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Endogenous initiatives as a chance to improve rural livelihood? Results of a case study in

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# DISCUSSION PAPER

**Leibniz Institute of Agricultural Development in  
Central and Eastern Europe**

**ENDOGENOUS INITIATIVES AS A CHANCE TO  
IMPROVE RURAL LIVELIHOOD?  
RESULTS OF A CASE STUDY IN BAŁTÓW,  
SOUTH-EASTERN POLAND**

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**DISCUSSION PAPER NO. 95  
2006**



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**ABSTRACT**

Polish rural areas, compared to other EU-25 member states, still show a high agricultural employment due to a lack of job opportunities in other rural economic sectors. In particular, in South-eastern Poland the shut down of heavy industry companies in the early 1990s left many rural inhabitants only with small incomes from their peasant farms or pensions. In the commune Bałtów (South-eastern Poland) in order to counteract these developments, local development associations and a regional partnership undertook initiatives to stimulate the regional economy by creating a tourism infrastructure. This paper presents a case study, conducted in Bałtów, which analyses local problems, development chances, and experience with local endogenous initiatives. The main results of the activities undertaken by the development associations and the partnership are seen in the creation of different tourist attractions. The latter do not only provide inhabitants with new non-agricultural jobs. They are also offering new income sources for peasants and local businesses as a result of an increased demand for accommodations and other tourist services. The successful implementation of tourist facilities was due to the involvement of local inhabitants, the presence of leader personalities, the close cooperation with the local government, and the financial engagement of a local inhabitant. Workshops, seminars, and open meetings organized by the associations led to an increasing acceptance of the initiatives by the local society. The regional partnership, which combines different local and regional associations in their ambitions to connect tourist offers, also encouraged many inhabitants to contribute to further initiatives. In 2004, the regional partnership also applied for the pilot measure to implement the EU Initiative Leader+. The tourism activities in the region around Bałtów cannot be seen as a straight response to the income-related problems of the local peasant farms and the lacking structural change in agriculture, but they constitute new perspectives for local businesses and additional non-agricultural income sources for farmers.

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JEL: P 32, Q 10, R 11

Keywords: Rural development, tourism, Leader+, endogenous initiative, Poland

**ZUSAMMENFASSUNG**

TOURISMUS ALS EINE MÖGLICHKEIT ZUR ERHÖHUNG DES LÄNDLICHEN EINKOMMENS?  
ERGEBNISSE EINER FALLSTUDIE IN BAŁTÓW, SÜDOSTPOLEN

Ländliche Regionen in Polen weisen aufgrund eines Mangels an Arbeitsplätzen in nichtlandwirtschaftlichen Wirtschaftssektoren im Vergleich zu anderen EU-25 Mitgliedstaaten weiterhin eine hohe landwirtschaftliche Beschäftigung auf. Insbesondere in Südostpolen gingen infolge der Schließung von Betrieben der Schwerindustrie zu Beginn der 1990er Jahre viele nichtlandwirtschaftliche Arbeitsplätze verloren. Seitdem erzielten ein Großteil der ländlichen Bevölkerung ihr Einkommen lediglich aus ihren kleinbäuerlichen Betrieben oder aus Pensionen. Um diesen Entwicklungen entgegenzuwirken und die regionale Wirtschaft zu stimulieren, begannen Fördervereine und eine regionale Partnerschaft in der Gemeinde Bałtów (Südostpolen) eine touristische Infrastruktur aufzubauen. Dieser Beitrag stellt eine in der Gemeinde Bałtów durchgeführte Fallstudie vor, in der lokale Probleme, Entwicklungspotentiale und Erfahrungen mit endogenen Initiativen untersucht wurden. Wesentlichen Ergebnisse der Aktivitäten der Fördervereine werden in der Schaffung unterschiedlicher Tourismusangebote gesehen. Letztere führten nicht nur zur Bereitstellung neuer nichtlandwirtschaftlicher Ar-

beitsplätze. Sie ermöglichten außerdem Kleinbauern und ansässigen Unternehmen, als Folge eines Nachfrageanstieges nach Unterbringungsmöglichkeiten und Tourismusdienstleistungen, neue Einkommensmöglichkeiten zu nutzen. Die erfolgreiche Einführung der Tourismusprojekte resultierte vor allem aus der Einbindung der lokalen Bevölkerung in die Aktivitäten, dem Vorhandensein von Führungspersonlichkeiten, der engen Zusammenarbeit mit den lokalen Behörden und dem finanziellen Engagement eines lokalen Akteurs. Von den Fördervereinen organisierte Workshops, Seminare und Versammlungen führten zusätzlich zu einer steigenden Akzeptanz der Aktivitäten bei der lokalen Bevölkerung. Die regionale Partnerschaft verbindet verschiedene lokale und regionale Vereine in ihren Bestrebungen, die Tourismusangebote zu koordinieren. Sie ermutigt ebenfalls viele Einwohner dazu, sich an den Initiativen zu beteiligen. Im Jahr 2004 bewarb sich die regionale Partnerschaft außerdem für die Pilotmaßnahme zur Implementierung der EU Initiative Leader+. Die Tourismusaktivitäten in der Region um Bałtów können nicht als eine direkte Lösung für die einkommensbedingten Probleme der ansässigen Kleinbauern und den fehlenden landwirtschaftlichen Strukturwandel in der Region gesehen werden. Jedoch schaffen sie neue Perspektiven für lokale Unternehmen und eröffnen Landwirten zusätzliche nichtlandwirtschaftliche Einkommensmöglichkeiten.

