



# Political accountability and governance in rural areas: Some evidence from the Pilot Programme LEADER+ in Poland<sup>☆</sup>



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## ABSTRACT

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The 'LEADER community initiatives' and the 'LEADER approach' have been commonly accepted as an innovative way for development of rural areas in the European Union. While many factors influencing the adoption of this approach have been identified, relatively little is known about the role of institutional factors that are thought to affect political accountability. In this paper we argue that the way local officials are held accountable for their actions may importantly affect the modes of governance in rural areas. Our focus is on electoral rules and the size of electoral districts. Using data from the early stage of LEADER implementation in Poland and a probit analysis, we show some evidence that the programme was adopted in municipalities with majoritarian elections and electoral districts of smaller size. This is consistent with political economy literature arguing that policy innovations are more likely to occur in an environment where holding politicians to account is easier. This suggests that efforts to encourage 'bottom-up' rural development projects cannot ignore incentives of the local officials who may oppose initiatives that can threaten their rents to holding political office.

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## 1. Introduction

While there has been no consensus among researchers and/or politicians with regard to exact details of an ideal approach to rural development, it seems that one can try to formulate at least three fundamental principles upon which such an approach should rest. These include: decentralisation; participation and collective action; and devolution of managerial functions to communities (de Janvry and Sadoulet, 2005). This assumes that an important component of a successful rural policy should be to allow rural people to design and implement their own local development strategies. The LEADER programme implemented in the European Union is a notable example of a rural policy measure that follows these

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principles, involving the establishment and support of local partnerships. The LEADER approach aims at encouraging (network-like) cooperation between representatives of three classes of local actors: civil society, public administration and private sector. Such partnerships, often referred to as Local Action Groups (LAGs), are then expected to define and carry out local development strategies (for more information and further references, see Ray, 2000; Kovach, 2000; Moseley, 2003; Farell and Thiron, 2005).

The key argument for LEADER is often that it allows local communities to more effectively voice their needs. Consequently, it is argued that having decision-making processes closer to people results in better coordination mechanism to harmonise interests and solve potential conflicts (Ray, 2000; Shucksmith, 2000). Thanks to this, the LEADER approach is expected to achieve an improved governance in rural areas leading to a more efficient use of resources and a reduction in regional and social inequalities (Nemes and Fazekas, 2007; Pollermann et al., 2008).

This vision could obviously be contrasted with both empirical and theoretical arguments against LEADER and/or decentralisation (see e.g. Bardhan, 2002 for a general discussion). Overall, however, it is commonly accepted that LEADER approach should be beneficial for local communities. Consequently, it has been widely advised as a promising tool to promote local development. It is therefore interesting to see that not all rural areas in the EU are covered with LEADER measures. For example, in the period 1991–1993 LEADER-

type initiatives covered about 15% of the EU rural areas. Although in the periods 1994–1999 and 2000–2006 this proportion increased it was still lower than 50% and accounted for 42% and 47% respectively.<sup>1</sup> It is important then to gain better understanding of factors that determine the decision to adopt the LEADER approach. This could be of relevance for advancing our knowledge about the complex relationship between crucial actors that affect the structure of local governance in rural areas.

Broadly speaking, the existing literature proposes two sets of factors that are crucial for both the adoption and the success of the LEADER-type initiatives. One strand of the literature emphasises the role of key individuals and social resources in local partnerships (see, for example, Kearney et al., 1994; Ray, 1998; Shucksmith, 2000; Nardone et al., 2010, among others). It is argued that the LEADER programme can work and achieve its goals through the use and creation of social capital. The other strand of the literature adopts different perspective and instead of focussing on attributes of individuals/groups it emphasises the relevance of institutional environment within which these individuals/groups operate (see, for example, Jessop, 1999; 2008; Gualini, 2004; Pemberton and Goodwin, 2010). From this perspective, the mode of governance should be seen as an outcome of the equilibrium in power relations between various actors that is shaped within some institutional constraints (see also Woods, 2003; 2008; Reed, 2008; Gorlach et al., 2008 for studies on the structure of powers in rural areas with reference to the concepts of social movement and rural politics).

This paper tries to contribute to this latter strand of the literature and further develop the understanding of the importance of institutional environment for the local governance structure. Building on the extensive literature on power relationships within local partnerships (see, for example, Edwards et al., 2000; Shucksmith, 2000; Shortall, 2004; Derksen et al., 2008) and drawing inspiration from the recent political economy literature (Persson and Tabellini, 2000; Acemoglu and Robinson, 2000; 2006; Cox, 2008; Bardhan, 2010), we study the link between the adoption of LEADER programme and political accountability. More specifically, we investigate the hypothesis that LEADER should be more likely adopted in regions where it is easier for voters to hold politicians accountable for their performance while in office.

