.

The research was carried out under the Project “*Promoting Links between the Rural Economy and Development actions – LEADER approach in Eastern Partnership region*” and comes in support of teams from the three Eastern Partnership countries: Armenia, Georgia and the Republic of Moldova, involved in developing and promoting the methodology for the implementation of the LEADER approach.

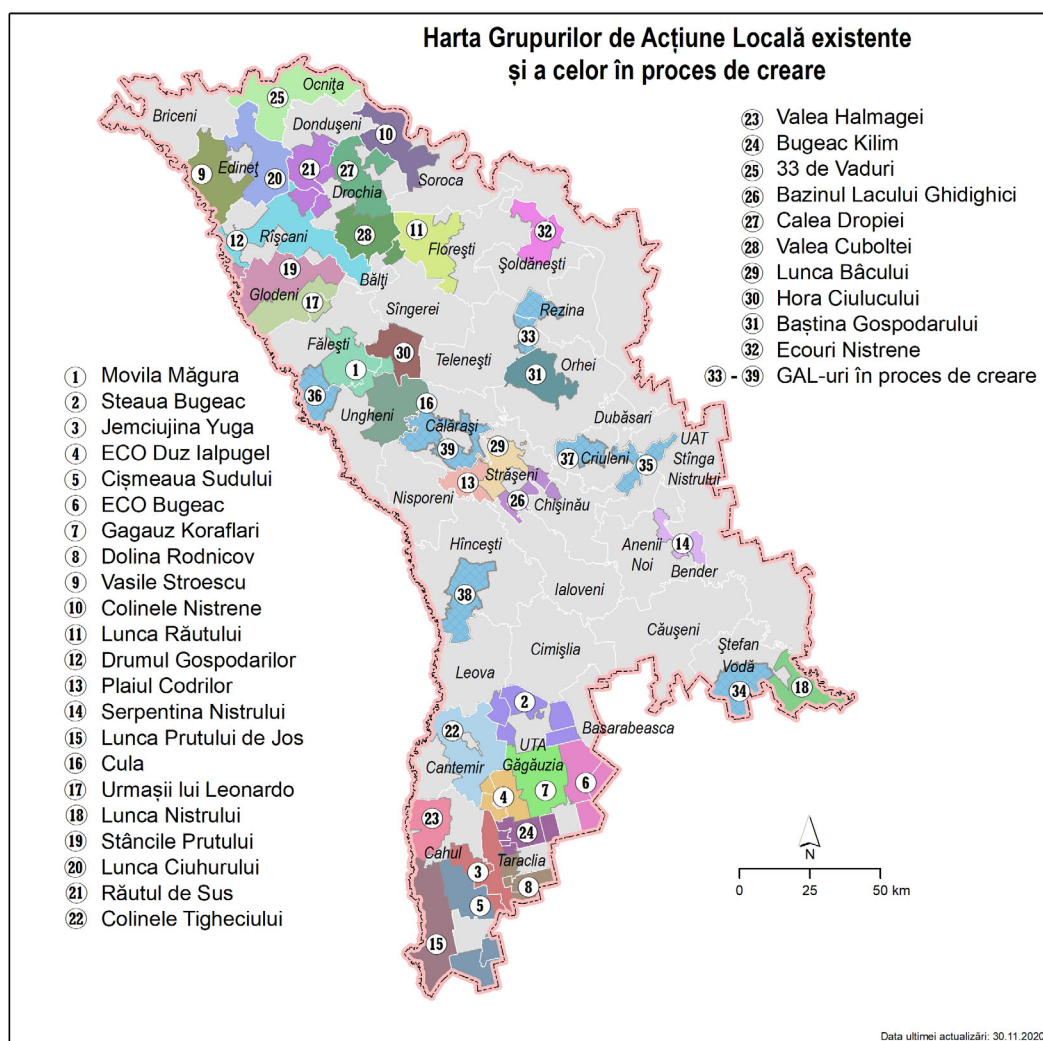
¹National strategy for agricultural and rural development for the years 2014-2020, approved by Government Decision No 409 of 04.06.2014, Official Monitor No 152 of 10.06.2014, updated on the basis of Government Decision No 785 of 01.08.2018

Table 1. General data on the Republic of Moldova:

Population (excluding the left rayons of the Dniester)	3,5 millions
Surface	33 846 km²
Rural population	56,9 %
Employment	42 %
Main activity in rural areas	agriculture
Agricultural land	74 %
Arable land	54 %
Forests and land with forest vegetation	14 %

Source: National Bureau of Statistics, Statistical Yearbook of the Republic of Moldova 2019, <https://statistica.gov.md/>

Figure 1. Map of LAGs in the Republic of Moldova



PURPOSE, OBJECTIVES AND METHODOLOGY OF THE RESEARCH

The aim of the research is to identify the key factors and opportunities for the implementation of the LEADER approach in the Republic of Moldova as a public policy tool for rural development and as a tool for streamlining development assistance provided by development partners.

Research has revealed the evolving experience of the Republic of Moldova in the LEADER approach implementation process, reflecting on methodological aspects and stages of implementation of the LEADER approach in the Republic of Moldova.

The **research objectives**, cover the practice of the Republic of Moldova and refer to:

- a) Outlining the context for implementing the LEADER approach;
- b) Reflecting the implementation of LEADER principles;
- c) Identifying the motivation and causes of the involvement of local partners in local development;
- d) Determining the tools for cooperation between organisations and institutions for the implementation of the LEADER approach;
- e) Model description of LAGs creation and institutionalisation;
- f) Identification of structures and description of internal management processes within the LAG;
- g) Identifying the conditions for ensuring the sustainability, including financial, of the local development model.

The object of the research: the implementation model of the LEADER approach in the Republic of Moldova.

Target groups in research: representatives of the public, civic and business sector from LAGs territories (LAGs members, representatives of LAGs bodies, LAGs beneficiaries, residents of the LAGs territory); members of the LEADER local implementation team; representatives of the Ministry of Agriculture, Regional Development and the Environment; representatives of development partners supporting the LEADER approach in Moldova.

Applied research methods:

- *Document study: official* (national legislative acts, LAGs constitution documents, decisions of LAGs management bodies, minutes, LAGs activity reports, LAGs strategic documents) and b) *non-official* (newspapers, magazines, relevant data information platforms websites, LAGs Facebook pages, LAGs Viber accounts/groups);
- *Semi-structured interview conducted in June – July 2020* with representatives of 16 Local Action Groups based on 2 types of questionnaires: one for the LAG President and members and one for LAG managers;
- *Observations in 3 focus groups organised with representatives of 3 sectors (public, entrepreneurship, civic) as follows: on 27.07.2020 (12 people, civic sector), 28.07.2020 (11 people, public sector) and 29.07.2020 (8 people, business sector).*

CHARACTERISTICS OF RESEARCH STAKEHOLDERS

The research was carried out by the National LEADER Network in the Republic of Moldova (NLN) with the support of the Local Action Groups, of which 15 LAGs are members of the Network. The National LEADER Network was established in 2018 and is an association that supports and represents the interests of LAGs. The establishment of the network is due to the

joint efforts of LAGs and facilitating organisations, which have been supported by the Ministry of Agriculture, Regional Development and Environment of the Republic of Moldova and the European Union. Through its work, the organisation contributes to the development of rural areas in the Republic of Moldova as part of the processes for developing and implementing the LEADER approach, establishing partnerships at both local, national and international level, fostering the interaction and development of LAGs.

The association and cooperation of LAGs and stakeholders in promoting the LEADER approach in the Republic of Moldova for sustainable rural development is the organisation's mission. Since April 2019, the LEADER National Network has joined the European LEADER Association for Rural Development (ELARD).

Characteristic of the LAGs participating in the study

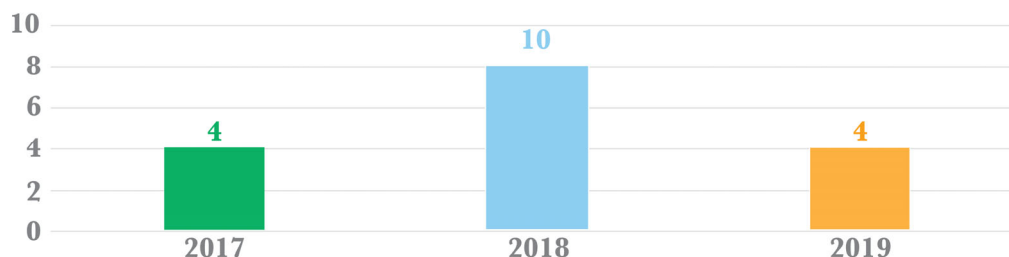
As mentioned above, 32 LAGs are registered in the Republic of Moldova. 16 LAGs were involved within the research (Table 1), representing 50 percent of the total number of LAGs.

Table 2. Local Action Groups engaged in the study

Ref. no	LAG name	Ref. no	LAG name
1.	LAG „Serpentina Nistrului”	9.	LAG „Steaua Bugeac”
2.	LAG „Colinele Tigheciului”	10.	LAG „Cișmeaua Sudului”
3.	LAG „Plaiul Codrilor”	11.	LAG „Calea Dropiei”
4.	LAG „Drumul Gospodarilor”	12.	LAG „Bazinul Lacului Ghidighici”
5.	LAG „Lunca Nistrului”	13.	LAG „Valea Cuboltei”
6.	LAG „Movila Măgura”	14.	LAG „Gagauz Coraflari”
7.	LAG „Lunca Răutului”	15.	LAG „Hora Ciulucului”
8.	LAG „Vasile Stroiescu”	16.	LAG „Lunca Prutului de Jos”
	Total		16

The period for partnerships launching and the registration of the Local Action Groups involved in the study was different. 50 per cent of LAGs were created in 2018 and 25 per cent respectively in 2017 and 2019 (Figure 2).

Figure 2. LAGs profile, year of creation



The location of LAGs covers the three regions of the Republic of Moldova: NORTH, CENTRE and SOUTH and is distributed according to Figure 3.

The population of the territories covered by the **16 LAGs** is **377 547** inhabitants (Figure 4), which represents **13 %** of the country's population and **62 % of the population** of the 32 LAGs. By mid-2020, the LAGs population had increased by **15,41 %** because of the new localities included in the process of expanding LAGs territories.

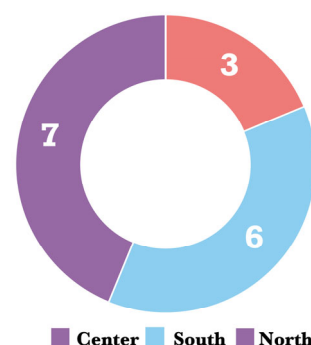
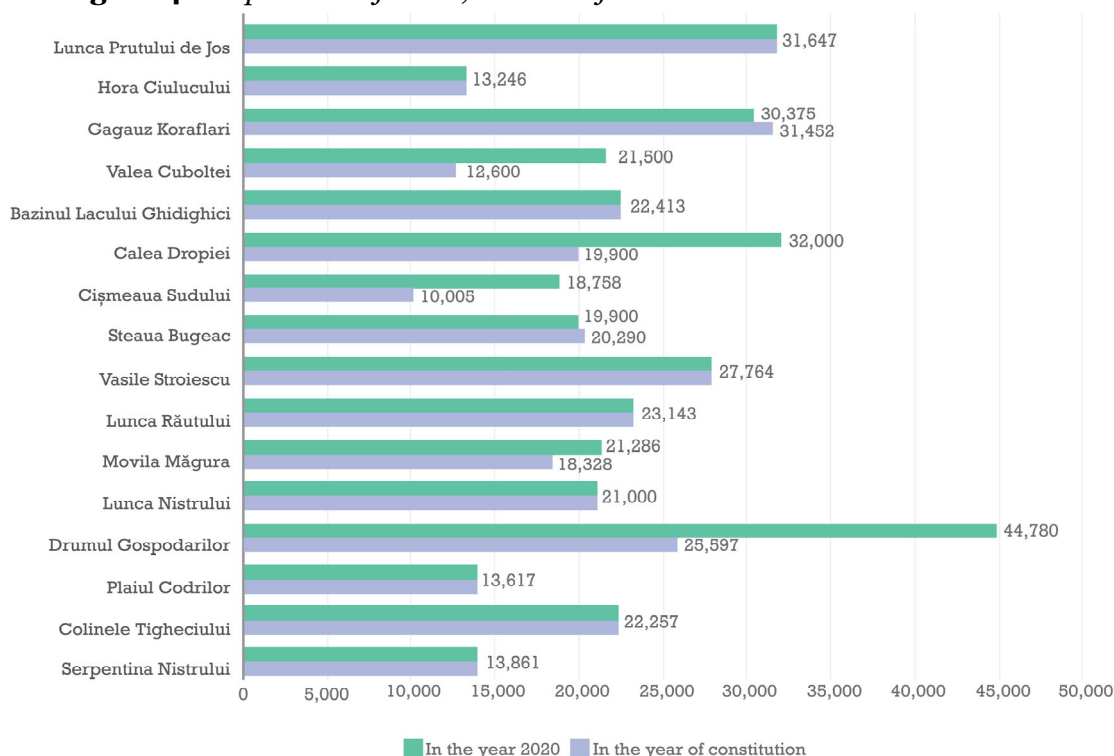


Figure 3. Location of LAGs

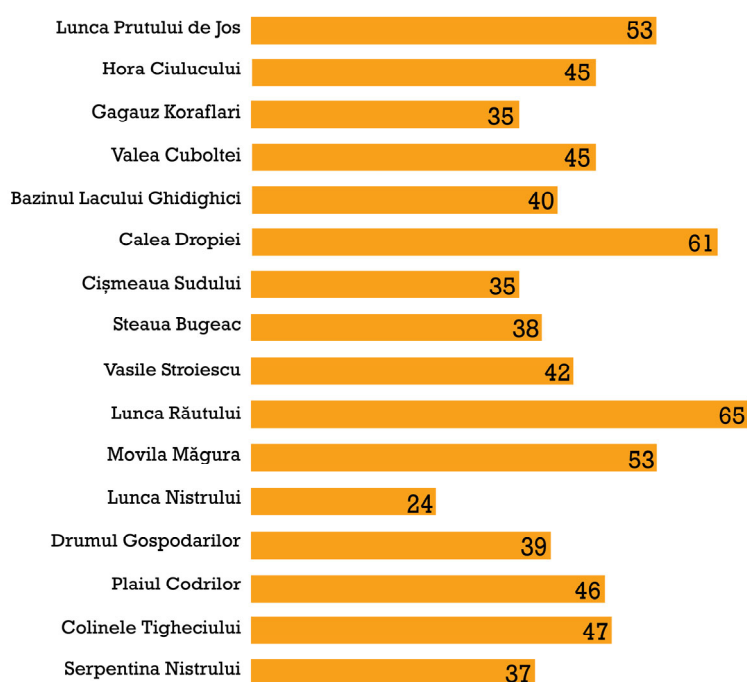
Figure 4. Population of LAGs, number of inhabitants



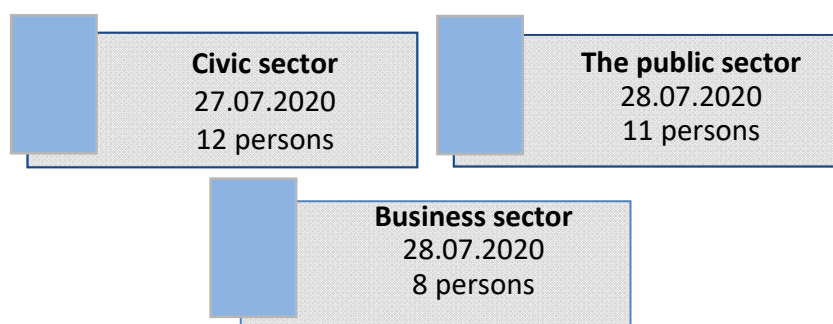
Participating LAGs have an average of **23596** inhabitants per LAG. The LAG with the lowest population — is the LAG “Hora Ciulucului” — 13246 inhabitants. The most populous is the LAG “Drumul Gospodarilor” — 44780 inhabitants.

The number of LAG members is not set by a specific conditionality and in the LAGs studied ranges from **24** to **65** members (Figure 5). The list of members includes individuals, representatives of local government authorities and public institutions, small and medium-sized enterprises, patent owners, representatives of local NGOs.

Figure 5. *Number of members in LAGs*



Representatives of the three public, entrepreneurial and civic sectors were involved in the focus group interviews. The interview guide (in annexes), drawn up prior to the meetings, was similar for all three groups.



1. CONTEXT OF IMPLEMENTATION OF THE LEADER APPROACH IN THE REPUBLIC OF MOLDOVA

1.1 Premises and history

The LEADER approach was launched in the Republic of Moldova to ensure a balanced development of rural areas in the long term, to avoid population impoverishment and to reduce population exodus from rural areas, both to urban areas and emigration to other states.