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JEL: P 32, Q 10, R 11

Schlüsselwörter: Ländliche Entwicklung, Tourismus, Leader+, endogene Initiative, Polen

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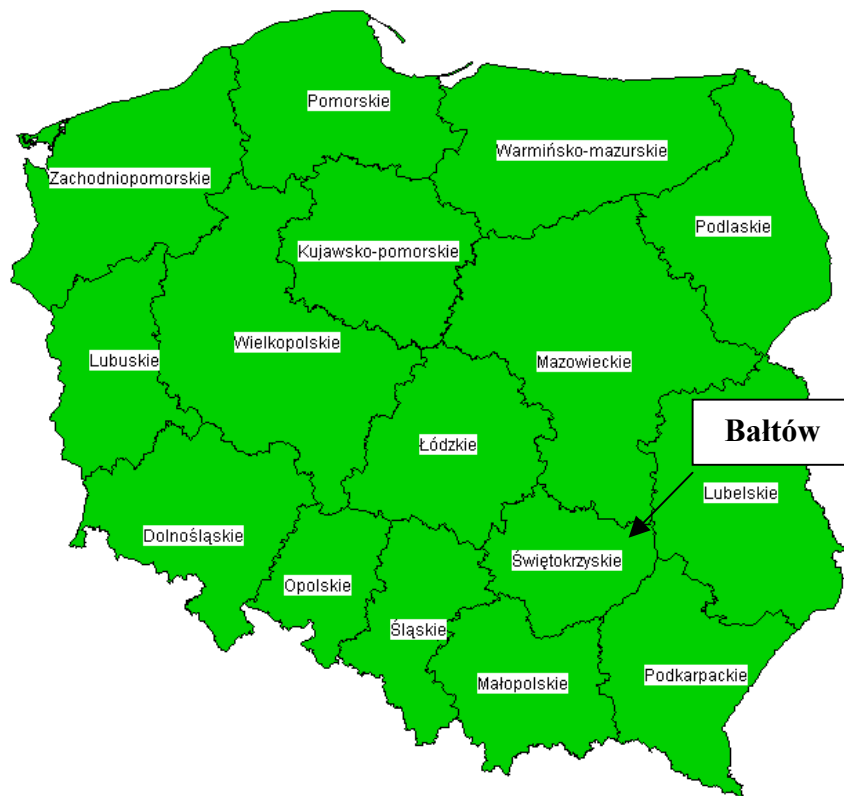
**LIST OF ABBREVIATIONS**

AMA	Agricultural Market Agency
ARMA	Agency for Restructuring and Modernisation of Agriculture
BP	British Petrol
EPCE	Environmental Partnership for Central Europe
KRUS	Kasa Rolniczego Ubezpieczenia Społecznego (Agricultural insurance scheme)
LAG	Local action group
Leader	Liaison Entre Actions de Développement de l'Economie Rurale (Links between actions for the development of the rural economy)
NGO	Non-governmental organisation
PEPF	Polish Environmental Partnership Foundation
ZUS	Zakładzie Ubezpieczenia Społecznego (Social insurance scheme)

## 1 INTRODUCTION<sup>1,2</sup>

A high share of agricultural employment in total employment, a lack of non-agricultural job opportunities and high unemployment rates, as well as a low income level are often main characteristics of the economic situation in Polish rural areas. Especially in the South-eastern part of the country due to the shut down of rural industries in the beginning of the 1990s, rural families often live on their small structured farms or from social aid. A similar situation can be found in the analysed commune Bałtów, Świętokrzyskie voivodship (see Map 1).

**Map 1: Geographical position of Bałtów and Polish voivodships**



Source: Author's depiction.

This agriculturally dominated commune is characterised by a lack of employment opportunities as well as future perspectives for younger people. In order to counteract these problems, two local development associations in the commune undertook actions to stimulate the regional economy by creating different tourist offers. This paper presents a case study on the commune Bałtów and the local development initiatives which started from the development associations. 35 open interviews with representatives of the regional and local government,

<sup>1</sup> The author is indebted to Martin Petrick and Peter Weingarten for helpful comments on an earlier version of this paper. Furthermore, the author thanks Jarosław Kuba as the main contact person in the case study region for his great support to coordinate the research stay as well as Ewa Sitkiewicz for her assistance as interpreter in the conducted interviews. Many thanks also go to Urszula Budzich-Szukała, Jakub Ciołkowski, and Kinga Boenning for their kind cooperation.

<sup>2</sup> This paper discusses one of three case studies which were conducted in the North West and the South East of Poland in the summer of 2005. The case studies constitute the empirical part of an ongoing dissertation which analyses the adoption of the pilot measure to implement the EU initiative Leader+ in Poland. The results of the other two case studies are already published in GRAMZOW (2005) and GRAMZOW (2006).



members of development associations, and rural inhabitants in general were conducted. Interviewees were asked about local problems, development potentials, the agricultural development in the region, and the impact of endogenous initiatives on the local economic development of the commune. The paper discusses, to what extent tourism orientated initiatives are able to contribute to a lasting local economic development and to a provision of additional income sources for peasant farms.

The commune Bałtów has about 4 000 inhabitants and a population density of 38.5 inhabitants per km<sup>2</sup>. The commune's area amounts 10 492 ha, whereof 51 % is agricultural land and 42 % is forest. In 2002, approximately 1 000 farmers with an average size of 5.3 ha cultivated the agricultural land (GUS 2003). Therefore, local inhabitants are still strongly related with agricultural production, whereas the quality of soil in the commune is rather poor. Nearly the whole agricultural area is classified as less favoured area. Until the early 1990s, most farmers of Bałtów received an additional income from an employment in the steel company. The latter was located in the next bigger city Ostrowiec, which is 10 km far from Bałtów. The agricultural production in Bałtów is dominated by plant production, especially grain. In 2004, in the district Ostrowiecki, where Bałtów is located, 25 % of the economic active population were working in agriculture or forestry, 31 % were employed by industry and construction, 22 % by service companies, and 22 % by non-market services. In 2004, the unemployment rate in the district amounted 29 %. The average monthly wage per person of 1.923 PLN [479 €], which was paid in the district in 2004, is equal to 79 % of the Polish average.