The idea behind linking LEADER and political accountability is the following. Local political elites will have an incentive to oppose introducing LEADER approach if the latter is likely to affect the distribution of economic and/or political power and thus erode the future rents of current incumbents (see, for example, Acemoglu and Robinson, 2006). Assuming that LEADER may provide economic benefits for the local community as a whole, this scenario could be mitigated or eliminated if political elites face higher accountability to their voters. This is because, as long as local community is well informed and individuals have the right to vote politicians out of office, officials who want to be re-elected must act sufficiently often in the voters' interest (Persson and Tabellini, 2000).

The idea that the performance of local partnerships may depend on a strategic behaviour of various actors involved is not new (see, for example, Ray 2000, 2001). To best of our knowledge, however, this paper is the first to look at this phenomenon from the political

accountability perspective. While a related approach could be found in studies by Gualini (2004) or Pemberton and Goodwin (2010), these researchers investigate the role of institutional environment for various modes of governance in rural areas without focussing on political accountability. Our focus is also different than that adopted by Whittaker et al. (2004) who build the linkage between partnerships and accountability by investigating the role of accountability arrangements for the allocation of funds. In contrast, we focus on accountability of local officials to the community. We also differ from yet another perspective that is highlighted by Pearce et al. (2005) who consider the linkage between rural development and accountability by studying the behaviour of central government agencies and analysing how to make them regionally accountable.

The second contribution of our paper is to use empirical analysis to test the main ideas that come out of these considerations. While most of the existing studies on rural partnerships are qualitative in nature, we try to complement them with some quantitative evidence. Our focus is on the adoption of Pilot Programme LEADER+ in rural Poland. As such, this paper aims also to contribute to the growing literature on rural partnerships in the New Member States (Kovach, 2000; Maurel, 2008; Furmankiewicz et al., 2010; Macken-Walsh, 2010; Furmankiewicz, 2012; Marquardt et al., 2012). Poland provides a particularly good opportunity to study the linkage between LEADER and political accountability. Most importantly, Poland is characterised by significant institutional differences at a municipality level, at which the decision to form/join the LEADER-type partnerships was made. More specifically, these differences can be found in electoral rules and a size of a local government that are widely believed to determine the level of political accountability. Consequently, one can test how do these different institutional arrangements affect the emergence of partnership modes of governance. While we are not able to identify all the reasons for adopting the LEADER approach and cannot ascertain a causal relationship, we show that establishing local partnerships is positively associated with factors that are thought to improve the process of political accountability. The Pilot Programme LEADER+ (PPL+) was adopted by municipalities with majoritarian elections and electoral districts of smaller size. Thus, our results are broadly consistent with the view that the success of (rural) policy measures could be crucially dependent on institutional factors that shape the incentives of (local) politicians to charge rents for their various activities. Our data have some limitations and thus our results come with several caveats. Nevertheless we believe that they allow to shed a new light on the adoption of the LEADER-type measures and thus improve our understanding of the complex relationship between institutional environment and local governance structure.

The remainder of the paper is organised as follows. Section 2 provides the introduction to the literature, presents our main argument and discusses how political accountability may affect the adoption of the LEADER approach. It also builds the linkage between political accountability and electoral rules, which we later use in our empirical analysis. Section 3 presents our empirical strategy and the data, whereas Section 4 reports and discusses our results. Finally, Section 5 concludes.

## 2. Related theories

### 2.1. Public choice theory & agency theory

A key issue in understanding the functioning of a partnership mode of governance concerns identifying various forces that shape incentives of, and relationships between, all interested parties involved in a decision-making process. This view builds largely on two closely related theories, namely public choice theory and

<sup>1</sup> The data on rural areas in the EU (based on the OECD methodology) were taken from European Commission (2010). The data on the LEADER coverage on the other hand come from European Commission (2006). For the period 1991–1993 the EU-12 (without Austria, Finland and Sweden) was considered. For the periods 1994–1999 and 2000–2006, the data refer to the EU-15, the so-called 'old Member States'. These figures may not be directly comparable, due to different selection criteria under the subsequent stages of the LEADER programme. Nevertheless, they clearly show that there has been some resistance to wider adoption of this approach, irrespective of the true reasons for this.

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