The Republic of Moldova is a country with an agrarian economy, with a land stock of 3384.7 thousand ha, 60.3 % of which is agricultural land. The country's population of 3542,7 thousand inhabitants is distributed to 1681 municipalities (excluding the administrative territorial units on the left bank of the Dniester river). More than half of the country's population is rural — 56.9 % or 2015.2 thousand people distributed in 916 villages (communes) or 2.2 thousand people per village/commune. The distribution of population by localities is uneven: for example, villages with a population of less than 10 thousand and more than 10 thousand inhabitants (Costești village, Ialoveni district or Congaz village, Comrat district). Thus, we see an excessive fragmentation of the population, which is a characteristic situation of the Republic of Moldova.²

The small number of the population limits the financial resources, administrative and institutional capacity of the local public administration to fulfil its own sectors of activity (Article 4 of Law No 435/2006 on administrative decentralisation). This implies low management capacity (difficulties in hiring staff with the necessary knowledge and skills) as well as very high per capita administrative costs. At the same time, international experience shows that administrative-territorial units with a population of less than 3000-5000 cannot fulfil significant public responsibilities, which requires regional approaches to group (clustering) localities for more efficient infrastructure development and optimal management and maintenance costs.

According to data from the National Bureau of Statistics, the stable population of the Republic of Moldova as at 01.01.2019 was 3,5 million people, down from the same period in 2018 by 4,8 thousand people. This shows an increase in 2018 of the population in urban areas (by 1.09 %) and a decrease in rural areas (by 1.31 % compared to 2016). These changes were mainly caused by the negative natural growth of the rural population and migration.

The slow progress of rural development indicators and the negative natural growth of the rural population is influenced by a wide range of interlinked phenomena and processes, such as mass migration, declining fertility rates, ageing populations, insufficient basic services, underdevelopment of social infrastructure, but also lack of employment, narrow spectrum of occupations and occupations demanded in rural areas. Most of these processes have much deeper systemic and societal causes, and the evolution of these phenomena shows alarming trends.

Moldova is currently in the top of the countries affected by migration processes. Migration takes place in two directions: internal (from village to city or city to village) and external (for work, educational purposes, business or tourism). Migration flows from rural to

²Analysis of the regulatory impact of the draft Government Decision for the approval of the draft Law on Local Action Groups, MARDE, 25.09.2020

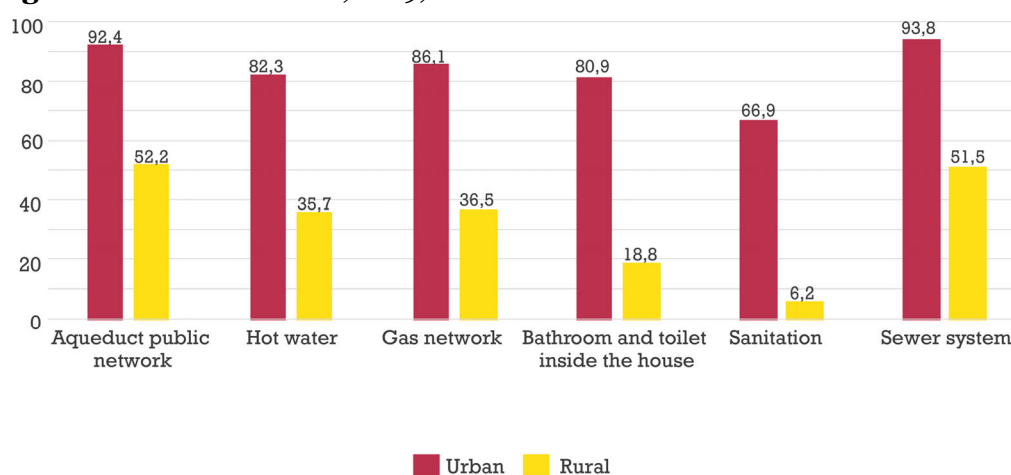
urban areas account for the largest share in the structure of internal migration and make up 35 % of the migrant population compared to 14 % of urban in rural areas.

Thus, rural areas in the Republic of Moldova face particular challenges in terms of development, jobs and sustainability. As in the rest of Europe, rural areas are extremely diverse, ranging from rural areas suffering from depopulation and decline to peri-urban areas under increasing pressure from urban centres.

Another problem in rural areas is degraded and underdeveloped social infrastructure, which inevitably results in a significantly lower quality of life than in urban areas.

Large discrepancies are also observed regarding the level of endowment of housing with amenities. In 2018, the share of the rural population with access to public services is significantly surpassed by the urban population, although in the population structure the rural one predominates (56.9 %). Thus, between 2016 and 2019, only 6.2 % of the rural population received sanitation services, 51.5 % and 52.2 %, respectively, have access to the public sewerage and aqueduct network (Figure 6). The share of the population with a sanitary group inside the house in the countryside is insignificant and constitutes only 18.8 % of the rural population.

Figure 6. *Access to utilities, 2019, %*



Source: National Bureau of Statistics of the Republic of Moldova, 2020

At the same time, unequal access to infrastructure for the population is seen as a factor affecting rural employment, particularly non-agricultural employment. And poor quality infrastructure at the local level imposes constraints on the development of the business sector. All this reduces the chances for the creation of new local jobs and leads to increased internal labour mobility flows from communities without a developed infrastructure to those with developed infrastructure, which have essential services such as social ones.

According to the conclusions of the ex-ante analysis Report, limited access, inefficiency and poor quality of public services such as education, health, transport and water have contributed to social exclusion, persistent poverty and vulnerability of rural population to shocks. In combination with economic factors, limited access to public services and

underdeveloped public infrastructure are the main cause of the stagnation of rural development.³

However, the interest and energy with which the 32 LAGs are working for rural development, which emerged between 2017 and 2020, indicates that villages in the Republic of Moldova are ready for serious social and economic change.

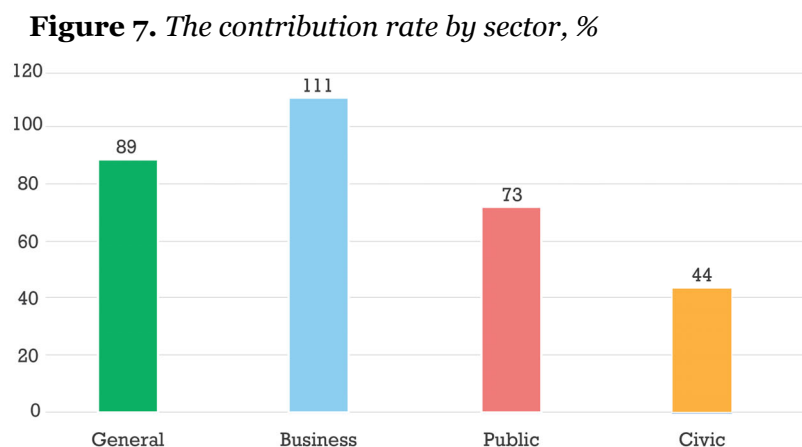
In 2018, LAGs managed to implement around 160 micro-projects with a total co-financing budget of about 7.000.000 MDL from several sources: EuropeAid, Polish aid, UK Embassy.

In 2019, LAGs implemented around 200 micro-projects with a total co-financing budget from external sources of about 10.000.000 MDL (Polish aid, USAID).

In 2020, LAGs are implementing approx. 350 micro-projects with a total co-financing budget from external sources of around MDL 20.000.000 MDL (EuropeAid, Polish aid).

Implementation experience shows that LAG funding has been an important driver for economic development. Financial involvement by the beneficiaries — the budget of the own contribution (only financial) from the beneficiaries cumulatively is 89% of the funding obtained from the LAG (Figure 7.)

For example, the analysis of the state of implementation of the LEADER approach in 2019 (SFPL LEADER and USAID LEADER edition) shows that the largest contribution of 111% was allocated by project beneficiaries in the business sector, followed by the public sector (73%) and the civic sector (44%).



Source: Report LEADER 2019 Beneficiaries, SFPL, 2020

In other words, each “leu” (MDL) invested through the LEADER mechanism is multiplied by the local contribution and contributes to economic development and improving living conditions in rural areas.

³Ex-ante analysis of the Intervention Measure under Specific Objective 3.3 of the National Strategy for Agricultural and Rural Development 2014-2020 concerning the establishment and operation of Local Action Groups and the implementation of the LEADER Programme in the Republic of Moldova, Analysis Report, 2020, P.11.

Until this year, LEADER in Moldova had the status of APPROACH rather than LEADER Program. According to the legal provisions, the LEADER *approach* is a "method of developing communities in rural areas, involving local actors in the design and implementation of local development strategies and operating on the basis of the following principles: territorial approach, local partnerships, bottom-up approach, integrated and multi-sectoral actions, innovation, networking and cooperation"⁴.

The period for the creation of the LEADER Program in Moldova started with 2020 when amendments to the legislation were published in the Official Monitor of the Republic of Moldova, setting out the start of the financing of LAGs from public sources. The amendments made aim to optimise and streamline rural development policies, taking into account the needs of rural areas in the context of the LEADER approach in the Republic of Moldova.

The Ministry of Agriculture, Regional Development and Environment of the Republic of Moldova supports, as a strategic partner, the LEADER approach as a successful example of partnership at local level and cooperation between authorities and citizens.

Moreover, in accordance with the RM-EU Association Agreement⁵, the Republic of Moldova is committed to adapting its legislation in the relevant sectors to that of the European Union and to develop its administrative and institutional infrastructure. Cooperation between the signatories in the field of agriculture and rural development shall also cover the exchange of knowledge and best practices on rural development policies in order to promote the economic well-being of rural communities (Article 68), thereby contributing to the creation of more and better jobs, the reduction of poverty, the strengthening of social cohesion, sustainable development and the improvement of quality of life.

1.2 Pillars, principles and eligibility criteria

The basic pillars of the LEADER approach in the Republic of Moldova considered by local partners are: *territory, local action group and local development strategy*.

Analysis of respondents' answers in both interviews and focus groups demonstrates that the implementation of the LEADER approach in Moldova is *in line with the principles of EU LEADER/CLLD programmes* and is based on compliance with the following⁶:

- **territorial approach** (*efficient use of local resources within a specific territorial area, homogeneous, carrying out integrated activities and creating a common vision*);
- **partnership-based approach** (*realisation of a local cross-sectoral partnership interested in the development of the micro-region, called "Local Action Group"*);
- **bottom-up approach** (*active participation of the local population in the planning, decision-making and implementation of strategies necessary for the development of the area*);

⁴Law No. 276 of 16.12.2016 on the principles of subsidies in the development of agriculture and the rural environment, Official Monitor No 67-71 of 03.03.2017, Article 3.

⁵Article 31 of the RM-EU Association Agreement

⁶National LEADER Network, <https://leaderin.md/piloniidebaza.ro/>

- ***integrated and multi-sectoral approach to strategies*** based on the interaction of partners from all sectors of the local economy in order to plan and share rural issues;
- ***particular emphasis on innovation and experimentation*** (seeking new responses to existing rural development problems);
- ***implementation of cooperation projects*** (between local actors but also outside the area);
- ***networking of local partnerships*** (synergy of actions and activities).

The eligibility criteria of the LAG partnership are based on the EU LEADER and Community-Led Local Development (EU LEADER/CLLD) approach coordinated with MARDE and are included as mandatory requirements in the LAG set-up processes.

The NLN informs local stakeholders about the eligibility criteria by placing them on the official website of the Network.

Local public authorities wishing to launch a LAG partnership in the Republic of Moldova shall comply with the following criteria:

- The LAG partnership shall consist of at least three distinct administrative and territorial units;
- Urban centres with more than 10 000 inhabitants should not be part of the LAG, but it is recommended that LAGs cooperate with urban centres on strategic issues related to their territories;
- An administrative-territorial unit may be part of only one LAG;
- The total number of inhabitants covered by the LAG Partnership Territory must be at least 10 thousand;
- The territory of the LAG Partnership is homogeneous;
- LAG territories must be delimited by Decision of the relevant Local Councils. Local Councils must decide whether to join a specific LAG and mayors must sign the LAG Territorial Partnership Agreement;
- LAG members may be organisations, institutions or individuals from the LAG territory;
- The rate of different actors (stakeholders) in a LAG (LAG members) must be based on a balance of three sectors: public, business and civic. Ideally, almost one third of the LAG members per sector;
- The partnership is established on the basis of the principles of openness, transparency, equality and principles based on the EU LEADER/CLLD approach;
- The common cultural and/or economic and/or historical and/or environmental context etc. of the established LAG Territorial Partnership is identified as a foundation for the necessary territorial cohesion;
- The LAG has an attractive own name that is linked to the common identity of LAG members;
- The LAG has its own mission, vision and willingness to act together for the benefit of the LAG territory, based on the local development priorities reflected in the local development strategy developed by the LAG members;

- In the LAG's decision-making bodies, business and civil society must be represented by at least 50 % of members + 1 person and the local public sector must be represented by a maximum of 50 % of members – 1 person;
- The LAG is formed on the basis of the declarations of LAG members on the establishment of the LAG Territorial Partnership. The legal decision-making body of each member organization must sign a declaration of accession to a particular LAG partnership indicating the name, function and contact details of the elected representative of the member organisation concerned, who will have voting power in the LAG. Individuals can be members of the LAG by signing a letter of interest and the LAG Partnership Document;
- It is the LAG's members who sign the LAG Territorial Partnership Agreement.

1.3 Actors in the implementation of the LEADER approach

Development Partners play an important role in promoting the LEADER approach in the Republic of Moldova. The implementation of the LEADER approach in the Republic of Moldova has been supported by several Development Partners:

- **The European Union** through the 'Support for Agriculture and Rural Development in the UTA Gagauzia and Taraclia Rayon' (SARD) Programme, from 2016 to 2018, has contributed to the development of the agri-food sector, the promotion of local entrepreneurship, the creation of jobs and an increase of the income of the population. One of the basic pillars of the programme was the piloting of the LEADER approach. The programme has contributed to the creation and institutional development of 8 LAGs in the UTA Gagauzia (territory mainly inhabited by Gagauz population) and Taraclia rayon (preponderant inhabited by Bulgarian ethnicity) and to the implementation of more than 100 local projects.
- **The Solidarity Fund PL in Moldova** facilitated the creation of 9 LAGs. In partnership with *People in Need Moldova*, two more LAGs were created. The Solidarity Fund PL in Moldova is the representation of the Polish Solidarity Fund PL Foundation, established by the Ministry of Foreign Affairs of the Republic of Poland. The Fund has been active in the Republic of Moldova since 2012. The organisation supports local development processes in the country, including support for the implementation of the LEADER approach.

*"The LEADER approach is a European tool that has demonstrated its effectiveness in developing the possibilities of local authorities, but also in the field of entrepreneurship by supporting small and medium-sized enterprises, which is essentially - the key to success"*⁷.
Bartłomiej Zdaniuk, Ambassador of the Republic of Poland to the Republic of Moldova

In 2019, EUR 417 142,10 were allocated to the Rural Development Direction (LEADER, LEADER+, USAID LEADER, NLN projects) with the financial support of Polish aid (81%) and USAID (19%), which amounts to 40% of the total funding for Solidarity Fund PL.⁸

⁷ News portal, <https://bani.md/usaaid-si-polish-aid-anunta-lansarea-oficiala-a-proiectului-leader-pentru-moldova-rurala--106222.html>

⁸ Activity Report, 2019, Solidarity Fund PL in Moldova pp.4-8.

- The **UK Embassy in Chisinau and Ukaid** financially supported **People in Need Moldova (PIN)** by offering small grants to members of two LAGs.
- **The United States of America** through the International Development Agency (USAID) supports the promotion of the LEADER approach in the Republic of Moldova. **The Polish Development Cooperation Programme (Polish aid)** of the Ministry of Foreign Affairs of the Republic of Poland recently signed a collaboration agreement with USAID and launched the *LEADER project for Rural Moldova* with a budget of USD 3 million through which 16 new LAGs will be created and 70% of the project budget will be allocated for funding micro-projects to develop the local economy. The grants will be offered to entrepreneurs on a competitive basis. Greater attention will be paid to creating new opportunities for economic development in rural areas, especially for women and young people.

“The United States Government’s partnership with the Polish Government is a very important and valuable partnership for the implementation of the LEADER approach, and successful local development stories and opportunities at local level confirm that this work needs to continue. USAID is interested in supporting this programme in the Republic of Moldova because the LEADER approach encourages citizens to tackle their problems locally and encourages young people to invest in the development of their communities.”⁹ **Scott Hocklander — Mission Manager USAID in Moldova**

“The success of the LEADER approach implementation in the Republic of Moldova is due to sustainable collaboration between all partners”.¹⁰ **Tomasz Horbowski, Country Manager of Solidarity Fund PL in Moldova**

The influence and role of both financial and technical external assistance in the implementation of the LEADER approach in the Republic of Moldova cannot be underestimated.

The Solidarity Fund PL in Moldova in partnership with NLN worked with MARDE (Department of Rural Development) in drafting the amendments, which would allow the financing of LAGs from the state budget and the inclusion of LEADER as a rural development instrument. These activities were carried out both in the framework of the work of the LEADER Monitoring and Coordination Committee (LEADER CMC) and in the working meetings organised by MARDE.