This paper proceeds as follows: Section 2 discusses the main problems asserted by the interviewees. In section 3 main development potentials for the region as well as the main obstacles which impede inhabitants to use the latter will be presented. Section 4 focuses on endogenous initiatives starting from local NGOs and describes their impact on the economic development of the region. The current status of the adoption of the pilot programme to implement the EU initiative Leader+ will be presented in section 5. Section 6 concludes.

## **2 PERCEIVED PROBLEMS OF THE REGION**

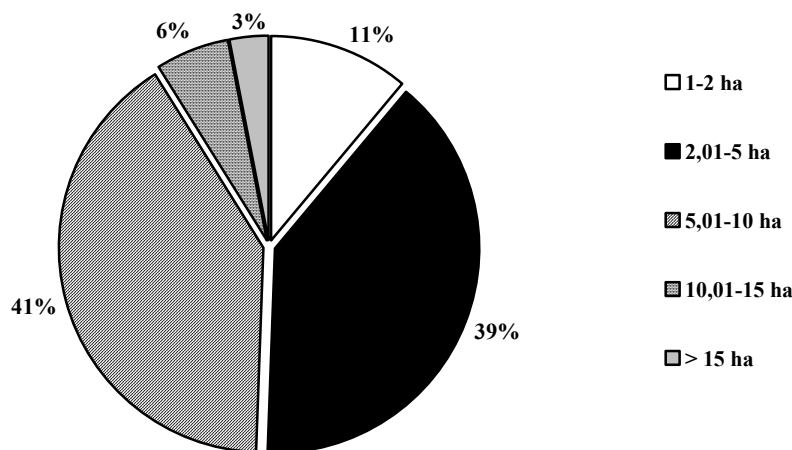
In the following, based on the assessments of the interviewees, the lacking structural change in agriculture, the high regional unemployment rate, a lack of common initiatives starting from local inhabitants, as well as the passivity of the previous local government were discussed as major problems in the region.

The 35 interviews were conducted with 11 representatives of the regional and local government, 9 members of local development associations and a regional partnership, 10 local inhabitants in general, as well as with 5 local farmers. Concerning the latter, it has to be mentioned that persons who worked for the local government or in local shops and who also own a farm, were not counted as farmers but as appendant to other mentioned groups of interviewees. A brief description of the interview partners is attached in the appendix. The interviews lasted in general between one and two hours. Interview partners were selected with the help of a local contact person who recommended us potential conversational partners. The latter also suggested further interviewees. The interview partners were chosen due to their knowledge about the local economic development, local endogenous initiatives, their occupational background (local entrepreneurs, local farmers, members of the regional and local government), as well as their knowledge about the local mentality.

## 2.1 Lacking structural change in agriculture

"In this region it is really hard to expect future changes in agriculture. In this commune we have just one farmer who is a real farmer and who has more than 300 pigs. Farmers are still waiting for chances after the EU accession but there is nothing happening" (B-18). This quote made by an inhabitant explains the current situation of agricultural producers in the commune Bałtów. As already mentioned above, agricultural production in Bałtów is dominated by small peasant farms, which are endowed with small plots and a lack of mechanisation. As Figure 1 shows, only 3 % (approximately 25 farmers in total numbers) of all 890 farms larger than 1 ha cultivate more than 15 ha. About the half of all farms do not have more than 5 ha. However, a representative of the local government declared that a structural change in farm size compared to 10 years ago is already visible. "The farm size was very small and the land was divided in small plots. The average farm size amounted 3 ha and now it is 7 ha. Farmers start to have bigger farms with 50, 60 or 70 ha" (B-27). Since the agricultural census was conducted in 2002, the number of farms decreased already by about 200.

**Figure 1: Agricultural farm size in the commune Bałtów**



Source: Statistical office of the district Ostrowiecki.

Generally, interviewees do not believe that agricultural production in Bałtów will provide all existing peasant farms with an adequate income. This was also mentioned by two local inhabitants who assessed: "We have bad soil and to do something with agriculture would be a bad choice. Agriculture cannot be a main source of income" (B-19). „People cannot live on agriculture anymore because the crops are too cheap. Only the big farms can survive, for the small farms there is no chance." The income situation of peasant farms has deteriorated in the last years<sup>3</sup>. An important reason for the lower farm income is seen in the decrease of producer prices for plant products. As a representative of the local government of a neighbouring commune mentioned: "Prices of crops decreased and farmers face the problem to sell their crops" (B-30). A member of the local government, who additionally owns a farm, said: "Last year I sold the barley for 50-55 PLN [12.50-13.70 €] per dt and now, I received 25 PLN [6.20 €]. I lost 30 PLN [7.50 €] per dt. Just on barley production I lost about 1 000 PLN [249 €] per ha and received 600 PLN [149 €] direct payments per ha. In addition [to the low producer

<sup>3</sup> According to EUROSTAT (2004) estimations the income per agricultural labour in Poland increased in general in 2004 about 73.5 %, due to the direct payments and the successful harvest in the concerning year. However, to put these estimations in perspectives with our interview results we have to consider the very strong regional differences especially regarding the farm-size structure and the soil quality existent in Poland.

prices], fertilizer, pesticides, and petrol are very expensive. Farmers lost a lot [...]." Similar to peasant farms in the neighbouring voivodship Podkarpackie (see GRAMZOW 2005) also farmers from Bałtów often face the problem of finding no wholesaler for their products. A member of the local government mentioned: "We have the Agricultural Market Agency (AMA) and they have the requirement that the minimum amount of crops, which can be delivered to them, should be 18 t. But their prices are very low and often farmers do not have these 18 t" (B-27).

A further barrier that hampers peasants to increase their production is the lack of finance. Owners of small farms do not earn enough income to undertake further investments in their farm size or their production facilities. Additionally, as one interviewee assessed: "They [small farms] are also afraid to take credits. Only the big farms receive really bank credits. Small farms are afraid because they are not able to pay the credits back" (B-29). This attitude of peasants was explained by interviewees with the uncertain market situation for agricultural products, the often unfavourable age structure of farmers, as well as the negative experience with taking credits borrowers remember from the beginning of the 1990s. Concerning the latter a local entrepreneur assessed: "In the time of the transformation, Balcerowicz implemented some reforms that led to an increase of interest rates and lots of people lost their money. The interest rates increased from 12 % to about 100 % and the people, which had credits during this time, needed much more money to repay their credits than they actually received from the banks. And the problem is: How to show people that this will not happen again?" (B-33). Furthermore, farmers' investment decisions are also biased by the fact that most of the agricultural land in the commune is not consolidated, yet. A local inhabitant said: "[...] the problem is that the land is still separated in different small plots. One farmer, e.g., has 6 ha in 70 small plots. It is really necessary to consolidate it." This fact reduces an efficient use of mechanisation and therefore lowers farmers' willingness to specialize their production.

### 2.1.1 Impediments of employment diversification of peasant farmers

Hence, to maintain their living peasants, which will not retire shortly, are forced to earn an additional income or to diversify their employment. But as interviewees mentioned, it still has not often happened that local peasants diversify their employment. A member of the local government said: "People here still try to protect their farms. Maybe they think about new ways but they are very careful" (B-27). Peasants are hampered to diversify employment for a number of reasons:

- 1) *Lack of non-agricultural jobs.* A member of the local government from a commune close to Bałtów assessed: "How fast this process [structural change in agriculture] continues depends on the level of unemployment in the region. The reason for the slow structural change is the high level of unemployment we have in this region, right now. As quickly as we create new jobs as fast the structural change in agriculture will take place" (B-29). The same assessment was also given by a member of the local government from Bałtów, he said: "It will not be like this that there are only big farms. Because, what should people do who quit farming? We have a high unemployment rate. Now, they are able to live on their few hectares. If they sell it on what will they make their living? This situation cannot change so quickly" (B-29).
- 2) *Unfavourable age of farm owners.* Many peasants are between 50 and 60 years old and therefore, they are not interested in a specialization of their production. Additionally, because there is often no successor, they do not feel forced to increase their farm size or to develop a second main pillar supplementary to farming. Often, the

age detains farmers from changing their professional skills and lowers their chances of finding an employment in non-agricultural sectors.

- 3) *Lack of seed capital.* As the steel company in Ostrowiec was shut peasants mostly lost their employment and gained only a small income from farming. Therefore, they mostly do not possess seed capital to start-up businesses or small shops. Moreover, farmers are afraid of taking commercial credits and credits will be used for non-agricultural investments. Unsuccessful investments undertaken in the early 1990s still discourage inhabitants in their decisions of starting-up a business. An interviewee said: "The transformation of the political system is the main reason. In the transformation process lots of people started a business and they lost everything. That is the main reason why people are afraid of starting a business" (B-33). Besides, due to a lack of guarantees peasants have rarely access to commercial investment credits. As a member of the local government mentioned, mostly peasants who are interested in investments "are working in different countries and invest the money they earn in their farms [...]" (B-27). Additionally, as PETRICK and LATRUFFE (2006) argue, conservative lending practices among rural banks can be seen as a further impediment.
- 4) *Lack of entrepreneurial skills.* A local entrepreneur mentioned: "Especially, Bałtów had always just workers in agriculture and people who worked for the steel company. This commune is not prepared to live under this new situation. They cannot start new initiatives on their own" (B-33). Due to the income the steel company provided for peasants until the 1990s the latter were not forced to undertake actions in order to increase their production or to gain additional incomes by opening a business.
- 5) *Lack of demand for offered products or services.* Another barrier that hampers farmers or other inhabitants in start-up a shop or a small firm is the lack of demand. As GRAMZOW (2005, 2006) and CHAPLIN et al. (2005) for different rural areas in Poland explain, due to a high unemployment rate and a low level of wages rural areas often only provide a low purchasing power. That makes it very difficult for small businesses to stay on the market.
- 6) *Bureaucratic barriers and high costs for social insurance.* A member of the local government assessed that "bureaucracy and the high level of social insurance payments are the reason [why inhabitants are afraid to start-up businesses]" (B-28). He continued: "For example, the social insurance scheme (ZUS - Zakładzie Ubezpieczenia Społecznego). The ones who had a farm were able to open small additional businesses. However, right now, they [farmers] have to pay ZUS and not only the agricultural insurance scheme (KRUS - Kasa Rolniczego Ubezpieczenia Społecznego) like in former times. [...] They used to pay 80 PLN [20 €] per month and now, if they had a business, they would pay at least about 700 PLN [174 €] per month. So, it is not economical for these people because it is hard to earn enough money to cover the costs for the social insurance. And that is why many farmers closed their additional businesses" (B-28)<sup>4</sup>.

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<sup>4</sup> A change in legislation in summer of 2005 enables farmers again to have an additional business without changing their social insurance from KRUS to ZUS. Furthermore, another law also passed in the summer of 2005 allows new non-agricultural business start-ups to pay only approximately 30 % of the whole social insurance costs for the first two years of their existence. But the latter abatement is only applicable to entrepreneurs who did not have a company registered in the past 5 years.

- 7) *Uncertain legal framework.* A member of the regional government explains: "Every week they change ten or twelve articles or create new ones. People cannot be sure about the legal framework in which they undertake their investments. These are big problems for entrepreneurs" (B-07).

### 2.1.2 Growth barriers for large farms

The mentioned impediments do not only bias farmers' decision to quit farming and to start-up a new business or to change the profession. The low amount of agricultural land available on the market also reduces the efforts of big farms to grow. An interviewee said: "Right now, these [small] farms can still provide the owners with a low standard of living and this is also a reason for a slow structural change" (B-29). Another interviewee emphasized the uncertain economic situation of inhabitants that keeps them from selling their land: "Yes, some of them [small farmers] are afraid, if they lost their jobs or something similar they would have to live on the small farm income again. These people do not want to sell their land and wait until the land prices are increasing. It is not easy to solve these problems" (B-27).