The Government of the Republic of Moldova, with the contribution of Solidarity Fund PL and the support of the European Commission, has included the implementation of the LEADER Programme in the Government Action Plan for the period 2019-2020.

As a result of the joint actions, in February 2020 the Moldovan Parliament adopted a number of amendments to the national legislation regarding the LEADER approach. These amendments concern the creation of the LEADER State Programme, financed from public sources of up to 5 % from the National Agricultural and Rural Development Fund.

Subsequently, the MARDE appointed a working group (NLN is part of the group) on the drafting of a special law, the *Law on Local Action Groups*, for the purpose of regulating the status of the LAG. In order to argue the necessity and opportunity of the legislative proposal, the

⁹ News portal, <https://bani.md/usaaid-si-polish-aid-anunta-lansarea-oficiala-a-proiectului-leader-pentru-moldova-rurala---106222.html>

¹⁰ Conclusion meeting of the MADRM and Solidarity Fund PL Memorandum, 2020, <https://bani.md/usaaid-si-polish-aid-anunta-lansarea-oficiala-a-proiectului-leader-pentru-moldova-rurala---106222.html>

representatives of MADRM elaborated the Analysis of the Regulatory Impact of the draft Government Decision for the approval of the draft law. The draft law was also accompanied by the ex-ante analysis of the Intervention Measure under Specific Objective no. 3.3 of the National Strategy for Agricultural and Rural Development 2014-2020 on the creation and operation of Local Action Groups and the implementation of the LEADER Programme in the Republic of Moldova. In the preparation process of the Ex-ante evaluation, MARDE was supported by Solidarity Fund PL in Moldova.

The law is currently in the process of approval and submission to the Parliament for consideration by the Government.

According to the timetable, legislative work must be completed at the end of 2020 so that LAGs can be registered as legal entities and receive funding from the Agriculture and Rural Development Fund in 2021 (approximately EUR 2,5 million per year). A number of 10-15 LAGs are expected to be financed from the public budget in 2021.

We note that all LAG related projects are monitored and guided by the Ministry of Agriculture, Regional Development and Environment through the LEADER CMC.

The LEADER CMC, appointed in 2016, is a partnership-based structure without legal personality, with a decision-making role, responsible for the quality and efficiency of the implementation of the LEADER Programme in the Republic of Moldova. It consists of representatives of MARDE, international development partner organizations and local NGOs.

Tasks of LEADER CMC:

- assists the MARDE in the preparation and implementation of activities related to the implementation of the LEADER Programme in the Republic of Moldova;
- coordinates activities between organizations working in the field of rural development, organization and establishment of the LAGs;
- regularly reviews progress towards the achievement of the specific objectives of the LEADER Programme;
- identifies partners and cooperation projects of Local Action Groups.

The collaboration with development partners was marked by the conclusion on June 23, 2020 of the Memorandum of Understanding to strengthen efforts and ensure a sustainable partnership in support of rural communities between MARDE and the Polish Solidarity Fund Foundation in Moldova. The memorandum aims at ensuring cooperation for rural development through the LEADER mechanism, based on the aims and objectives set out in the National Strategy for Agricultural and Rural Development.

“The Republic of Moldova could be the first country outside the European Union to finance the LEADER approach from public money and can be an excellent opportunity for local development by local residents. The big change in people’s lives comes with small steps and the enthusiasm that exists deserves sustained”. Peter Michalko, Ambassador of the European Union to the Republic of Moldova, presented at the closing session of the MARDE Memorandum and the Polish Solidarity Fund Foundation.

“Moldova needs a new approach in support of rural localities and the European Union’s experience of over 30 years demonstrates the effectiveness of LEADER — where the protagonist and the main beneficiary is the citizen and the driving force of this programme are the Local Action Groups. In this context, MARDE demonstrates an increased interest in the implementation of the LEADER approach in our country”. Mr Ion Perju, Minister, MADRM.

In collaboration with development partners and central and local public authorities, the LEADER approach is agreed and promoted by various *national organisations*. The members of the National Network for Rural Development of Moldova (RNRDM), the National LEADER Network (NLN), the National Federation of Moldovan Farmers (FARM), the Republican Association of Agricultural Producers “UniAgroProtect”, the National Federation of Moldovan Farmers (NFM) contribute to its promotion. At the same time, in order to ensure transparency in decision-making, the opinion of the Congress of Local Authorities of Moldova (CALM) is consulted in the preparation and adoption of the new legal framework for the LEADER programme.

Several *civil society organisations*, working mainly on the ground and supporting and facilitating the creation of local partnerships, are involved in the implementation of the LEADER approach in the Republic of Moldova. Thus, among the *local organisations involved in facilitating of the local action groups creation in the Republic of Moldova can be mentioned*:

- The **National LEADER Network** contributes to the promotion of the LEADER approach through various activities: LAG needs assessment (2019) with the support of the EU Technical Assistance Project for the ENPARD Programme and in collaboration with MARDE; institutional development of more than 25 LAGs (2020); financing socio-economic development measures for 12 LAGs (2020) and others. To implement the activities, NLN actively cooperates with Solidarity Fund PL in Moldova, the Moldovan Farmers’ Federation (FARM) and other organisations.
- NGO **“Pro Regional Cooperation”** – contributed to the creation and organisation of the work of 9 LAGs in the north of the country. With the Swiss HEKS support, the organisation provided technical and financially support for LAGs institutional development. HEKS/EPER and Pro Regional Cooperation NGO have piloted several activities promoting the LEADER approach and participated in several exchanges involving Local Action Groups from other countries.
- **Solidarity Fund PL in Moldova** through the **EU-funded SARD Programme** implemented by UNDP has contributed to the creation and institutional development of 8 LAGs in UTA Gagauzia and Taraclia rayon;
- **People in Need Moldova** (PIN), together with national partners (Solidarity Fund PL in Moldova), facilitated the creation of two LAGs in Straseni and Anenii Noi districts, thus encouraging rural development and collaboration between local public administration, the private sector and civil society organisations;
- **IDIS “Viitorul”** – in partnership with two LAGs from Estonia, implemented a project funded by the Estonian Ministry of Foreign Affairs assisting two micro-regions in the Ungheni and Ștefan Voda districts to develop the LEADER approach. Within this project, IDIS Viitorul provided support for the creation of LAGs, the development of local development strategies, capacity building of LAGs members, the organisation of study visits, the creation of partnerships and recently started to facilitate access to financial resources.
- **The Regional Support and Information Centre for Non-Governmental Organisations “CONTACT-Cahul”** supported by the Swiss Foundation HEKS-EPER Moldova facilitated the creation of 2 LAGs in the South of the Republic. Core activities that have been carried out: promoting the LEADER concept in the Southern Region, guiding local public administration authorities, facilitating the creation of LAGs, logistical support in the

process of registering LAGs; capacity building for LAGs; organising the exchange of experience in EU and non-EU countries; technical assistance for the development of local development strategies; facilitation the initiation of inter-community partnership projects with LAGs from other countries; creation of a network of LAGs in the South Region.

In the light of the above, Ambassador of the Republic of Poland to the Republic of Moldova statement is significant, presented in the process of signing the MADRM-SFPL Memorandum. His Excellency, Bartłomiej Zdaniuk, mentioned that subsidiarity is one of the most essential principles guiding the EU, where everyone does what can best, the state at state level and local power at local level. *“I am convinced that together we can make the share of Gross Domestic Product created in rural areas even bigger than in urban areas because the potential is enormous,”* said Bartłomiej Zdaniuk.

1.4 Implementations steps

Evolutionary, the implementation of the LEADER approach in the Republic of Moldova has undergone several distinct stages, which we consider to be:

- ***Development and piloting of the implementation methodology: the start-up and institutionalisation phase of the first LAGs (2015-2017);***
- ***The consolidation phase of the implementation methodology (2017-2018);***
- ***The multiplication phase of the implementation methodology (2018-2021);***
- ***The phase of setting up inter-organisational and inter-institutional partnerships in order to implement the LEADER approach, including the creation of the National LEADER Network in the Republic of Moldova (2018-2019);***
- ***The regulatory phase of the LEADER approach at national level (2019-2020);***
- ***Professionalisation phase of LAGs (2018-2021);***
- ***The phase of strengthening LAGs' funding methodology (2019);***
- ***The preparatory phase of the publicly funded LEADER programme (2019-2020);***
- ***The phase of strengthening the LEADER approach as a public policy tool and an instrument to optimise external financing sources for development (2020-2021).***

2. IMPLEMENTATION OF LEADER PRINCIPLES

2.1 Bottom-up approach

Bottom-up approach — involves the active participation of the local population in the planning, decision-making and implementation of strategies necessary for the development of the micro-region.

Local development strategy, according to the national legal framework, is a “local development plan, developed and implemented by a LAG based on the principles of the LEADER approach, which contributes to achieving the objectives set at the local level and those set out in the National Agricultural and Rural Development Strategy”¹¹.

Because, the LEADER approach supports the idea that the local population is the best connoisseur of local problems and the best generator of solutions in the development of their territory, the involvement of citizens and interest groups in the construction of the future vision and solution tools.

The analysis of the content of the strategic documents produced by the 16 LAGs and the process by which they were produced, described in the document, confirms that the bottom-up approach is respected. The analysed LDSs of the 16 LAGs contain the implementation of this principle as a component.

Good practice example:

LAG Strategic Action Plan “Calea Dropiei” for 2019-2023.

‘The LAG territory “Calea Dropiei” includes 7 administrative territorial units: the village of Gribova, the village of Baroncea, the village of Șuri, the village of Chetrosu, the village of Mindic, the village of Maramonovca and the village of Drochia, with a population of approximately 19 900 inhabitants... In parallel to the process of setting up the LAG “Calea Dropiei”, using various participatory activities, the 5-year Strategic Action Plan (2019-2023) was drawn up, ensuring the involvement of local stakeholders and groups of interest in the identification and evaluation of local resources (human, economic and infrastructure, natural and institutional), the finding and examination of the current situation, the formulation of the vision, the mission, the development priorities and specific actions (projects) to produce the desired changes at local level. At the time of the establishment of the LAG, 56 individuals and legal persons signed the Territorial Partnership Agreement, among them the representatives of 7 mayors, 7 public institutions, 24 individual persons, 15 economic agents (LLC, Ph). 52% of LAG members are men and, respectfully, 48% are women. The relationship between legal entities and individuals is as follows: 45% — individuals and 55% — legal persons. Proportionality is also respected in the members’ ratio per locality, depending on the population.

Thus, all segments of the population (women, men, pensioners, young people), economic and social groups as well as representatives of public and private institutions participated in the implementation of the LEADER approach.

¹¹Law No 276 of 16.12.2016 on the principles of subsidies in the development of agriculture and the rural environment, Official Monitor No 67-71 of 03.03.2017, as amended by Article 3 of Law No 156 of 20.07.2020

2.2 Area-based approach

The **territorial/area-based approach** in the Republic of Moldova involves focusing on a small, homogeneous, socially cohesive area, which is often characterised by common traditions, common local identity and sense of belonging or shared needs and expectations. The basis for the development of the micro-region lies in the area's own local resources, their efficient use, integrated activities and the creation of a common vision for the development of local communities.

The territory of the Republic of Moldova is divided into 6 development regions (without legal personality) and 32 rayons (districts), 11 municipalities, 55 cities, 898 villages (with legal personality). The territory of Transnistria, which is a development region of the Republic of Moldova (temporarily under separatist regime), includes 147 localities on the left bank of the Dniester river.

From the administrative point of view, the country's territory consists of administrative-territorial units (ATU) of level I: rural (villages and communes) and urban (cities and municipalities). The administrative-territorial units of level II are the districts which, in turn, are composed of several level I ATUs.

Territories involved in the implementation of the LEADER principles do not coincide with the delimitation of administrative and territorial boundaries. The LEADER territory in the studied LAGs has clearly defined geographical boundaries and does not coincide with the administrative division (district, UAT level II). These are rather practical, cultural or functional limits. Level I ATUs from different districts can participate in the establishment of LAGs. If a village in a commune has common borders with the territory of the LAG and wants to join the partnership, the acceptance of the local public administration of the commune is needed (decision of the Local Council).

For example, the 'Movila Măgura' LAG is "made up of 9 territorial administrative units (23 localities), which are administratively included in three districts: Făleşti, Ungheni and Singerei."¹²

Currently, the implementation of the LEADER approach from a territorial approach perspective is characterised by the process of enlargement of territories. As evidence, the LAGs participating in the study were in total, in the year of establishment, 127 ATUs of level I, representing 194 rural localities (villages). In 2020, during the research, the 16 LAGs studied already integrate 143 ATUs of level I, bringing together 226 localities, which shows a 13% increase in the ATUs and 17% of localities. Of course, there is also an increase in territorial areas.

Thanks to this territorial approach, as mentioned by respondents, it is easier to identify local strengths and weaknesses, threats and opportunities, the internal potential of the territory and the main traps and obstacles to the sustainable development of the area.

Example 1. According to the content of the strategy, the LAG "Gagauz Koraflari"¹³ unites the following localities: Baurchi, Beshalma, Kirsova, Ferapontievka, Gaidar and Tomay (31.452 inhabitants). The LAG defined the advantages of its territory: all villages are close to regional

¹²Local Development Strategy of the LAG "Movila Măgura" for the years 2020-2024, LAG Office, Sarata Veche village, 2020.

¹³Strategic Action Plan 2017-2020, LAG "Gagauz Koraflari, Tomai village, Ceadir Lunga district, 2020.

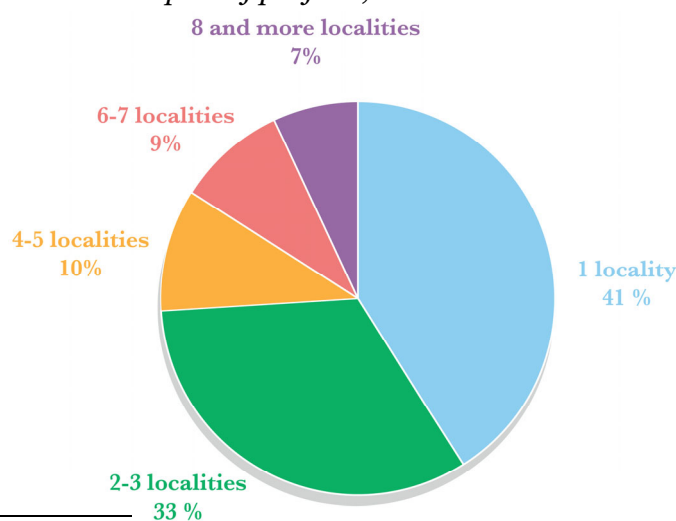
channels of communication, which has a positive impact on the development of local affairs. At the same time, a favourable climate, fertile soil and water in local lakes are important for the development of agriculture. The overall objective of territorial cooperation is to strengthen local cultures. All settlements included in the LAG are distinguished by a pronounced mix of cultures: Ukrainian, Bulgarian and Gagauzian.

Example 2. The LAG partnership “Hora Ciulucului”¹⁴ stresses that “it is based on common elements, such as: homogenous territory of similar relief; historical development conditions (former rayon, similar historical relics); culture, religion, traditions, customs which form the basis of shared and organised local festivals with the participation of all villages; popular clothing and port parts; economic links through activities specific to the whole area; agricultural, non-agricultural and public services provided jointly by inter-community cooperation (rescuers, firefighters, police, communal services, emergency medical services); agri-food markets in the territory; methodical micro-centres where professionals (teachers, educators, agronomists, zootechnical) exchange experience and increase their professionalism; sports area competitions; the experience and results of projects implemented jointly and the natural pearl of the region – the Middle Ciulucului River, which crosses the territory of the partnership”.

It is important to note that the activities of workshops to identify territorial resources, organised with representatives of all localities in the mobilisation process for the development of the LDS, increase knowledge and openness among participants, raise awareness of their territorial potential and increase trust and a sense of local identity. On the other hand, it also identifies gaps and obstacles that need to be overcome. One of the critical problems is the quality of local territorial statistics. ATU needs profound and reliable statistical data to outline the real situation in the territory and identify the problems.

The territorial approach is also outlined by the impact of implemented micro-projects. For example, in the result of the analysis of 98 microprojects implemented by civic and public sector representatives in 2019, funded by the Solidarity Fund PL, 59% of them had an impact on two and more localities.

Figure 8. Territorial impact of projects, %



¹⁴Strategic Action Plan 2019-2023, LAG “Hora Ciulucului”, Chiscareni village, Singerei district, 2020.

2.3 Local Partnership

The LEADER approach in Moldova requires the establishment of cross-sectoral local public-private partnerships — Local Action Groups (LAGs). The LAG is a local partnership involving *administrative territorial units at level I* and other interested local actors. The aim of the LAG is to mobilise local resources and the local population for new types of economic and social development in rural areas and to help the economy of rural localities in the transition to a market economy.

One of the mandatory requirements for the establishment of the partnership — the decision of the Local Councils to join the partnership. The creation of LAGs is only possible on the initiative of at least three local public administration authorities. Or if local public authorities do not wish to join the LAG (often for reasons of political struggle), the other social, public and private actors cannot join the LAG.