Furthermore, even to rent agricultural land has not often happened in the commune Bałtów. "People who live in the village mostly did not and still do not rent their land to other people, only people from the city do it" (B-08), a member of the regional government assessed. Peasants' decision to rent the land has become more complicated due to the implementation of the direct payments after the EU accession. An interviewee said: "It has happened that they rent the land but not very often. When they have the possibility to rent it they often do not do it because of the direct payments" (B-18). As interviewees mentioned, mostly only an oral contract exists between the lessor and the leaseholder. As a result of the implementation of the direct payments there is an additional incentive for land owners to keep these oral contracts. "[Because], if they had a written contract only the contract partner who cultivates the land would be able to receive the direct payments. However, if an oral contract existed the land owner would receive the money and mostly pays the taxes. The leaseholder in contrast cultivates the land and harvests the crops" (B-12). Critical in this regard is that the profitability of agricultural production in Bałtów, due to the small farm size structure and the poor soil, strongly depends on the access to direct payments. Therefore, because of the situation on the land rent market leaseholders often do not rent the land since a profitable production without direct payments is hardly possible. The direct payments in contrast will not be invested in the agricultural production but allow land owners, who are often not conducting agricultural production anymore, a minimum standard of living.

Moreover, peasant farms which are mostly not willing to increase their production or to improve their facilities do not invest the direct payments but use them for consumption, as the following three quotes show: "They [peasants] mostly do not invest the money [direct payments] in the farms because these are not really high payments. There is no sense to invest them" (B-30). "What should a farmer with 5 or 10 ha do? How can a farmer earn enough income when the crops are so cheap? The farmers sell their crops for this funny money to make a living on it, but it is not enough to make a living. So, they have to spend the direct payments for consumption. I as a big farmer can invest the direct payments but not these small farms. As a big farmer you have much more chances to change your production and to specialize compared to small farmers" (B-28). "They receive the direct payments but they do not know how to invest the money because they cannot invest it in agriculture. In agriculture there is no future" (B-13).

A further political instrument which also biases the structural change in agriculture in the commune Bałtów are the preferential credits. Even after the EU accession, preferential credits

are still available for Polish farmers. In 2004, amongst others, credits for investments in agricultural holdings and in agri-food processing plants, credits for equipment, restructuring and modernisation of waste management industry, as well as credits for the elimination of effects of natural disasters in agriculture were given by the national Agency for Restructuring and Modernisation of Agriculture (ARMA) within eighteen different credit lines. The interest rate depend on the credit lines. Preferential credits for investments in new technologies are available at an interest rate of 1.0 %. Young farmer and natural disaster credits, as well as preferential credits for purchasing land or family household arrangement can be provided at an interest rate of 1.2 %. The interest rate for other credit lines amounts between 2 and 3 % (MIN-ROL 2005). For comparison, the average inflation rate in 2005 was 2.1 % (FEDERAL FOREIGN OFFICE 2006).

Preferential credits were used by local farmers in Bałtów and some farmers still use them to buy seeds and other means of production or to repay previous credits, as a member of the local government mentioned. He assessed, that the provision of preferential credits often "[...] lead to the situation that they [small farmers] took these credits but would not be able to pay them back. These credits could be a solution only if farmers invested them, produce their crops and would be able to sell their crops for a good price. This would enable them to pay the credits back. But usually they take the credits to repay their losses. For example, they take short term credits to repay their debts on fertilizer or use the money just for living. In the next year, they have to repay these credits again and therefore they will take a new one. [...] Farmers generally do not use the money for investments, it would be better if they had not the opportunity to receive these preferential credits because than they have to be much more careful" (B-28). Therefore, these preferential credits hamper peasants from giving up farming and detain a faster structural change in the commune.

In contrast, young farmer credits, which are also counted among preferential credits, as well as subsidised credits from pre accession and accession measures like SAPARD might have a positive influence on the structural change in agriculture. The application of young farmer credits require, amongst others, that the farm owner is at the age of 40 years or younger and holds an agricultural degree. These requirements should assure that the credits are used for further farm investments. However, as a member of the local government said: "It is not easy to get these credits even if you fulfil the requirements. Above all, it is too much bureaucracy" (B-29). Another interview partner also emphasized the high bureaucratic barriers farmers would have to overcome if they applied for pre accession or accession programmes: "[...] the bureaucracy is a big problem. For example, as I applied for SAPARD to buy a combine. I had to go to three different communes, to KRUS, and to other administrations just to receive all the required certificates" (B-28). These pre accession or accession programmes are rather for bigger farms available due to the co-payment of 40 % of the amount to be invested. Small farms are generally not able to provide this own contribution.

Another political instrument which might encourage the structural change in the commune Bałtów is the structural early retirement pension (structural rent). A member of the local government of a commune close to Bałtów mentioned: "The structural rent is a possibility to solve the problem of old farmers. Lots of them use it and sell their land to their neighbours" (B-31). This programme is directed to farmers, who quit farming at the pre-retirement age, who are older than 55 years, and were farming through at least 10 years time. In order to receive this payment farmers are obliged to pass the farm to their successors and definitely abandon the agricultural activity. The level of the payments depends on the size of the farm and the number of people on the farm which are in the potential age to apply. The basic amount of the payments will range between 210 and 440 % of the pension farmers receive

from KRUS. A member of the local government from Bałtów also assessed these payments as an encouraging instrument for old farmers to quit farming even if only five farmers from Bałtów applied for the payments until September of 2005. She explained that a reason for this low response can be seen in an unfavourable age structure of the farm owner couple (they do not reach the pre-retirement age to the same time) as well as the requirement that applicants have to assure that they contributed to the agricultural social insurance system KRUS for the last ten years. "But the problem is that many farmers worked for the steel company and did not contribute to the KRUS for the last 10 years" (B-27).