Since February 2020, the notion of LAG has been regulated in Moldovan law. Thus, according to Law 276/2016, a *local action group is a ‘non-commercial organisation which is created on the basis of a territorial partnership, established at local level between the public, civic and business sector, with the status of a legal person, non-profit, for the purpose of developing and implementing local development strategies under the LEADER approach, and where none of the three sectors can have more than 49% of the voting rights at the decision-making level’.*

The analysed Moldovan LAGs correspond to legal requirements and include partners from the public, private and civic sectors. *The total number of members in the 16 LAGs is 705 people, of which 254 represent the public sector (36.03 %), 258 — the private sector (36.60 %), 193 represents the civic sector (27.37 %).*

Both per unit and cumulatively, LAGs maintain a strict balance of representatives of existing local interest groups, involving representatives from different socio-economic sectors of the micro-region.

2.4 Integrated and multi-sectoral actions

The projects implementing the LEADER approach and the proposed LEADER programme do not focus on sectoral development. The analysis of the LAGs Local Development Strategies highlights that multi-sectoral logic is supported in the process of developing the LAG LDS. The actions and projects included in the LAGs’ Local Strategies are interconnected and coordinated as a whole. *Around 70% of the 16 LDSs analysed contain project portfolios covering different development sectors.*

Example 1. *The Executive Summary of the LAG Strategy “Eco Bugeac” presents the whole common intellectual work path that LAG members have undertaken during the development of the strategy. The strategic objectives of the “Eco Bugeac” LAG transcend cross-sectoral boundaries, linking different strategic directions into a single whole to respond to the complex development problems of its territory. In addition, the LAG “Eco Bugeac” succeeded in linking the LAG’s Strategic Action Plan to other key strategy documents for the region.*

The added value of LAG LDS is to deliver integrated and multi-sectoral actions — based on the interaction of local partners. Supporting and promoting such actions helps identify local problems in cross-sectoral aspects, plan and identify solutions from different perspectives, and

ensures a combined effort to implement the LDS, to solve local problems, LDS serving as a basis for steering local development for all member ATUs.

Example of linking/conjugating local strategies: LAG “Lunca Nistrului”

Many of the activities foreseen in the LAG’s “Lunca Nistrului” Strategy have been carried out through various investment projects and funds other than those strictly dedicated to the LAG, such as the repair of local roads, reconstruction of buildings, water and sanitation infrastructure, study visits to increase capacity.

Integrated and multi-sectoral actions are being developed within the projects implemented. The analysed LAGs, in total during their activity implemented **165** mini-projects (at the start of 2020). Among these are LAGs that have implemented 23-24 projects (such as the LAG “Plaiul Codrilor”, LAG “Cishmeaua Sudului”). Obviously, there are LAGs that have failed to participate in funding competitions for local partnerships, being at the beginning. For “Movila Magura” LAG the project implementation process started in the second half of 2020.

Example 1.: *The “Hora Ciulucului” LAG reported for 2019 the implementation of 10 projects, including 3 economic projects, 6 tourism development projects and one LAG organisational development project.*

Example 2.: *Between 2017 and 2019 the LAG “Plaiul Codrilor” implemented projects and actions, funded by Solidarity Fund PL, with the aim of creating a competitive economic environment with quality public infrastructure and services. The results of these projects are reflected in **the business sector** (equipping businesses with machinery, expanding businesses, diversifying them, increasing the competitiveness of local products, processing raw materials, local brand, high performance beekeeping, agri-pensions); **in the public sector** (Intercommunity Fire Post, workshops with teaching materials; developing children’s creative skills, valorising cultural heritage, developing sport); **in the civic sector** (citizen participation in decision-making, promotion of local identity).*

2.5 Networks

Networking capacity is the determinant of effective communication and significantly influences the activity of LAGs. The experience of the Moldovan LAGs shows that networks strengthen *the connections between people, projects and rural areas and contribute to the transfer of best practices, dissemination of innovation and learning from local development experiences.*

Networks between Moldovan LAGs help to stimulate collaborative projects by bringing together LEADER groups around common interests. National and international networking between/with Moldovan LAGs helps to promote and celebrate the results of LEADER implementation in the Republic of Moldova. *For example, in the country the Moldovan LAGs Forum was organised at which outdoor fairs were held at which local products of small local or family businesses of LAG members were presented and sold.*

Good practice example:

The first EU-MOLDOVA LEADER International Conference with generics “Creating Rural Prosperity for People” was held on 2-4 April 2019. The event brought together

representatives of different institutions and organisations interested in promoting the LEADER approach: officials of the EU Delegation in Moldova and the European Commission (DGNear, DGAgri); Representatives of central and local public authorities in our country; representatives of Latvia, Estonia, Turkey, Romania, Portugal, Slovenia, Italy, Bulgaria, Hungary, Greece, Russia, Ukraine, Finland, Poland, Georgia, Belgium and Sweden (managing authorities, LEADER national networks, EU rural networks, EU LAGs); around 30 LAGs representing local authorities, local business and civil society organisations; members of farmers' associations, representatives of national and international donors and NGOs active in rural areas: Solidarity Fund PL in Moldova, ProCoRe NGO, CRAION CONTACT-Cahul, People in Need Moldova, IDIS "Viitorul", HEKS Moldova, UKaid, USAID and of course the National LEADER Network in Moldova, as well as the Moldovan National Rural Development Network.

The conference agenda included group discussions and workshops, presentation of the evaluation study "The effectiveness of the implementation of local development pilot projects through the LEADER approach", the experience of cooperation of the National LEADER Network with the Moldovan LAGs, including exchange of views and best practices, thus creating a platform for cooperation between Moldovan and EU LAGs. The event also hosted a wide exhibition (with sales) of local products from LAGs' territories.¹⁵

2.6 Cooperations

As the analysis of local budgets and local potential shows, in the Republic of Moldova only one locality does not have sufficient potential for development, which is why it is imperative to seek collaboration and cooperation between several localities and/or actors in certain areas of interest.

Collaboration goes beyond bridging and simply maintaining links, but provides joint participation through an effective contribution to local development, as it involves joint projects between LAGs and other entities (NGOs, businesses), district level ATUs (cities, municipalities) or level II local public administration (District Councils, President of the Rayon), regional or national authorities, other LAGs or initiative groups working similarly from another region or even in another country.

Cooperation is a matter of working together, co-financing, joint implementation of solutions to problems hampering development. Cooperation projects between Moldovan LAGs do not only have a simple exchange of experience, they are a starting point for achieving common results, goods, specific products (such as for example: development of agrarian, gastronomic or eco tourism initiatives; valorisation of shared cultural values, other)

Inter-territorial cooperation projects (study visits, exchange of experiences, joint cultural projects) and transnational cooperation projects between LEADER groups in several countries were implemented in the Republic of Moldova (e.g. the cross-border project "**Say cheese! Balkan Cheese**" or Partnership Agreement between the National LEADER Network of the Republic of Moldova and the Federation of LAGs in Romania).

¹⁵<http://www.madrm.gov.md/ro/content/la-chi%C8%99in%C4%83u-s-desf%C4%83%C8%99urat-cu-succes-conferin%C8%9Ba-leader-ue-moldova-%E2%80%9Dcre%C4%83m-prosperitatea-rural%C4%83>

Collaboration and cooperation with other LAGs, organisations and regions are often the best sources of innovative ideas for Moldovan LAGs. *New perspectives for collaboration, as mentioned by the majority of respondents (96 % of focus group participants), often lead to new opportunities and new visions of local development.*

2.7 Innovation

The principle of innovation involves seeking new responses to existing problems of local development. Within the EU, it is well demonstrated that technology transfer and innovation can have the biggest impact on welfare growth, employment, labour productivity growth and others.¹⁶

In turn, LAGs often create ideal conditions for innovation. The innovative nature of the LEADER approach in the Republic of Moldova can be seen as a way to find new solutions for the organisation of rural communities. The innovative point for LAGs is to (re) discover local resources and apply new knowledge and technologies.

In rural areas of Moldova, innovation usually involves transferring and adapting innovations developed elsewhere, modernising traditional knowledge. However, the projects implemented include the emergence of new local products (such as: cheese according to original recipes; herbal teas and berries), registration of new local brands, diversification of renewable energy sources, added value to products and local services and others.

Creating new partnerships, rethinking joint actions, accepting and supporting innovations through LAGs increases people's motivation for change, helps to raise awareness among the local population of new development opportunities for rural areas.

¹⁶ Global Innovation Index 2020, 13th Edition, https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2020.pdf, page 383 and Joint Research Centre data, European Commission, https://ec.europa.eu/info/departments/joint-research-centre_en, <https://rio.jrc.ec.europa.eu/stats/growth-rates-labour-productivity-2020>

3. KEY FACTORS FOR IMPLEMENTING THE LEADER APPROACH

3.1 Motivation and involvement of local partners

The first stage in the implementation of projects for the creation of LAGs through the LEADER approach in the Republic of Moldova usually includes activities related to the *Fact-Finding Mission*. This mission contributes to the following objectives:

- Mobilization and awareness of communities;
- Integration of team members into the territory;
- Knowledge of the territory in terms of existing resources (human, economic, cultural potential, etc.).

Experience shows that the mission is carried out through 2-5 visits to the territory of teams of coaches and experts, set up by facilitating organisations dependent on the number of localities wishing to launch a LEADER partnership.

The outcome of this mission depends on the motivation and involvement of local partners in the LAG formation process, community mobilisation and level of participation in the organised activities.

- ***Sources of information about the LEADER approach/Local Action Group***

The mobilisation capacity is directly proportional to the degree of information of the population. In research, respondents spoke about sources of information about the LEADER approach and the opportunities offered by this approach. Thus, LAG members were informed about the benefits of the LEADER approach through the announcements by the facilitating organisations (ProCoRe, CONTACT Cahul Centre, Solidarity Fund PL, National LEADER Network); received information at trainings (Agroconsult NGO, AIPA); from the mayors of the localities, who were previously informed at working meetings at district level; took part at meetings of working groups at the level of various national (Ministry of Agriculture, Regional Development and Environment) and international bodies (European Commission, UNDP); from the local initiative group; from managers of public institutions (such as, for example, the secondary school in the locality). Respondents mentioned that they had been informed by direct mail. Others documented using the INTERNET network and consulting LAG websites in the country and the EU.

- ***Motivation to become a member of the LAG***

During the interviews, respondents from 15 LAGs made 68 opinions expressed on their motivation to become a LAG member. Representatives of a LAG did not answer this question. The opinions were generalised in 5 basic reasons:

1. ***The need for a better life; more rapid and efficient development of localities*** (economic, social): the development of a micro-region strategy; linking local development policies between neighbouring localities and ensuring sustainable development (21 p.)
2. ***The need to capitalise on the similar development conditions*** of the microregion's localities (historical, economic, social, cultural, natural) and the need to

- solve common problems in neighbouring localities, to develop local infrastructure between municipalities; jointly develop local basic services (11 p.);
3. ***The need to undertake joint decisions***, take development decisions with citizens (residents and neighbours): cooperating efforts and strengthening the resources of local public authorities; addressing rural problems due to limited resources; cooperation to maximise potential (18 p.);
 4. ***The need to associate the interests of different actors***, create and strengthen partnerships (public, business, civic); the desire to develop local and social entrepreneurship (7 p.);
 5. ***The need to take advantage of development opportunities***, facilitate access to financial resources, attract investment, design and implement joint projects; the desire to obtain financial support for business development (11 p.).

- ***Strengths and weaknesses of community involvement in local development***

Reflecting on the strengths and weaknesses of the involvement of different community actors, interest groups in local development actions, participants in the 3 focus groups mentioned similar ideas (Table 3).

Table 2. Appreciation of the involvement of community actors in local development

Sector	Strengths	Weaknesses
Civic	Solving common Community problems, Exchange of practices	Low Community participation
Public	Creating opportunities for sectors; Support for new businesses; Financial support; The opportunity to collaborate with other LAGs; Take up good practices; Network of the communities; Opening up residents to communication with the LAG; Organisation of various joint activities; Support in the organisation of project implementation; The opportunity to be guided by good experts and trainers.	Conflicts of interest Weak public institutions; Project applicants do not see the impact of the project.

Entrepreneurship	Expanding business;	Many people are not confident;
	Promotion of the product;	Old apathy and stereotypes;
	The multiplication of experience,	People are not sufficiently informed;
	Encouraging participants;	The inability to maintain high standards of production;
	Support the opinion of the participants, reflecting it in the LAG's documents;	Insufficient information campaigns;
	Many young people engage into LAG actions;	Passivity and non-involvement of LAG members;
	Actions for future development.	Not all entrepreneurs followed the obligation to register their business legally; AIPA subsidises only the registrants.

We also point out that representatives of all sectors are aware and appreciate the advantages offered by LAGs, but draw attention to the existence of situations and factors that may compromise the work of the LAGs.

3.2 Cooperation in the implementation of the LEADER approach

- **Sectors represented in the LAG**

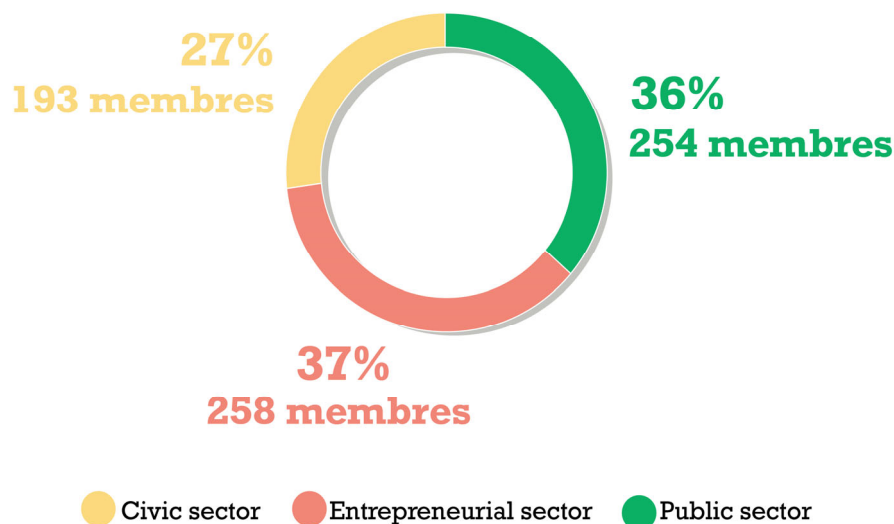
Partnerships in the 16 LAGs consist of representatives of three sectors: public, business and civic. The actors in these sectors come from different forms of organisation (*businesses: LLC, Ph, IE*); Public institutions (*secondary schools, libraries, kindergartens, cultural homes, community centres, etc.*); components of civil society (*local associations, native associations, youth associations, women's associations, churches, seniors' groups, associations of water users for irrigation, agricultural producers groups and their associations, other*) and various social groups (*young people, pensioners, women, families with many children, female entrepreneurs, disadvantaged groups*).

In total, the studied LAGs comprise more than 700 people representing a population of more than 377 thousand inhabitants, which would represent a ratio of 1: 535.

Cumulatively, the civic and entrepreneurial sector accounts for a share of 64% of LAGs' members.

We can note that the representation of sectors is relatively balanced. Even if the business sector (258 people) exceeds the public sector by 4 people and the civic sector by 65 people, no sector prevails in the decision-making process.

Figure 9. Share of sectors, number of LAG members



The representatives of the studied LAGs are aware of the advantages of collaboration between different sectors, arguing that: a) *“Cooperation shall contribute to cohesion between inhabitants of several localities”*; b) *“The collaboration between sectors has taught us the compromise”*; c) *“Working together is useful for all. There are no losers in LAGs”* and another.

At the same time, there are situations where the majority of LAG members are not dealing with. The main obstacles in cooperation between the different sectors, identified by the respondents, are: *difficult communication; lack of initiative; reluctance of the business sector; insufficient time to attend all LAG meetings; overworking at the main function of representatives of public administration (mayors) authorities.*

The impediments that sometimes make the collaboration ineffective relate to the impossibility of securing the financial contribution mentioned by representatives of all sectors (in particular NGOs and individuals). Due to limited and austere budgets, LPAs are not able to support NGOs. *“It is difficult for LAG managers to overcome reluctance and mistrust of citizens and even LAG members”*.

Respondents recognise that one of the LAG’s problems is the public sector’s attempt to dominate the decision-making process. This fact sometimes also influences the final result of the LAG’s activity. In order to overcome such situations, there is a need to increase the capacities and competences of LAG members in *persuasive communication* to be able to argue and get involved in the public debates necessary for the democratization process of both society in general and the LAG

Cross-cutting requirements to ensure gender, age, ethnic and geographical representation during the creation of the LAG, formal, are not mandatory. However, as stated by respondents, equity between representatives of different gender and ethnicities is taken into account when making decisions. *“If conflicts appear — then the need to respect the requirements of equality and non-discrimination arises”*.