Another barrier which biases the investment decision of bigger farms is the lack of market power they hold. A member of the local government assessed: "The second problem is that farmers are not share holders of the wholesalers which buy the crops. So, they have no influence on the prices. Farmers do not conduct collective actions. And on the other side the wholesalers are nearly monopolists. They have one price. That is really bad for farmers and this was a mistake, which was done in the privatization process" (B-28).

Concluding, the structural change in agriculture in the commune Bałtów is strongly related to the provision of non-agricultural workplaces or potential opportunities to start-up new businesses. Due to a lack of non-agricultural jobs and unfavourable conditions for business start-ups a drastic structural change in farm size failed to appear in the last fifteen years. As CHAPLIN et al. (2005, p. 10 et seq.) also emphasized for other South-Eastern Polish regions with a small-sized farm structure, several agricultural policies like direct payments or credit subsidies for farming can even decelerate the process of structural change.

## 2.2 Unemployment

"The biggest problem is the unemployment and everything that is connected with it, e.g., frustration" (B-02). "In the last ten years people in this region had a very hard time. Nearly all people here worked in the steel company. As the steel company was shut, 38 000 people were unemployed and these unemployed people became desperate and often started drinking" (B-01). These two quotes enable a small insight in a further important problem of the region: unemployment. As already mentioned above, the regional unemployment rate amounts 29 % and mainly results from the drastic reduction of jobs in the steel company in the 1990s. The steel company enabled many families in the region around Ostrowiec to earn an adequate income and also provided inhabitants with social services as one interviewee mentioned: "The steel company was the big body, they cared about school, kindergarten, and everything that was needed" (B-09).

Besides the high unemployment rate the shut down of the steel company left further effects on the regional development, too. As many interviewees mentioned, due to the job opportunities in the steel company, there was a lack of diversification of employees on the regional labour market. An interviewee said: "If we think about the time fifty years ago, this was a very good and creative region with a high educational level. However, the steel company appeared and people started to think just in one way. They started to do the same work and they also thought and behaved in the same way" (B-09). Most people did not develop any entrepreneurial spirit or learned any skills which are needed to work in other jobs. If inhabitants showed ambitions to find new businesses they would be often hampered by different barriers, as discussed in section 2.1.1. Moreover, other job opportunities rarely exist due to the steel companies' previous dominance in the regional economy. "People here do not have any work experience in other sectors, they always used to work for the steel company" (B-22). For older people this situation often led to a resignation and lowered their willingness to start initiatives on their own. "People do not know what to do. They have been unemployed for a long time

and they are not willing to do something on their own" (B-15). Another inhabitant described the situation as follows: "The worst thing is the feeling of helplessness inhabitants have due to the fact that they are not able to find a job" (B-35).

Furthermore, the lack of job opportunities in the region as well as the low level of wages causes especially young people but also middle-aged unemployed people to leave the region permanently or temporarily and work in bigger cities or abroad. The outflow of young people or people in working age in general does not only lead to a further decline of the regional income and dampens the creation of new businesses. It also results in a destruction of many families in the region, as one interview partner mentioned: "The destruction of the families [...] could be a big problem in the future. Families are scattered because everybody is looking for a job. There is not one family which has not a member in a foreign country. And the results are already visible. Now, we have problems with children in school. Children often grow up with their grandparents. This has a big influence on young people and emerges as a big problem" (B-14).

### 2.3 Lack of cooperative initiatives

"We do not do any social work because people here are not interested in. Nobody organizes anything, people here are not interested in working without payments. They prefer finding a job or sitting and doing nothing. [...] People in this region are too divided for cooperation, it is hard to speak about cooperation" (B-21). This quote emphasizes a third problem which was mentioned by different interviewees: the lack of common initiatives that inhabitants show. Interviewees have recognized a stronger separation between local inhabitants and a decrease of common initiatives since the transformation process started in the 1990s. Interview partners mostly asserted the lack of trust between inhabitants as the main reason for the little appearance of cooperation and common initiatives in the commune. Two local farmers assessed the relationship between trust and cooperation as follows: "If you want to cooperate you have to trust in the people you want to cooperate with" (B-13). "It depends on with whom you cooperate. I am careful. I have no trust. Maybe in a small group I would cooperate, e.g., with my neighbour, but I have to trust them" (B-05). The lack of trust between inhabitants, according to the interviewees, resulted mainly from four different determinants:

- 1) *Increasing income disparities between inhabitants.* "[...] [U]nemployment on the one side and a higher standard of living on the other side have a strong influence on the trust between people" (B-18). Many interviewees argued that the increased income disparities between the local population since the beginning of the transformation process are important reasons for the lack of trust. A local farmer explained the lack of trust: "That is our mentality after communism. Right now, we have big differences in the standard of living between people. One is poor and the other one is rich" (B-11). These income disparities already led to a decrease of social contact between inhabitants of Białtów as interviewees asse: "They [inhabitants] used to trust each other more than right now. In former times, everybody had a bench in front of his garden and people met and talked to each other. They had better contact. And now, people have not enough time for each other, people are not very sensitive anymore. They are not interested in their neighbours" (B-24). "It used to be better, people used to be nicer to each other and much more kind. They had a better communication with each other, they helped each other, and they saw each other more often. Now, the life is more anonymous, people are not very interested in the neighbour's house and just care for their own problems" (B-28).