- ***Challenges and lessons learned in bringing different interest groups together in LAGs***

The *challenges* formulated by LAGs representatives in the context of bringing together different interest groups were the following: insufficient information on the LEADER approach (*“few citizens know about the LAG”*); reluctance of sectoral actors (*“the business is not ready to collaborate for business development”*); overload in different activities (*“insufficient time to attend meetings”*); overcoming problems related to the language of communication and ethnicity (*LAGs are multilingual partnerships – Moldovan/Romanians, Gagauzians, Ukrainians, Russian, Roma and others*).

Lessons learned: all community groups must be involved; open communication crosses barriers and misunderstandings; understanding the specificity of the group and tolerance is important to achieve openness and collaboration from all local societal groups.

3.3 Creation and institutionalisation of Local Action Groups

B In the Republic of Moldova the Local Action Group is an institutionalised partnership. The process of establishing the LAG registration in Moldova was preceded by a study carried out in 2017 under the SARD Programme on assessing the potential legal solution for the registration and operation of LEADER LAGs in Moldova¹⁷. Through the analysis of the legal framework governing LAGs activity in different EU countries and the Republic of Moldova, shortcomings in this area, as well as legal solutions, have been identified.

Decisions taken to implement the LEADER approach at national level have progressed in two directions and two parallel processes have been initiated for it:

- a) the long-term solution — *development of new legislation and/or amendments to existing legislation to allow for the registration of LAGs and the conferral of legal personality;*
- b) the short-term-transitional solution — *development of partnership agreements covered by the civil society contract governed by the Civil Code, including specific provisions.*

Currently, legal provisions related to the process of setting up and registering LAG partnerships in Moldova are contained in the Law on Local Public Administration¹⁸, where local action group changes have been introduced. Thus, under Article 14 (2) ⁽¹⁾ ⁽²⁾ of the Law, the deliberative authorities of the local public administration (local councils) may decide “for the purpose of local development, to set up non-commercial organisations which are created on the basis of a territorial partnership, established at local level between the public, civic and business sectors, with the status of legal entities, non-profit, referred to as *local action groups*, and to establish financial support for budgetary expenditures”. LPA has the right to associate with other public authorities (local and foreign), to collaborate with economic operators and associations for the purpose of carrying out actions or works of common interest.

¹⁷Report on the assessment of potential legal solution for the registration and operation of LEADER Local Action Groups (LAGs) in Moldova, EU funded SARD Programme, implemented by UNDP, May 2017, https://leadermoldova.eu/assets/5b_lag_legislation_report_eng_final_08-2017.pdf, accessed on 20.09.2020

¹⁸Law on Local Public Administration No 436 of 28.12.2006, Official Monitor of the Republic of Moldova No 32-35 of 09.03.2007

- **Registration and legal recognition of LAGs**

The benchmark in the process of implementing the LEADER approach and a proof of the establishment of the LAG is the Territorial Partnership Agreement (TPA). The LAGs' operating rules are generally prescribed in the TPA. The TPA is signed by all parties and *approved by the constituent local public administration bodies* of the LAGs.

The signature of the Territorial Partnership Agreement creates the legal framework for cooperation between the constituent parts of the partnership, based on the principles of the LEADER approach. The conclusion of the Agreement is based on the declarations of intent of the parties concerned. Thus, the signing of the Agreement is preceded by the *collection of applications for membership from those wishing to become members of the LAG by the initiative group*.

By submitting these applications, the pretends declare their commitment to active involvement in achieving the LAG's objectives, participating in and supporting its activities and refraining from actions that would harm the LAG's image and interests. Applications shall be accompanied by documentary evidence confirming the status of the person (individual or legal), such as: extracts from the State Registers (legal persons, individuals *of legal entities, non-commercial organisations*), copies of registration certificates, decisions of public institutions with delegation of persons, copies of identity cards, other.

All researched LAGs demonstrated the presence of a signed Partnership Agreement.

The period of LAG establishment was appreciated as a long one (from 6 to 9 months). The signing of the Partnership Agreement is preceded by the joint meetings of the representatives of the localities claiming to be part of the LAG. Thus, the number of meetings varies from a minimum of 3 meetings to a maximum of 9 joint meetings.

The decision to join the LAG partnership is approved at the local council deliberative meeting by a majority of the elected councillors (Article 19 (4) of the Law on LPA). No later than 5 days after the date of signature of the decision, the local council secretary shall ensure the inclusion of the council decision in ***the State Register of Local Acts*** and shall display it in public places. This ensures that all citizens and stakeholders in the community are informed and the transparency is ensured in the process of joining the LAG partnership.

The TPA and subsequent documents approved by the LAG bodies (Regulation on the organization and functioning of the LAG, Rules for organizing competitions, other) transpose the LEADER eligibility criteria for LAGs, including the rules of procedure for the selection of projects, approval of local development strategies and plans, voting requirements (quorum, distribution, voting rights, secret ballot, voting of public and private partners, etc.).

Amendments to the legal framework do not allow for the formal registration of LAGs as a legal body, so decisions on the adoption of the LAG Law are currently awaited.

LAG identity elements. In the process of establishment, each LAG, with the support of design specialists, developed its **identity symbols**. Thus, all 16 LAGs have logos in which the common elements of the LAG are reflected.

Some LAGs have also formulated slogans that guide the LAG's work. For example, statements "*Involvement brings Development*"; "*Together for a prosperous society*" demonstrates the willingness of LAG partners for cohesion.

- ***Selection of LAG members***

Πo According to the respondents, LAG members became those who expressed their intention to become a member through the application, attended the information meetings, engaged in the joint development of the LDS and applied for membership, expressing their free and independent will, regardless of gender, ethnicity, spoken language, level of education, sector of activity.

This process has been and is transparent. Announcements of the meetings of the initiative group (until the TPA is signed) and the general assembly of the LAG (after the signature of the TPA) are made public and are brought to the attention of those wishing to participate through the various instruments: notices displayed on information panels in localities; direct messages by e-mail; telephone communication; information at local council meetings; local press releases.

The rights and obligations of LAG members are reflected in the documents governing the LAG's internal work: Regulation on the organization and functioning of the LAG, approved by the General Assembly of the LAG.

Membership of the LAG shall cease upon application, by way of exclusion, in the event of any action being taken in breach of the TPA and its internal regulations, causing damage to the LAG or failure to attend LAG meetings for more than one year.

The lessons learned from the process of setting up the LAG, formulated by the participants in the interviews are:

- a) *maximum transparency must be ensured in the setting up of LAGs and decision-making in LAGs in order to increase credibility in the actions implemented;*
- b) *broad mobilization and active involvement of citizens in the process of formation increases the capacity of the LAG;*
- c) *the use of online communication with LAG members speeds up decision-making;*
- d) *awareness of the need and importance of the support of facilitator organizations with expertise to guide the process.*

3.4 LAG structure and management processes

The management problems of LEADER activities, including financial, in the Republic of Moldova are entrusted to the LAG. The benefits of such local management are obvious.

Firstly, the proximity of LAGs to the population allows them to know the precise information about the project promoters and the characteristics and economic and social needs of the micro-region. *Secondly*, thanks to the same proximity to the population, information flows are improved and procedures for those wishing to submit their projects are simplified. *Thirdly*, the regulations required for the institutional functionality of the LAG and the requirements for the implementation of projects by beneficiaries are established within the LAG.

The organisational structure of the Moldovan LAGs comprises: The General Assembly (in some cases called the LAG Council); The LAG's Administrative Council, (or Board of Directors), the LAG President, the LAG Manager, the Selection Committee, The Board of Auditors (or the Audit Committee) and the Accountable Body.

The General Assembly is the supreme body of the LAG and brings together all members of the local action group. The frequency of meetings shall be at least once a year. The General Assembly shall be deliberative if it is attended by a majority of LAG members.

Duties of the General Assembly: approve the regulations of the internal bodies of the LAG (Administrative Council, Selection Committee, Committee of Auditors); select internal bodies, select the Accountable Body; approve the LDS, the LAG symbolic, membership fees, internal competition rules, reports from the LAG's internal bodies and others.

The General Assembly shall be convened not less than 2 times a year and shall be deliberative if it is attended by at least 50 % plus one of its members. Decisions shall be taken by a simple majority of those present at the meeting.

- ***LAG management structure***

The LAG is managed by a President, the Administrative Council, 1-2 managers (as appropriate) and the Accountable Body. Internal management processes are carried out by the LAG Manager and the Accountable Body. In 90% of LAGs 2 managers are employed.

With reference to expectations regarding the management of the LAG, 80% of respondents stated that they wanted an open, transparent and democratic management within the LAG.

The procedure for the operation and management of LAGs is described in the Regulation on the organisation and functioning of the LAG, which is approved at the meeting of the General Assembly of LAG members and confirmed by the minutes of the meeting.

- ***Selection/employment of the LAG manager***

The *LAG manager*, in the 16 LAGs involved in the study, was appointed on a competitive basis by the LAG's Administrative Council and approved by the General Assembly. The manager participates in the meetings of the Administrative Council, reports to the Administrative Council, but has no voting rights.

The profile of the LAG managers in the exercise of the function denotes the existence of a quality human potential, with development perspectives: 90% of managers have higher education and the average age is 40 years for female managers and 37 years for men managers. From a gender perspective, 87% are women and 13 % — men. As mentioned by one respondent from the business sector, as LAG managers “*highly educated, empathetic, democratic people were elected*”. In LAGs, as mentioned by 90% of respondents, a democratically participatory leadership style is practised.

- ***How is the LAG President selected? What are the formal procedures?***

The *President of the LAG* is also the Chairman of the Administrative Council and is elected from LAG members (most often mayors) to the administrative-territorial units that constitute the LAG. The President has a representative function, promotes the image and values of the LAG both in the country and across its boundaries. The LAG President's term of office is 1-2 years. The LAG President endorse all legal documents, including those signed by the legal representative of the Accountable Body.

From the answers of the LAG members we deduce several experiences of the election procedure. Thus, the LAG President was elected:

- 1) at the meeting of the General Assembly (LAG Council) with the majority of votes among the members of the LAG;

2) from among the mayors, at the meeting of the mayors representing the ATUs that form the LAG, with the majority of votes.

The LAG presidents' profile shows a human capital that meets the requirements of the management functions, but is not fully exploited. Currently, the average age of chairpersons in these 16 LAGs is **49,5** years. The average age of women president that is **up 53 %** of the presidents is **48** years and men (**47 %**) – **51** years. The specialized profile of the LAG presidents is presented as follows: public administration – 38 %, education 25 %, agriculture – 12 %, health – 6 %, transport – 6 %, law – 13 %. More than 80% of the presidents have higher education, the others – specialised secondary education (colleges). The sectors from which the persons to the position of LAG President were elected are different and present themselves as follows: 86 % are active at the time of their choice in the public sector and 7 % respectively in the business and civic sectors.

- ***Selection of the LAG governing body/ LAG's Administrative Council***

The *LAG's Administrative Council* shall ensure the operation and management of the LAG during the period between the General Assemblies of the Members of the Local Action Group and shall consist of 5-11 members, proportionally of all 3 sectors.

From the experience of the analysed 16 LAGs:

LAG's Administrative Council	LAG's Board of Directors
The LAG's Administrative Council consists of 7-11 elected people representing three sectors	The LAG's Board of Directors consists of 5-9 persons elected from the LAG members, without specifying the requirement for all sectors to be present

According to the Regulation on the organization and functioning of the LAG, the Administrative Council determines the main strategic directions for LAG activities, prepares the LAG's budget, ensures the implementation of the decisions of the General Assembly, develops partnerships, approves methods of use of resources; approve applications for funding; ensure transparency in the work of LAGs and others.

Example of Lessons learned: The members of the LAG "Movila Măgura" notified the need for individuals elected to the Board of Directors to represent proportionally the public, civic and business sectors and took this condition into account in the process of choosing the new LAG's Administrative Council.

- ***Selection of the Accountable Body of the LAG***

The Accountable Body is chosen from among the LAG members, represents a legally registered NGO, that operates in the LAG territory and manages all LAG financial and administrative matters for a period of 2 years, ensuring the technical functioning of the LAG.

The experience of selecting the Accountable Body at LAG level is different. Some LAGs have managed to train organisations (NGOs) with experience of working and implementing projects from 2 to 20 years as the Accountable Body. Others have registered new associations with founders from the LAG members. After all legal registration formalities (Association

Decision, registration in the State Register of non-commercial organisations, opening of bank account, other), LAGs passed on the responsibilities of technical and financial activities to them.

Example 1. LAG “Vasile Stroiescu” with Accountable Body – existing NGO.

The “PLAI” NGO was registered on 21.08.2014 and has public utility status, registered by the Public Services Agency, Department for Registration and Licensing of Law Units. “PLAI” is a local, non-profit, non-governmental, apolitical organisation, constituted by the free expression of the will of the associated persons with a view to jointly achieving the aims of the Association’s Statute. The target beneficiaries are the inhabitants of the community in which the Association operates.

Example 2. LAG “Star Bugeac” with newly registered NGO for LAG

At the LAG Council meeting in February 2020, it was decided to form a new organisation. “Local Action Group Star Bugeac” NGO was founded on March 17, 2020, joined TPA and subsequently took over the functions of the body responsible.

The key competences of the Accountable Body are: to perform the functions of the LAG secretariat; manage LAG competitions; fundraising; monitor revenue and expenditure; consult the beneficiaries; ensure the financial management of the LAG and others.

The legal form adopted for the organisation of LAGs is the non-commercial organisation with *non-profit status*. The non-profit organization is free to request, receive and use financial and material means from the country or from abroad.

The associations are registered by the Public Services Agency, which is the State registration body, and are registered in the State Register of non-commercial organisations, obtaining the State Identification Number (IDNO).

- **LAG Project Selection Committee**

The selection committee shall be elected by the LAG members and shall consist of representatives of mayoralities, local economic agents and representatives of civil society. The constitution of the Selection Committee shall comply with the rule of proportionality of votes by sector. No sector of the three may account for more than 49% of the votes. The frequency of meetings shall be determined as necessary. In 90% of cases, the Selection Committee consists of 9 persons.

The President of the LAG shall be a member of the Selection Committee and shall lead it. The selection committee shall contribute to the preparation of the contest documentation, evaluate and select for funding the most relevant proposals and with the highest potential for implementation, taking into account the expected results and impact.

In order to exclude conflict of interest, the members of the Selection Committee, who are applicants or members of the applying organisations, do not participate in the decision-making and voting process. All work of the Selection Committee is recorded in minutes, which are then brought to the attention of the LAG members. The decisions shall be signed by the President of the LAG.

- **Selection of censors/auditors of the LAG**

The *censors* are chosen from among the LAG members and carry out the supervision/control of the financial and economic activity of the LAG. The Commission shall be

composed of at least 3 persons who may hold a maximum of 3 years as statutory auditors. The Board of Censors (Audit Committee) verifies the legality of the use of LAG funds; verify the budget of the activities; examine conflicts of interest; report to the General Assembly (LAG Council).

The audit of the use of funds shall take place at least once a year, in accordance with detailed rules of procedure approved by the LAG Council. As stated representatives of the public sector, *were proposed as statutory auditors specialist with economic experience – accountants, economists, entrepreneurs.*

- **Decision making on the financing of projects**

As mentioned above, the Selection Committee is responsible for selecting the project proposals. After each LAG call for proposals, the Selection Committee evaluates and selects the project proposals of the local partners for the implementation of the purpose and objectives of the LAG/SAP LAG. The selection and evaluation criteria are set at the stage of publication of the calls for proposals. Projects may potentially be financed from public and/or private resources available for rural development or other related purposes.

Example of good practice: Under the Call for projects “Investing in People – Developing the country” of the LAG “Drumul Gospodarilor” (2020) in the Rules for Participation at the Competition, all the conditions for participation have been expressly laid down, listing the group of entities and individuals who are eligible (public organisations, private companies, NGOs, individuals residents of the LAG with the obligation to register the economic activity during the implementation of the project). The LAG has set the deadline for applications and the application procedure. To guide applicants within the proposed budget limit, the financing and formal conditions have been described, setting the co-financing limit (20% for the public sector, 10% for the civic sector and 35% for the entrepreneurship sector).

- **LAG administrative/financial supervision requirements**

Interviewers are aware of the importance of surveillance requirements, noting that this is a strictly necessary element as it contributes to a better understanding of the application of LEADER principles. Representatives of the business sector pointed out that the administrative requirements submitted to the LAG by facilitating and/or granting organisations help the LAG to organise its reporting; increase the skills of economic operators in finalising the necessary acts and reporting accordingly.

The lessons learned from the process of setting up and running the LAG bodies, formulated by the interviewees, relate to its different dimensions:

1) Ensuring participatory democracy based on the LEADER principles (“Need to follow the LEADER methodology for setting up LAG bodies”; “The constitutive process has taught us to choose the LAG bodies in a democratic and participatory way”; “Maintaining the balance between the 3 sectors in all LAG bodies”; “Selection and submission of people with education, enhanced knowledge, willing to work in LAG bodies”);

2) Accountability of LAG members (“Assumption of responsibilities by each LAG Body”; “Active involvement of citizens and transparency of the activity increase the

capacities of LAG members"; "The Accountable Body is set up by the LAG members and does not involve an NGO with previous experience");

Proper management of LAGs ("Need and importance of support from expert organizations"; "Development of the ability to store and archive LAG documents"; "It is important to be aware of the volume and complexity of the work"; "Focus on the competencies and capabilities of the people proposed for the administration of the LAG").