- 2) *Jealousy*. Another determinant which results from the above mentioned increasing disparities, but is also assessed as a typical Polish feature by inhabitants, is the jealousy between people. "Jealousy is a typical Polish feature which came up much stronger in the last years. Some people earned too quickly money and that is why others do not trust each other anymore. If we could exclude the jealousy, we could have the heaven on earth. But here in this part of Poland the lack of trust is much bigger than in other parts. Here, they are much more jealous. It has influence on the mobilization of people and leads to quarrels" (B-23). Interviewees mentioned, that the jealousy often lead to the situation that people are not willing to cooperate with each other as they are scared that their cooperation partner could increase his income and realizes therefore a higher standard of living. An interviewee assessed: "Polish farmers do not want to be better than their neighbours, they just want to be on the same level as their neighbours are. They do not want to develop better, just on the same level like the others. And the others should not develop, too. That is the Polish mentality. But it starts to change" (B-28).<sup>5</sup>
- 3) *Bad experience from former cooperation*. A local shop owner mentioned: "When people in this region cooperate with each other, always something has happened. For example, one of them [the cooperation partners] embezzles money. That is why the trust decreased" (B-22).
- 4) *Different ethnic roots of the inhabitants*. As interviewees emphasized, inhabitants of Bałtów have different ethnic roots which still influence the trust between the local population. "Some people in Bałtów have Asiatic roots. In the 17<sup>th</sup> century, the Russian army held their Asiatic prisoners captive in this region. And sometimes you can see these Asiatic roots still in some people's faces. Some of these people are also not in the normal catholic church and this also decreases the trust between people. When something is not working, people say, this is due to the tartars. This is sometimes nearly an ethnic conflict. Some Poles think that these people are still tartars and this increases the lack of trust. When you think about trust between people in this region you have to take this into consideration."

As a member of the regional government mentioned, the lack of trust has also influence on the cooperation between businesses. The interviewee said: "The main problem is trust. For example, six years ago, I worked together with some local businesses and they did not exactly wanted to say what they do, and what kind of plans they have because they were afraid that others could use their ideas. This is still the main problem concerning cooperation with private firms. It needs some time to change their minds" (B-09). Inhabitants often suspect that, if

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<sup>5</sup> A joke told by a representative of the local government should explain the attitude of some local farmers: "An angel came on earth and wanted to see what had happened. First, he went to an English farmer and asked him: 'How are you doing?' And he answered: 'I try to give my best. I have 50 pigs and I am doing okay.' The angel asked: 'I want to do a favour for you, how can I help you?' The farmer answered: 'My neighbour has 100 pigs, so give me 150 pigs and I am happy.' The angel gave him the pigs. Then, the angel came to a German farmer and asked him: 'How are you doing?' He answered: 'I got a big farm and good machinery and I am doing okay.' The angel asked the German farmer, too: 'What can I do for you?' And he answered: 'My neighbour's farm is a little bit bigger than mine, give me 50 more hectares than my neighbour has and I will be fine.' And the angel gave him everything. Then the angel came to a Polish farmer and asked him also: 'How are you doing?' The Polish farmer answered: 'You know, my house is nearly destroyed, the cow has not enough milk, and I have no money at all. But my neighbour has much more than I have, he has good crops on his fields, and he has 10 very good cows.' And the angel asked him: 'What can I do for you?' And the Polish farmer answered: 'The best would be if you destroyed my neighbour' houses, killed his animals, and burned his crops. Than I would be happy'" (B-28).

a business turns out to be successful, it does not earn its income in a fair-minded or legal way. Therefore, they are afraid to trust and to join these common activities, businesses, or even organisations.

This lack of cooperation is even visible in the relation between different local associations. Most local events were often only organized by a small group of people which did not coordinate their initiatives with other local groups or associations, as the following quote show: "[A]ssociations [...] have no cooperation with each other, there is a big disintegration. It has not often happened that different associations cooperate with each other. They often have the same aim but they do not realize it together. Often it is more a kind of competition but they could work much better" (B-14).

Besides the lack of trust, also other reasons for the lack of common initiatives in the region have been mentioned by the interviewees. For example, also positive examples of cooperation could encourage people to work together. Furthermore, local leaders are needed who organize the activities, collect ideas, and even coordinate the realization of the common initiatives, as an interviewee mentioned: "Persons [local leaders] like these are important, they should collect all the ideas and should present these ideas to the local government and to all the other people in the region" (B-12). Besides the needed organizational skills, the presence of local leaders in common initiatives is also important in order to increase inhabitants' trust in the activities: "People who organize the festivals or picnics usually do everything on their own. Small exhibitions are mostly organized by local inhabitants. They are willing to do something. And other people may join them when they see something is happening. [...] If they saw that the local leaders work with them they would also contribute" (B-14).

#### **2.4 Passivity of previous local government**

Until 2002, an important impediment that hampered the local economic development in Bałtów was seen in the local government. An interviewee said: "The second problem was the old local government. They were not interested in the development of the region [...] or in EU programmes. They already heard that these programmes are working well but they did not want to apply for them. And people in this region could not influence the decisions of this old local government" (B-26). Local inhabitants reported that the old local government was not interested in any investments in the local infrastructure. For example, Bałtów was rarely endowed with canalization infrastructure and telecommunication. The local roads were in a very bad state and a mobile network was even not available. This lack of infrastructure detained investors and local businesses from investments in the commune. Besides the passivity, the previous local government also interrupted initiatives undertaken by local associations in order to develop the region. A local entrepreneur who took considerable part in the latter initiatives said: "[T]here were only difficulties. People from the previous local government were all communists and especially the mayor. The mayor did not see the possibilities and undermined the different initiatives to develop the region. People who were against the mayor, they had to emigrate and lots of people emigrated due to this. The ones who were not allowed to show what they felt and thought and who were not able to change what they wanted to change, they emigrated. We had the high danger of unemployment in front of our eyes and the local government did not react to it" (B-33). Another inhabitant assessed: "We wanted to change the situation in the commune and the previous local government did not cooperate with the people in this region. If somebody had come and had asked for help, they would not have had time for him" (B-26).

### **3 CHANCES AND BARRIERS FOR THE DEVELOPMENT OF THE COMMUNE BAŁTÓW IN THE EYES OF THE LOCAL INHABITANTS**

In this chapter interviewees' suggestions about development opportunities for their region will be presented. Most inhabitants asserted the development of tourism as the main chance to create new income sources for the region. To a smaller extent also a stronger specialization of agricultural farms was mentioned as potential to improve the local standard of living.