3.5 Sustainability of the development model based on the LEADER approach

The sustainability of the LEADER local development model is determined by several perspectives: a) *Human potential* perspective (both LAG members and local beneficiaries); b) *Internal processes perspective* (internal management, quality and clarity of internal procedures, relations between the internal bodies of the partnership, their responsibilities); c) *Innovation and Development perspective* (continuously changing and evolving key success factors, ability to launch new solutions and formulate visions, strategies and actions for development); d) *Financial perspective* (starting point and arrival of performance in local development).

- ***Human potential***

The activities needed to increase the skills of the human capital involved in LAG activities, according to the respondents, have been divided into 3 groups:

- **Developing the skills of LAG members** by a) **informing and raising awareness** of the advantages and benefits of LEADER, the mechanism of operation of LEADER; b) **LEADER schooling** – increasing the knowledge and skills of all LAG members (topic requested: Community development in general, rural development through LEADER, project writing, local marketing);

- **Effective networking** through a) **development of communication networks and platforms** with local and external partners; active involvement in the activities of the National LEADER Network; b) **study visits and exchange of experience** with other LAGs;

- **Ensuring functionality** by a) **training** members of LAG bodies on project management and evaluation, evaluation of implementation and review of LDS; organisational management, fundraising; accounting; b) **support** for LAG employees with motivating salaries; c) **development** of consultation services in the design and evaluation of projects; d) **necessary software** (e.g. accountancy software); e) **activities to strengthen** LAG teams (round tables; public cafés); f) **development of digital and communication skills** (online, use of e-mail, Google Drive, film/video editing software).

Only one LAG of 16 mentioned that it does not need special activities in order to increase the skills of its members, as they consider that they correspond exactly to the needs of the LAG.

- **Internal processes**

Currently, Moldovan LAGs, together with facilitating organisations, are in the process of strengthening all internal work procedures. The analysis of planned activities and actions implemented in the LAG set-up and operation processes also revealed institutional changes: *in line with the rounds of participation in competitions, the skills of managers, members of the Administrative Committee, the Selection Committee and the Commission of Auditors in the field of application of the legislation in force and internal LAG acts, organisational and financial management are enhanced.*

Managers have increased their expertise *in organisational management (planning, organisation, motivation and control), in communication with beneficiaries and donors, banking institutions, tax and control institutions of the State.*

Issues to be addressed by internal management concern the management of the LAG's headquarters, the provision of the necessary equipment (computers, printers, scanners, multipliers) and maintenance, the provision of INTERNET connections (Wi-Fi, optical cable). Here we can add that an important element of the functioning of LAGs is the coverage of administrative costs of up to 20% of external funding for LAGs, which ensures the sustainability of LAG management. In 2020, 13 LAGs out of the 16 respondents were able to cover part of these administrative costs depending on the total amount of the grant awarded.

One of the major challenges for the LAG is to *maintain the competent* staff employed in the LAG (manager, accountant) due to limited financial resources, which are practically dependent on project funding.

- **LDS – the basis for development and innovation**

Strategic documents are of major importance for the balanced development of the micro-region. The sustainability of LAG is linked to the strategic vision promoted and the results of the implementation of the LDS.

The quality of the LDS, approved for funding, is extremely important for the effective implementation of the LEADER approach and is essential in terms of the functioning of local partnerships, the management and control of the implementation and evaluation of results.

For this purpose, NLN Moldova has established a number of requirements for local development strategies linked to EU LEADER/CLLD requirements. Thus, the LDS must include the following elements: (1) definition of the area and population covered by the strategy; (2) an analysis of the development needs and potential of the area, including analysis of strengths, weaknesses, opportunities and risks (SWOT); (3) a description of the objectives, but also of the integrated and innovative character of the strategy and a prioritisation of objectives, including clear and quantifiable targets for outputs or results; (4) Identification of local development priorities (5) an action plan showing how objectives are translated into concrete projects; (6) the bank of project ideas; (7) description of the management and monitoring elements as proof of the LAG's capacity to implement the strategy, a description of evaluation, monitoring and

control elements (7) a financial plan.¹⁹

According to respondents' statements, the implementation of local development strategies (LDS) can strengthen the territorial coherence and synergies of measures aimed at the rural economy and population.

The EU LEADER approach in the Republic of Moldova encourages this process by connecting and promoting both existing groups (young people, women, pensioners, people from disadvantaged and under-represented groups) and new community-based groups (associations of producers, youth councils, local NGOs, Active Citizens' Group, Farmers' Association, Women's Club, Women's Associations, etc.), directly involved in the planning and implementation of rural development strategies and programmes.

The studied LAGs have several types of strategic documents: 9 LAGs have a *Local Development Strategy* and a *Strategic Action Plan* (SAP) have 9 other LAGs. The planning period is different. Thus, 14 LAGs have developed the LDS for a period of 5 years and in 2 LAGs the planning period covers a medium term of 3 years.

Other documents on the basis of which the LAG works are the LAG Development Plan and the Action Plan for each year.

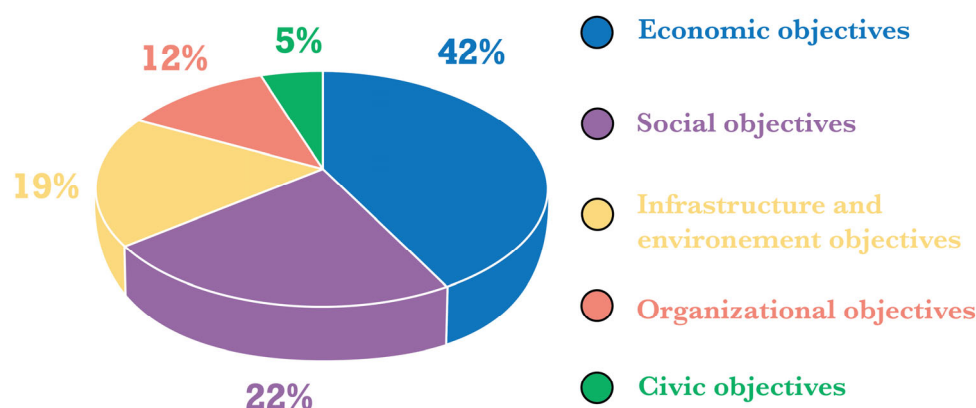
Motivation for the elaboration of the strategic document

Most LAG members (88% of respondents) were aware of the need for the strategic vision and the LDS. Among the reasons stated by the respondents are: a) the ***need for cohesion*** (*to know the LEADER approach and the concept, the rural development process; work together; carry out an exercise to strengthen teams/initiative groups in several localities; awareness of the need to act on the basis of new principles*); b) the ***need for development*** (*need to know the reality; to develop the microregion, villages, territory; the need to identify the actions needed to grow the local economy; the need to identify a common strategic vision for the micro-region and to set development goals; to establish a climate favourable to the development of local entrepreneurship; the need to have an organisational and financial policy of the LAG*); c) the ***need to improve living conditions and standards*** (*awareness of the need to promote endogenous potential; improved living standards, public services*).

However, there is also a quota of respondents who saw the LDS development process as a process of compliance with LEADER requirements (12% of respondents). For example, arguing that: *"I wasn't motivated. They said that it had to be elaborated and that money had been allocated by the donor"* or *"We need to develop the strategy to comply with the requirements of LEADER, so we have been told"*. The analysis of the LAG's strategic documents demonstrates alignment with the condition of integrated development. 16 LAGs were aware of the need for the complex, integrated and cohesive development of communities in rural areas and set economic, social, environmental, organisational and civil society development objectives within the LDS.

¹⁹Terms of Reference, Services of Developing Local Development Strategies for Local Action Groups in the Republic of Moldova in formation process, https://leaderin.md/wp-content/uploads/2020/09/TOR_expert-dezvoltare-local%C4%83.pdf

Figure 10. *The share of the types of objectives set, %*



The fact that economic objectives prevail (42%), shows that the LAG working teams have set the *local economy* as a priority pillar. The analysis of LAG's local development strategies also identifies some shortcomings in its content:

- *Not all strategies contain measurable indicators* for the objectives set by the LAGs. Most LAGs (56%, 9 SDLs) did not set measurable indicators in their strategies and only 7 strategies contain indicators that are linked to the specific objectives proposed for achievement, such as: newly created jobs; economic operators supported; local business initiated; facilities for tourism infrastructure; number of cultural events organised; number of rehabilitated and/or reprofiled buildings, etc.
- *The strategies do not reflect/develop the contribution to horizontal topics*, such as: environment and climate change; knowledge transfer and information; innovative LEADER measures, that would focus on the multiplication and uptake of good practices developed by LAGs;
- None of the 16 strategic documents contains the *risk analysis of the strategy implementation*.

Problems faced by the LAGs in the strategy development process

Participants at interviews within the focus groups identified several types of problems in the process of developing the LDS that are summarized to:

- a) *problems in mobilising LAG members:*
 - A clear misunderstanding of the LEADER approach and the role of LAGs (*reluctance of LPAs representatives towards the LEADER approach; a clear misunderstanding of the LEADER approach and the role of a LAG, the discontinuous involvement of some members*);
 - Participant's mistrust in the implementation of the LDS (*"fear that the LDS will be a unused document and time lost"; "the strategies of the village, the rayon, the region which stayed on the shelves were also drawn up"; "this document will remain dusty in drawers and we will not have money for implementation"*);

- Insufficient resources (“lack of money for project implementation”; “insufficient time”; “lack of transport”; “overstretching, excessive seasonal occupation of the inhabitants”);
- **Participants’ distrust that they will participate in decision-making** if the implementation of the Strategic Plan is achieved; disinterest on the part of members of the business sector and difficulties in perceiving the LEADER approach by local producers.

b) Problems generated by difficulties in accumulating evidence::

- Statistical databases on community and territory at village hall level are incomplete;
- The collection of information and the completion of the profiles of the localities by each partner presents a difficult exercise. Some village halls completed the survey with information about the locality in a very long time and still incomplete.

c) Insufficient knowledge of the strategic planning process:

- Insufficient data was the cause of a difficult process of formulating real problems and development priorities;
- Difficult establishment of consensus on vision, objectives, indicators and action plan;
- Involvement of local facilitators requiring additional information in the area of LAG strategic planning and activities;
- There are no experience, skills to conduct an effective process of strategic development and management. Some knowledge is felt only from representatives of the public sector who have some experience of involvement in the strategic planning process (staff in the mayoralities). Overall, there is a need to involve specialists in this process.

d) Lack of confidence in LAG members’ own forces:

- Disinterest in proposals for project ideas from members.
- Economic and financial instability of applicants to ensure the share of co-financing for projects.

The *difficulties* in mobilising and developing the LSD have been overcome by the ongoing collaboration of the LAG Initiative Group with teams of facilitating organisations made up of experts and facilitators. The basis for collaboration was information exchange, process monitoring and promotion of best practices. *The difficulties in implementing the LAG LDS, indicated by the respondents, are due to 3 factors: the implementation process, the content of the strategy and the resources.*

In the implementation process LAGs face insufficient experience of LAG management bodies. A support in this context would be volunteering. But volunteering in villages is poorly developed.

Increased visibility of the results of LAG funding beneficiaries would inspire confidence, motivate LAG members/residents to submit funding projects. But at the moment there is little visibility of LAG activities and results.

The extension of LAG territories leads to the need to revise the LDS. The implementation of actions and projects in the strategy is sometimes delayed due to cumbersome bureaucratic procedures within state institutions (for example: obtaining environmental permits).

The timing of the LAG funding competitions is sometimes delayed also due to underdeveloped funding applications. Not all project ideas submitted in internal funding competitions are connected to the achievement of the objectives of the SDL.

The weaker involvement of the business sector in the implementation of projects in the first years was due to a lack of resources for co-financing, mistrust in the local funding instrument. However, the experience of the last 2 years of implementing the LEADER approach shows that a unit invested by donors is covered twice and more.

With reference to the LDS content, the LAGs register: a) ***deficiencies in the components reflected in the strategy*** (the strategy does not contain performance indicators, results, resources, responsible actors, etc.; b) ***needs that have not been analysed and are not reflected in the LDS***. Hence the need to review the Strategy and the Action Plan; c) ***priorities that do not reflect development needs***, leading to the need to reformulate strategic priorities.

Respondents mentioned the need to update the LDS on the basis of data from new localities in the enlarged LAG territory (extended territory, completed profile, new strategic issues) and to inform and train new members in the process.

At the same time as organisational difficulties, ***LAGs experience different finances***. Insufficient financial resources will compromise the development model according to the LEADER approach. Only one LAG reported the implementation of **65 %** of the strategic priorities in 4 years.

- ***LAG funding for local development activities***

The LAG financing process in the Republic of Moldova is divided into two stages: 1) *The LAG receives funding from participation in the competition, organised by donors, and then 2) organises the internal competition for grant applicants in the LAG territory.*

Internal funding within the LAG takes place as a result of the conclusion of the grant contract which is signed by the Accountable Body and the applicant whose application has been selected for funding by the Selection Committee. Predominantly, more than 45% of domestic LAG funding is oriented towards rural economic development.

Most LAG activities so far have been funded from grants provided by external development partners. Some activities are carried out through the support of the NGO (Accountable body) or the mayoralities. Some activities are carried out on a voluntary basis, but their share is decreasing.

The financing of LAGs in the Republic of Moldova is provided from internal and external sources.

Financing from external assistance sources

The external financing was provided by the European Union, Polish aid, USAID, the Embassies of the United Kingdom, Switzerland, Estonia, Romania, the Czech Republic and other Development Partners of the Republic of Moldova.

In a modest period of 5 years of implementation of the LEADER approach, with minimal resources allocated compared to other assistance programmes, LAGs show significant results.

Thus, in 2018-2019 LAGs implemented more than 400 microprojects; in 2020-26 LAGs have started implementing more than 400 micro-projects²⁰.

External partners continue to contribute to promoting the LEADER approach. In 2020-2022, the Solidarity Fund PL in Moldova in partnership with NLN implements the “**LEADER Approach for Rural Prosperity in Moldova**” programme. The programme is financially supported by the European Union and co-financed by the Ministry of Foreign Affairs of the Republic of Poland under the Polish development cooperation programme — Polish aid.

Good practice in information and transparency

In early 2020, the Solidarity Fund PL in Moldova launched the call for proposals on the LEADER Rural Development Fund — EU 2020 (with a total budget of over MDL 15 million) carried out under the project “LEADER Approach for Rural Prosperity in Moldova”. The project is implemented by Solidarity Fund PL in Moldova in partnership with the National LEADER Network in the Republic of Moldova, the financial support of the European Union and Polish aid. In order to obtain financial support, each LAG conducted in June-July information campaigns about the financing of local projects through LAGs. During the campaigns, 146 face-to-face and online information sessions were organised. A total of 2288 people were informed about the documentation of the contest and the steps to write a project. Of these, every 4th person submitted interesting and useful project proposals for the local development of the Moldovan village. As a result, 543 applications were received (94% in round I and 6% in round II) with a budget of over 27 million lei, which exceeds the Fund's possibilities.

This year, with the financial support of the European Union and Polish aid, 23 LAGs recently launched calls for project proposals in their micro-regions to carry out projects that contribute to economic, cultural, social development, improvement of local infrastructure, etc.

- **Participation of LAG in programmes/projects**

The range of programmes and projects in which the Moldovan LAGs participated is wide: Leader (2018), LEADER+ (2019), Small Project Fund of the Solidarity Fund PL, Polish aid (2019), EU-LEADER Rural Development Fund 2020.

Cumulatively, the 16 LAGs participated in 51 organized competitions, which on average for a LAG is 3 funding competitions.

The amount of funding obtained by the LAG also varies, ranging from symbolic resources for a LAG of MDL 40 000 to substantial funding of more than 900 thousand MDL.

The LAG funding competitions were organised by: People in Need (2017); Solidarity Fund PL (2018, 2019, 2020); of which in 2019 and 2020 in partnership with the National LEADER Network; Federation of Farmers of the Republic of Moldova in partnership with the National Network LEADER (2020) and others.

These included:

- 1) “Development of civil society at local level in the Republic of Moldova” (KAS);
- 2) “Civil society involvement in improving rural development processes and promoting effective models of sustainable local development, LEADER component” (Moldovan Farmers’ Federation in partnership with the LEADER National Network with the financial support of the Delegation of the European Union to the Republic of Moldova);

²⁰Data provided by the National LEADER Network of the Republic of Moldova, 2020

- 3) “Promoting social inclusion, poverty reduction and economic development in rural areas” (Ministry of Agriculture and Rural Development of Romania);
- 4) “Implementation of measures to support the efficiency of the work of the Local Action Groups (LAGs) in the Republic of Moldova, LEADER component”;
- 5) USAID LEADER Activities in the Republic of Moldova, financed by USAID, co-financed by Polish aid, implemented by Solidarity Fund PL in Moldova;
- 6) “C.I.L.S.” funded by the European Union, co-financed by the EU and Konrad Adenauer, implemented by Expert Group;
- 7) “LEADER Approach for Rural Prosperity in Moldova”, funded by the European Union, co-financed by Polish aid, implemented by the Solidarity Fund PL in Moldova in partnership with the National LEADER Network in the Republic of Moldova;
- 8) “Involvement of municipalities and civil society for the development of the Gagauzia and Taraclia regions” (SlovakAid, Pro-Europe Center Comrat, 2020) and other.

Projects contributing to LAG development covered several LAGs needs: developing organisational capacities, developing the skills of LAGs members and management, endowment with necessary equipment, repairing LAG offices, other.

Example 1 of good practice

In 2019, the Solidarity Fund PL in Moldova supported 25 LAGs. In turn, they financed a total of 177 local development projects. The value of all grants awarded to LAGs in 2019 was MDL 7,911,600.00 (approx. EUR 410 000,00), 81% of which came from Polish aid (ca. EUR 332 000,00) and 19% of USAID (approx. EUR 78 000,00). 79 % of the funds were allocated to LAGs projects - MDL 6,275,244.00 (approx. EUR 325 000,00). Administrative costs related to the operation of LAGs amounted to 17% of the total grants – MDL 1,340,044.00 (approx. EUR 70 000,00), costs related to the institutional development of LAGs (experts, exchange of experience and visits to LAGs in the EU – mainly Romania and Poland) amounted to 4% of the grant – MDL 296,261.00 (approx. EUR 15 500,00).

Out of the total of 177 projects funded by the LAGs:

– 99 were implemented by local entrepreneurs (55% of total grant funding) – purchase of equipment needed for business development or renovation of premises (e.g. café), construction of small infrastructure (e.g. greenhouses), etc., especially in areas such as beekeeping, agri-food production, rural tourism, services in rural areas, the measure should contribute to the emergence of a new product or service or improve the business process;

– 62 by public institutions (32% of total grant funding) – revitalisation of public spaces, in particular parks and revitalisation of small infrastructure or purchase of equipment for public institutions, the action should be associated with the emergence of a new social service available to residents of a particular group or intervene in an important area for the local community;

– 16 by non-governmental organisations and non-formal groups (13% of the total grants), the measure should be linked to the need for a new social service at the disposal of a group of inhabitants in a given locality.

Example 2 of good practice

The competition for LAGs through the Small Project Fund, the LEADER edition and the LEADER+ edition, was announced in February 2019. Within LEADER edition, experienced LAGs had the possibility to apply for grants of up to EUR 30 000,00 (depending on population and number of territorial administration units) and under LEADER+ edition - up to EUR 3 000,00 for LAGs without experience in project implementation. The LEADER+ edition was carried out in partnership with Contact Cahul and ProCoRe – administrative costs up to EUR 1 500,00 were covered by partner organisations. The evaluation team, composed of representatives of MARDE, AIPA, NLN, RNDR and Solidarity Fund PL in Moldova, recommended funding of 11 LAGs under LEADER, seven LAGs under LEADER+ and two LAGs for technical assistance for development of the Local Development Strategy. The financing agreements were signed in April 2019 and the funds were used for the operation of the LAG between May and December 2019. LAGs managed local development calls in May-July in accordance with the LEADER methodology, 107 projects being selected for funding (245 applications were submitted). Almost 600 people were directly involved in the project selection process.

Example 3 of good practice

USAID LEADER (2019). Solidarity Fund PL in Moldova continued the activities started in February 2018 under the “USAID LEADER Activities” project, which aimed to support the creation of eight LAGs. In 2019, a team of six facilitators/experts completed the activities started in 2018 to create partnerships and prepare LAGs’ Local Development Strategies. In April 2019, eight LAGs – around 350 local organisations and institutions, as well as individuals, signed agreements to set up LAGs, territorial partnerships involving a total of 58 administrative-territorial units inhabited by around 128.000 people. In May 2019, the Small Project Fund – USAID LEADER edition was launched, LAGs were able to apply for funding of up to USD 20 000,00. Eight LAGs were recommended for funding. The financing contracts were signed in June 2019. In total, 175 call applications were submitted, of which 70 were co-financed according to the LEADER methodology. More than 350 people were involved in the selection process.

During the project implementation period, each LAG was monitored at least three times. Solidarity Fund PL in Moldova provided technical and mentoring support to LAG managers, including training and information meetings. A 5-day study visit to Poland was organised in July 2019 for LAG representatives in the framework of the USAID LEADER Activities Project. During the visit, participants (34 people) learnt about the Polish experience in implementing LEADER and good practices in the field of local development, in particular how to use the LAG’s development potential, by presenting innovative ideas and opportunities to use local resources and developing local entrepreneurship. The visit was organised in the Lublin region. The visiting operator was selected on the basis of the tender application procedure carried out in May 2019. The action was partly financed by USAID funds and partly by Polish aid.

Examples of good practice have been extracted from the Activity Report of Solidarity Fund PL²¹ being the organization most involved in the process of implementing the LEADER approach in the Republic of Moldova.

In the outcome of the competition, the winning LAG triggers the procedures for drawing up internal competition documents, launching the competition, informing the residents of the LAG microregion about the conditions for taking part in the competition, collecting project proposals, evaluating and selecting projects for funding, and signing financing contracts.

The weakness in this process is the quality of the projects submitted by the applicants.

Main shortcomings of unfunded projects. The high number of projects not accepted for funding in competitions organised by the LAG is generated by the low quality of the proposals. Among the causes of this problem, respondents mentioned:

- 1) Insufficient and unconvincing argumentation of the problem;
- 2) Lack of clear definition of project objectives, lack of consistency with LAG LDS;
- 3) Inaccurate budgets with incorrect cost estimation;
- 4) Lack of reasoning and justification of expenditure;
- 5) Lack of the requested contribution according to the established quotas;
- 6) Failure to comply with the strategic priorities proposed for funding;
- 7) Failure to submit confirmatory documents giving the right to carry out the works planned in the project;
- 8) Lack of entrepreneurial experience of the applicant;
- 9) Incomplete data: project with no measurable impact; the type of machine is not indicated, final results are missing;
- 10) The risk of losses in the project is not insured;
- 11) Inconsistency in the planning of project activities submitted and application requirements;
- 12) Projects with low sustainability and impact;
- 13) Non-compliance with the template of the documents proposed by the LAG.
- 14) Incorrect completion of the funding form.

Respondents are aware of the current situation and expressed their view (100%) on the need to increase the skills of local applicants in writing projects.

- ***Support/expertise in the process of competition documents elaboration***

The previously demonstrated situation with regard to the low skills of LAG members to fill in the application forms and to the quality of the development of the funding idea is a critical point in the LAG's work.

The shortcomings mentioned by the respondents to the study also refer to the reduced management skills, the improvement of the necessary documentation in the process of elaboration of the competition documents and implementation of the projects, the delayed reporting. All of the above indicate the need to further support LAGs in order to increase their capacity.

²¹Activity Report 1 January —31 December 2019, Solidarity Fund PL in Moldova,
<https://solidarityfund.md/wp-content/uploads/2020/05/2019-Raport-de-activitate.pdf>

- ***Continuation of LAG activities after withdrawal of donor financing***

The continuation of the LAG's activation in the event of the withdrawal of external donors, according to the respondents, will be difficult. *"If donors withdraw funding from LAG activity will not be sufficiently funded"* and *"Planned development will not be possible"*.

In this situation, it is strictly necessary to support the functionality of LAGs by the public budget and to encourage LAGs to participate in funding from the National Agricultural and Rural Development Fund. Moving towards pure state funding requires a transition period in which state and external financing are combined.

This period is needed to test the State financing mechanism and identify its malfunctions. Areas and sectors not covered by State financing may be provided by external donors and investors.

Respondents believe that a tool to increase the necessary financial resources would be *social business* and propose to train LAGs in the development of social entrepreneurship.

- ***Identification of financial resources***

Public sector representatives mentioned the need for the following actions: *the creation of a financing mechanism from state funds and external assistance specifically for the functionality of LAGs and the implementation of the LDS; drawing up and adopting a Regulation for the distribution of funds with a fixed quota (%); introducing clear requirements for project beneficiaries in order to establish a certain percentage of the income of the LAG's increased business in order to contribute to the LAG budget and the maintenance of the LAG; regular implementation of externally funded projects; contributing to the promotion of local producers in order to increase turnover and subsequently increase revenue in the local budget; provision of paid services by the LAG in the area of project writing and others.*

Representatives of the business sector saw the process of identifying financial resources by: *determining the membership fee to be paid by each LAG member to ensure the maintenance costs of the LAG; strengthening funding from the state budget; direct negotiation of external financing by the LAG; the provision by the LAG of services to complete applications for funding and grants to producers, taking into account their level of occupancy in the production and processing process; development of tools to publicise the LAG's work; consolidation of the remaining share of the result of the unexploited privatisation (buildings, land, social objects, other) and transmission under the LAG management.*

Representatives of the civic sector, in addition to the ideas already listed, proposed to engage civil society more actively in LAG activities by building on the capacities and potential of local associations and interest groups by further motivating them, such as providing space for co-location, participating at study visits, support in partnership projects.

- ***How to increase the capacity of LAG members***

In order to increase capacity and skills, LAG members participated in trainings, seminars, workshops organised within the LAG. LAG managers and accountants have been trained in *project management, communication and public relations*.

LAG managers carry out activities to ensure access to information on the LAG's work. In this context, LAG members are kept informed about different activities and funds via e-mails, social networks (Facebook, Instagram, Viber) on the Internet, joint accounts of LAG members on Viber, Messenger. Using online communication platforms: Zoom, Microsoft Teams enabled LAG members to communicate and operate under restrictive COVID-19 pandemic conditions.

- ***Main challenges for the future of LAGs in Moldova***

The opinion of representatives of the three sectors involved in local partnerships on the major challenges for Moldovan LAGs broadly coincided. One of the challenges is *limited funding that does not cover needs*. Other challenges mentioned:

- *Maintaining an increased level of involvement of residents and organisations (Reasons mentioned:* Increased fluctuation of LAG members; Migration of the members and population of the founding ATUs abroad and within the country; Maintaining the LAG's governing bodies; Transporting residents to attend LAG meetings; Maintaining the balance between sectors; Diminishing interest in the LAG's work; Ineffective information for LAG members; Increasing the share of passive members in the LAG);
- *Ensuring LAG competitiveness and leadership skills (Reasons mentioned:* Reduced capacity in writing projects; Low quality of the projects submitted; The lack, in some cases, of space, not all LAGs have offices; Reduced capacity in the area of fundraising for LAGs; Reduced ability to represent the territory);
- *Maintaining an engendering environment for the local economy (Reasons mentioned:* Weak association of producers; Establishment of local brands; Insufficient means to ensure the necessary contribution; Underdeveloped skills of entrepreneurs; Low level of narrative and financial reports on project implementation);
- *Proper administration of the LAG (Reasons given:* Limited finances for LAG activities; The LAG does not have sufficient offices and resources to maintain the offices; "We use public goods"; Insufficiency in office equipment and high-performance ICT equipment; High-performance software inaccessible to the management team; Expenditure not covered for the maintenance of equipment; Lack of LAG transport to travel to localities, sometimes 50 - 60 km away; Insufficient samples of documents needed for LAG work (applications, regulations, rules, registers); The need to maintain and increase the administrative capacity of the LAG; The need to maintain the institutional memory of the LAG;
- *Respect for human rights (Grounds mentioned:* disclosure of personal data, gender stereotypes; ethnic stereotypes).

Solutions proposed to address the challenges:

- State funding of LAGs;
- developing software exploitation skills for data processing and online communication;
- improving the quality of the application documents for funding;
- the development of templates documents for the operation of the LAG;
- abandoning practices to support the same individuals;
- the extension of the impact areas of the projects implemented;

- informal meetings and exchange of experience; visits to farmers who have become successful stories;
- associating producers and promoting local products;
- organisation of fairs to promote local products;
- harnessing the potential of local cultural festivals;
- implementation of branding projects for LAGs;
- providing support to small economic operators (grants, funding opportunities);
- the determination of membership fees;
- the allocation of a certain percentage set by the LAG General Assembly of the revenues collected in the implementation of revenue-generating projects.

Funding from public budget sources

In the Republic of Moldova, the LEADER approach was recognised as a tool for local development by Law No 276/2016 on subsidies in the development of agriculture and the rural environment. The law is aimed at improving living standards in rural areas by increasing the competitiveness of the agro-industrial sector, ensuring the sustainable management of natural resources in agriculture.

The authorities responsible for implementing the LEADER approach as a public policy are:

- **Ministry of Agriculture, Regional Development and the Environment (MARDE)** - the central public authority responsible for subsidy policy in the development of agriculture and the rural environment. MARDE: a) draw up the National Agricultural and Rural Development Strategy; b) approve the action plan for the implementation of the strategy; c) ensure the allocation of financial means for implementation; d) ensure the attraction of international technical and financial assistance programmes in the field of rural development to fill the National Fund for Agriculture and Rural Development.
- **Agency for Intervention and Payments in Agriculture (AIPA)** – administrative authority under the Ministry of Agriculture, Regional Development and Environment, responsible for the efficient management of the National Fund for Agriculture and Rural Development, including financial sources from development partners.

Special attention deserves the topic related to the future transfer of LEADER project management from Externally funded projects to state institutions.

In this regard, AIPA, Solidarity Fund PL in Moldova and the National LEADER Network agreed on strengthening efforts to facilitate the implementation of the LEADER approach by AIPA by sharing experience but also by identifying and evaluating implementation scenarios. This was possible due to the previous signature of the Cooperation Agreement between AIPA, Solidarity Fund PL and the National LEADER Network in order to take on good practices in the management of the LEADER approach.

The *declaration of LEADER* as a state programme took place this year. This programme will be managed by the Ministry of Agriculture, Regional Development and the Environment. According to the legal provisions²², under the LEADER programme, LAGs will be able to request funding, based on an operational plan and an appropriate budget, from the National Fund for Agriculture and Rural Development.

The public central authorities set development priorities. For example, the National Strategy for Agricultural and Rural Development²³ contains 4 priorities: 1) Increasing the competitiveness of the agro-industrial sector through restructuring and modernisation; 2) Ensuring the sustainable management of natural resources; 3) Improving living standards and working conditions in rural areas; 4) Direct Payments Scheme. Under Priority 3, local development is foreseen through the implementation of the LEADER programme with two important components: *Support to LAGs and support for the implementation of local development strategies*.

The analysis of the 16 local development strategy documents adopted by the LAGs confirms that their objectives are deducted to cover local needs, but are also integrated into General Objective 3 Improving the level of work and living in rural areas *of the National Strategy for Agriculture and Rural Development (NSARD)*.

The involvement of the local community is essential in creating incentives to encourage rural residents to contribute to their well-being. In this context, specific objective 3.3 was formulated in the NSARD for the years 2014-2020: *Fostering the involvement of the local community in rural development*.

The state has recognised that the necessary support must be provided to enable the local population to express their views on how they want to develop their living conditions.

Focus group participants argue that it is very important to increase the attractiveness of rural areas by improving the social and cultural aspects of local services and to develop service infrastructure for rural communities.

The budgetary financing instrument.

The National Fund for Agriculture and Rural Development²⁴— is an integral part of the budgetary resources, as well as those from development partners, intended to finance support measures. The annual State budget allocations for the National Fund for Agriculture and Rural Development are provided in the state budget for that year.

To facilitate the subsidies, AIPA develops and approves manuals of internal procedures, draws up the Grant Applicant Guide.

The country's regulatory framework expressly provides the list of mandatory documents for obtaining grants. Grant files shall be submitted from February 1 to October 31, of each year.

²²Law No 276 of 16.12.2016 on Subsidies in the Development of Agriculture and Rural Environment, Official Monitor No 67-71 of 03.03.2017, as amended: LP No 156 of 20.07.2020

²³ Government Decision No 409 of 04.06.2014 on approval of the National Strategy for Agricultural and Rural Development for the years 2014-2020, Official Monitor No 152 of 10.06.2014 as amended

²⁴Government Decision No 455 of 21.06.2017 on the distribution of the resources of the National Fund for Agriculture and Rural Development, Official Monitor No 201-213, 23.06.2017, as amended

Projects falling under the support measure: *Local development through the implementation of the LEADER Programme* will receive *upfront grants*, awarded on a competitive basis in the amount of 5% of the National Fund for the Development of Agriculture and Rural Environment.

The selection of applications is carried out by the Committee for the Evaluation of Grant Applications and Authorisation of Payments and Authorisation (composed of representatives of MARDE, AIPA, experts from fields related to the agro-industrial sector). The evaluation committee shall ensure transparency and participation of the business community and civil society in the subsidy process. The AIPA shall publish on its official page complete information of public interest, the lists of applicants, the lists of grant beneficiaries and the amounts, the list of rejected grant applications.

CONCLUSIONS

The results of the study contributed to the conclusion of the following ideas:

With reference to the process

- As for other countries, the LEADER approach provides the Republic of Moldova with practical answers to the acute problems of territorial development: insufficient sources of income, dependence on seasonal work, outdated technologies, poor infrastructure, other issues leading to economic migration, ageing and depopulation of rural areas. *Adequate national rural policies are needed to prevent further impoverishment of the rural population.*
- The experience gained during the five years of the creation and operation of LAGs in Moldova, the implementation of European best practices, the impact of projects implemented by beneficiaries of LAG funding have shown that the implementation of the LEADER approach can contribute to the diversification of the rural economy and the development of the rural environment, providing a *reliable basis for the implementation* of national rural policy.
- Taking into account the genesis of the LEADER approach, the implementation of this approach in the Republic of Moldova gives local actors and stakeholders access to an *unprecedented, wide-ranging and continuously growing* experience of EU countries in harnessing local potential and discovering a significant range of solutions to similar local problems.

With reference to the community and actors/stakeholders

- *Local initiatives*, highlighting the essence of the LEADER approach, can play a significant role in connecting people to *new ideas and approaches for rural development*, encouraging *innovation and entrepreneurship*, overcoming isolation and frustration due to poverty and indifference of both authorities and citizens, and promoting inclusion and the provision of local services for a decent life;
- Communities, better connected through the LEADER approach, can help *disseminate knowledge, exchange best practices and encourage innovation* in rural products and services. The phenomenon of *common learning* increases the self-confidence of residents of local communities.
- The implementation of the LEADER approach contributes to *empowering local communities* through capacity building, improving cooperation between local stakeholders and ensuring access to funds for the sustainable development of local communities;
- The main partners of local LEADER projects are local *public and private actors, groups and civil society organisations* that devote their time, energy and effort to solving existing local problems in order to improve the quality of life in the targeted micro-region.

With regard to impact

- The implementation of local development strategies enhances territorial and economic coherence. Therefore, measures targeting the wider rural economy, such as improving the quality of life in rural areas and diversifying the rural economy, should be implemented through the LDS and linked to the national strategy in order to be able to plan financial resources through State instruments;

- The core of the LEADER approach — Local Action Group, has become a form of partnership recognised by Moldovan legislation, aimed at implementing local development strategies and strengthening territorial, social and economic cohesion through the synergy of measures intended for the development of the economy and the capacities of the rural population;
- The effort to promote the LEADER approach of facilitating organisations and development partners has been strengthened in the recognition by central state public authorities of the importance of this methodology, as it provides viable tools for the development of Moldovan communities, and has generated the emergence of the LEADER state programme.

With reference to methodology

- In the Republic of Moldova, a country-specific methodology is already applied in the implementation of the LEADER approach while maintaining the basic principles, but also with distinct elements. Summarising and developing the experience of facilitating organisations, the²⁵ main conditions for implementing the LEADER approach at local level could be defined in a few rules:
 - *The emergence of initiative groups in communities, demonstrating the local interest in association;*
 - *Launching the call for initiatives to set up LAGs;*
 - *Collecting requests for intentions for the creation of LAGs;*
 - *Identifying the need for facilitators and experts to support local authorities wishing to set up a LAG;*
 - *Selection of teams of local facilitators and experts for the group of local communities;*
 - *Organisation of the local community mobilisation campaign;*
 - *Assisting LAGs in territorial demarcation;*
 - *Raising awareness among local interest groups, individuals and legal persons regarding the opportunity of the local development model proposed by the LEADER approach;*
 - *Assisting LAGs in formalising partnerships within the LAG;*
 - *Providing support to neighbouring localities to set up a local working group to develop the five-year local development strategy for LAGs as well as a work plan for the first two years;*
 - *Signing by all mayors the formal agreement on the territorial delimitation;*
 - *Setting up Local Action Groups and signing the Partnership Agreement;*
 - *Development of Local Development Strategies;*
 - *Support for the local project collection process (the activity starts just from the first month and ends on the last month of preparation of the LDS).*
 - *Elaborating Action Plans for the implementation of the LDS for 2 years;*
 - *Adoption of the LDS;*
 - *Providing LAG support for the creation of management structures;*

²⁵Towards prospering rural areas. Handbook on implementation of LEADER/CLLD – community-driven rural development initiatives in the Republic of Moldova, SARD, 2018

- *Financing LAG's management structures;*
- *Launching the first call for project proposals;*
- *Selection of local projects for financing;*
- *Implementation of local pilot projects, selected at local level;*
- *Assisting in the implementation, monitoring and reporting process;*
- *Assisting the LAG in preparing the final official documents for review, audit and approval.*

However, the unmet needs identified in the preparation of the study remain:

- a) *Gaps in strategic documents — LDS (different structures incomparable; lack of progress indicators and targets in some cases; weak monitoring and evaluation system; failure to comply with the legal requirement for public hearings of the LDS);*
- b) *Inadequate elaboration of funding requests from both LAGs and local beneficiaries;*
- c) *Insufficient promotion of LAG results;*
- d) *Diminishing the involvement of LAG members in LAG processes, derived from the failure of the LAG management to attract financial resources and increasing the social and economic insecurity of LAG members.*

RECOMMENDATIONS

Intensify the process of implementing the LEADER approach:

1) Expanding partnership areas by attracting urban municipalities in LAGs. So far in the Republic of Moldova LAGs have been formed of rural localities. Or cities are closely linked to the potential of rural localities. Peri-urban villages provide labour and resources. Urban and rural municipalities are interconnected through infrastructure, services and economic transactions. The inclusion of small towns in the LAG territory will broaden the development opportunities of LAGs.

2) Connect local action groups, through the National LEADER Network, to international rural networks (ELARD, ENRD, PREPARE, Black Sea Initiative, European Rural Parliament, etc.) and provide assistance to strengthen the capacities of the National LEADER Network in Moldova in this regard;

3) Particular attention is paid to the process of implementing the LEADER Programme, which is at an early stage, to guide and provide expertise from the expert community and the development partners in the process of elaborating the regulatory framework, establishing mechanisms for the operating, monitoring and evaluation of the LEADER Programme.

Empowering rural communities:

4) Capacity building of LAG villages by developing horizontal and vertical links of LAGs. Genuine cooperation at local level stimulates the necessary energy and involves local resources available for local development, generates trust and support.

5) Maintain the requirements for balancing the vote of local government authorities in the decision-making process in the LAG's work. In all LAG decision-making bodies, balance of the sectors representation is maintained. The interests of the rural

population must not be represented exclusively by local public authorities.

6) Improve cooperation between local stakeholders by involving existing and potential local businesses, local initiative groups, associations of different types in the activities for the development of the LDS and the action plan, in the implementation of local development programmes and projects as equal partners.

7) Empowering LAG members, LAG management and funding beneficiaries by improving the quality of communication and learning processes. Creating a common vision for the future, developing projects and identifying sources of joint funding contributes to developing a sense of responsibility for joint actions. Establishing an open, democratic but accountable LAG internal culture based on information, community, reporting and financial discipline.

Further development of methodological tools for the implementation of the LEADER approach:

8) Development and implementation of the Guide for the implementation of community-led rural development initiatives in the Republic of Moldova — LEADER/CLLD approach developed previously (Sard, 2018) taking into account experience, lessons learnt and future opportunities.

9) Development and publication of the Guidance on samples of unified documents on the institutional management of LAG and the reporting process to funding organisations and public administration authorities responsible for monitoring and evaluating the implementation of the LEADER approach;

10) The facilitating organisations, the responsible LPAs and the CPAs must

determine by means of legislation the single structure of the LDS, which will contribute to the comparability of the LDSs, the evaluation of the LDSs' implementation and the conclusion on the usefulness, efficiency and effectiveness of the resources allocation for the actions outlined in the plans for the strategies implementation.

11) Encourage further promotion of the LEADER approach in the Republic of Moldova, associated with the strong involvement of stakeholders in the decision-making process in the implementation of local development strategies through local action groups.

Ensuring viability and sustainability of LAGs by ensuring access to funds for the sustainable development of local communities

12) Diversifying sources of funding for LAGs' activity, combining internal and external funding, accumulating membership fees and developing internal LAG financial support mechanisms. The start and testing stages of LAG activity to be financed from external sources, but the LEADER State Programme to provide financially reliable support for the implementation of the LDS for homogeneous and balanced local development of the LAG territory.

13) Solving the problems related to the maintenance of the competent staff, in which it was invested during the first years of operation of the LAGs, and making the most of its competencies.

14) Providing ICT trained staff in LAG activities to ensure access to the necessary information and diversification of information, dissemination and promotion activities.

15) Uniform format and requirements of LAG strategic documents — LDS. Mandatory inclusion of indicators, concrete targets, implementation risk analysis in the LDS. The discussion of the LDS through

public hearings in all partner communities must become the norm known and supported by the population of the LAG territory.

16) The further involvement of new LAG members, including existing ones, in order to ensure a better representation of the interests of community groups and actors, maintaining the same balance of power between sectors.

17) Attracting young people to LAG activities both as members and as employees (managers, accountants), establishing attractive employment conditions for young people. Supporting young people in identifying project ideas, writing project proposals, guiding them in the implementation process. Developing mentoring practices in the LAG for young people.

18) Against the background of growing distrust, anxiety, frustration in society, dictated by both the pandemic situation and the economic uncertainty of individuals and the lack of secure and sufficient income, there is a need to develop social cohesion activities, promoting tolerance, non-discrimination through LAGs.

19) The facilitating organisations, state institutions to continue providing support for LAG capacity development, the skills of LAG area residents, information on new clean production technologies in agricultural and non-agricultural fields, strengthening local producers and engaging citizens in decision-making processes for the future of the community.

Finally, we would point out that the implementation of the LEADER approach in the Republic of Moldova represents an innovation for the Moldovan rural environment. This approach opens up new opportunities for local development, involving diverse partners, which ultimately lay the foundations for local development.

ANNEXES

Questionnaire 1. (in Romanian and Russian)

Questionnaire 2. (in Romanian and Russian)

Guide for the organisation and conduct of the focus group interview (in Romanian)

Consulted documents

Legislation

- 1) **Law No. 112 of 02.07.2014 for the ratification of the Association Agreement** between the Republic of Moldova, of the one part, and the European Atomic Energy Union and their Member States, of the other part, Official Monitor of the Republic of Moldova No 185-199 of 18.07.2014
- 2) **Law No. 436 of 28.12.2006 on Local Public Administration**, Official Monitor of the Republic of Moldova No 32-35 of 09.03.2007
- 3) **Law No. 276 of 16.12.2016 on the Principles of Subsidy** for the Development of Agriculture and Rural Environment, Official Monitor of the Republic of Moldova No 67-71 of 03.03.2017, as amended by LP 156 of 20.07.2020
- 4) **Law No. 177 of 2015 for the ratification of the Financing Agreement** between the Government of the Republic of Moldova and the European Commission on the implementation of the ENPARD Moldova Support Programme for Agriculture and Rural Development, Official Monitor of the Republic of Moldova No. 317-323 of 2015
- 5) **Law No. 86 of 11.06.2020 on Non-Commercial Organisations**, Official Monitor of the Republic of Moldova No. 193 of 27.07.2020
- 6) **Government Decision No 455 of 21.06.2017 on the distribution** of the National Fund for Agriculture and Rural Development, Official Monitor of the Republic of Moldova No 201-213 of 23.06.2017, as amended: Government Decision No 249 of 24.04.2019
- 7) **Government Decision No 476 of 18.10.2019 for the approval of the Regulation** on the granting of subsidies to improve the standard of living and working in rural areas from the National Fund for Agriculture and Rural Development, Official Monitor of the Republic of Moldova No 328 of 06.11.2019
- 8) Territorial Partnership Agreement on the creation of the Local Action Group “Hora Ciulucului”, 2019

Strategic documents

- 1) **National strategy for agricultural and rural development** for the years 2014-2020, approved by Government Decision No 409 of 04.06.2014, Official Monitor No 152 of 10.06.2014, updated on the basis of Government Decision No 785 of 01.08.2018
- 2) **Strategies** of the 16 LAGs participating in the research process

Handbooks, reports, guides, articles

- 1) Report on the assessment of potential legal solution for registration and operation of LEADER Local Action Groups (LAGs) in Moldova, SARD, May, 2017, https://leadermoldova.eu/assets/5b_lag_legislation_report_eng_final_08-2017.pdf
- 2) Activity Report 1 January — 31 December 2019, Solidarity Fund PL in Moldova, <https://solidarityfund.md/wp-content/uploads/2020/05/2019-Raport-de-activitate.pdf>
- 3) Analysis of the regulatory impact of the Government Decision draft for the approval of the draft Law on Local Action Groups, MARDE, 25.09.2020
- 4) Ex-ante analysis of the Intervention Measure under Specific Objective 3.3 of the National Strategy for Agricultural and Rural Development 2014-2020 concerning the establishment and operation of Local Action Groups and the implementation of the LEADER Programme in the Republic of Moldova, Analysis Report, 2020, P.11
- 5) Leader experiences in Moldova, 2019, <https://www.aeidl.eu/images/stories/pdf/moldova-en.pdf>
- 1) Towards prospering rural areas I — II. SARD LEADER leaflets — written by Marta Márczis, UNDP Moldova, 2018. <https://leadermoldova.eu/assets/handbook2018en.pdf>
- 2) The EU LEADER Rural Development Initiative delivers promising results in the UTA Gagauzia and Taraclia District, <https://www.md.undp.org/content/moldova/ro/home/presscenter/pressreleases/2018/eu-leader-rural-development-initiative-brings-promising-results-.html>
- 3) Guide for the preparation of LEADER Local Development Strategies in the pilot regions of Moldova - Ungheni and Stefan Voda, <https://www.tas.ee/wp-content/uploads/2012/09/Guide-Romanian.pdf>
- 4) Call for proposals. LEADER-EU Rural Development Fund, 2020 edition, https://solidarityfund.md/wp-content/uploads/2020/02/EU-LEADER-RDF-2020_Reguli_RO_final.pdf
- 5) MARDE and Solidarity Fund PL in Moldova signed a Memorandum of Understanding for the implementation of the LEADER approach in the Republic of Moldova, <http://www.madrm.gov.md/ro/content/2602>
- 6) The LEADER approach in Moldova, <https://www.aeidl.eu/images/stories/pdf/moldova-en.pdf>
- 7) Subsidies to improve living and working standards in rural areas, Brochure, AIPA, http://aipa.gov.md/sites/default/files/Brosura_dezvoltare%20rurala_final_14.01.20_0.pdf
- 8) Community-Led Local Development Guidelines for Local Actors, Version 3, August, 2014
- 9) PETRACHE G., Rural development in the Republic of Moldova through diversification of economic activities, Communication at the EU-Moldova LEADER International Conference “Creating Rural Prosperity for People”, Chisinau, 02-04 of April 2019
- 10) Rules for participation in the contest, Call of project proposals “Investing in people — Developing the country” to support local development within the LAG “Drumul Gospodarilor”, with the support of the European Union and Polish aid, under the LEADER-EU Rural Development Fund 2020 of the project “LEADER Approach to Rural Prosperity in Moldova”, 2020

- 11) Horbowski T., Albu M., Implementation of the LEADER approach in the Republic of Moldova, Materials of the International Scientific Conference, Chisinau, AAP, pp. 181-184, http://dspace.aap.gov.md/bitstream/handle/123456789/1317/Horbowski_Albu.pdf?sequence=1&isAllowed=y
- 12) Terms of Reference, Developing Local Development Strategies Services for Local Action Groups in the Republic of Moldova in formation process, https://leaderin.md/wp-content/uploads/2020/09/TOR_expert-dezvoltare-local%C4%83.pdf

Webpages:

1. Ministry of Agriculture, Regional Development and Environment, <http://www.madrm.gov.md>
2. Agency for Intervention and Payments in Agriculture, <http://aipa.gov.md>
3. National Bureau of Statistics, <https://statistica.gov.md>
4. Solidarity Fund PL in Moldova, <https://solidarityfund.md>
5. Facebook social media pages:
Solidarity Fund PL in Moldova, <https://www.facebook.com/SolidarityFundPLinMD/>
USAID, <https://www.facebook.com/USAIDMoldova/>
NLN in Moldova, <https://www.facebook.com/leader.moldova/>
6. News portal, <https://bani.md/usaidsi-polish-aid-anunta-lansarea-oficiala-a-proiectului-leader-pentru-moldova-rurala---106222.html>
7. Conclusion meeting of the MADRDE Memorandum and Solidarity Fund PL, 2020. News portal, <https://bani.md/usaidsi-polish-aid-anunta-lansarea-oficiala-a-proiectului-leader-pentru-moldova-rurala---106222.html>

“The project benefits from support through the EaP Civil Society Forum Re-granting Scheme (FSTP) and is funded by the European Union as part of its support to civil society in the region. Within its Re-granting Scheme, the Eastern Partnership Civil Society Forum (EaP CSF) supports projects of its members that contribute to achieving the mission and objectives of the Forum.

Grants are available for CSOs from the Eastern Partnership and EU countries. Key areas of support are democracy and human rights, economic integration, environment and energy, contacts between people, social and labour policies.”