#### **3.1 Tourism**

Most interviewees regarded tourism as the biggest chance to develop the region. "Tourism is the biggest chance for the region" (B-02), as one interview partner put it. Local inhabitants mostly caused their assessment with the beautiful natural resources in which Bałtów is embedded: "Tourism, the only way is the development of tourism. We have to discover this beautiful region for people from outside, we have beautiful places" (B-32). But inhabitants who are involved in the development of tourism in Bałtów are aware that they have to provide, additionally to the natural resources, also accommodations, different sites, and other tourist attractions. The former interviewee continued: "We have to connect different attractions, there should be just a short way between these different sites. We try to keep tourists longer in this region with the help of different attractions. It is also important to develop agrotourism, we still have not enough agrotourism farms. Maybe also hotels are needed" (B-32).

A local entrepreneur, who is also active in a local development association of Bałtów, describes his ideas for a future tourism development as follows: "But there are three factors which are important to take into consideration and these factors can enhance the chances of tourism in Bałtów: First, we have to create a ski area, an artificial lake, and a camp ground to set up incentives for tourists that make them stay longer in this region. Second, we have to build an infrastructure with hotels which allows us to attract upper class tourists. And the third and most expensive factor, we have to create a complex of hotels, tennis courts, and golf courts to encourage people from cities like Warsaw to spend their holidays here in Bałtów" (B-33). The same interviewee also mentioned the problems he sees on the way to develop this region: "Bałtów does not have the tradition of a tourist city. People from Bałtów do not travel a lot, they do not know how places could look like and how their resources could be used. They need time and education" (B-33). Due to their lacking experience with tourism local inhabitants often do not know how to create the needed tourism facilities, how to organize events, and how to increase the attractiveness of the region. However, besides the needed skills for a tourism development, an important factor is also the financial sources, which are needed for the investments. An interviewee reported: "We have to find sources for new investments, especially for accommodations, the winter offers, and the enlargement of sport courts. Finding financial sources for these investments, that is the problem and there are still lots of other things to do. For example, we have to improve the local infrastructure" (B-35).

#### **3.2 Diversification of agricultural activities**

##### **3.2.1 Agrotourism**

As already discussed in section 2.1, the development of small peasant farms which only concentrate on agriculture is constrained by many factors and seems to be little promising. On this account, due to the tourism development which has already started in the commune Bałtów, peasants mostly assert agrotourism as the only chance to continue farming on small-scale farms. A local shop owner who was asked for the chances to develop the region, answered: "Agrotourism, it is not possible to develop any agriculture in this region because the

soil is bad and the farms are too small" (B-22). Presently, six agrotourism farms out of 890 farms in total exist in Bałtów. All of them are quite successful, they produce without using chemicals and pesticides, and mainly serve their guests with their products. An owner of an agrotourism farm, who was asked whether she is interested in further investments on the farm, replied: "We do not buy any land and we do not invest in agriculture. We just want to increase our agrotourism farm. We want to have maybe twenty beds and then it will still be an agrotourism farm and no pension. Furthermore, we want to improve our facilities on the agrotourism farm" (B-13). Also a member of the local authorities assessed agrotourism as a good chance for the small peasant farms, she said: "Farmers have to find the best solution for themselves. Maybe some of these small farms will become agrotourism farms in the future, too" (B-27). Another interview partner emphasized the successful development of agrotourism and mentioned that within the last year the number of agrotourism farms in the commune Bałtów increased from two to six farms. As well it is assessed that there is a demand for further ones.

### 3.2.2 Ecological products

Another chance for small farms, mentioned by a member of the local government, is seen in the production of ecological products. Due to the high costs of the means of production, many farms in Bałtów do not use any chemicals, pesticides, or fertilizer and inhabitants assess the latter fact as an important precondition for a stronger development of ecological production. "Some small farms change into ecological production and now, we have about 40 farms in the commune Bałtów. The prices for normal crops are low, so they start to produce ecological products because they cannot pay all the pesticides and chemicals. They usually have no expenditures by producing ecological products but earn good money for it. Additionally, they receive about 300 PLN [75 €] per ha as payments [for the ecological production] and for small farms this is probably a good way to survive" (B-27). Right now, ecological products are mostly sold to shops in Lublin since no local brand mark for ecological products, which could increase the market power of ecological farms, exists. Therefore, a marketing concept and further investments in these ecological farms are needed. The same interviewee was asked about the future development of the ecological farms and he assessed that these farms are not able to survive "in this small farm size. These farms have to increase" (B-27). Therefore, a local brand mark may constitute a framework for ecological farmers, which encourages them to further investments. Above all, collective actions between local ecological farms are needed to coordinate their market performance and their investments. A member of the local authorities assessed: "Maybe in the future, the farms have to cooperate and develop a local brand mark on their own. We have somebody in the commune who takes care of the ecological farms. They [ecological farms] have regular meetings but right now, every farmer is still working on his own account. We have no ecological shops here" (B-27). Some local farms also already applied for the certificates for ecological production. The compliance with the requirements of this certificate will be controlled by the regional agencies. In this respect the endowment of local ecological farmers with the certificates could ease the cooperation between the latter and help to improve their market power. However, there is still a lack of seed capital which is needed to increase the size of ecological farms as well as establish marketing facilities.

### 3.2.3 Producer groups

Local inhabitants assessed that in the future conventional agricultural production in Bałtów can only be undertaken by big farms. However, these big farms, as already mentioned in section 2.1.2, are constrained in their investment decisions and do not increase their size as ex-

pected. A main problem, as mentioned above, is seen in the low and unstable producer prices due to the little market power also bigger farmers hold. Concerning the chances he sees for agricultural farms in this region, a local farmer mentioned: "It is probably more important that farmers find a market where they could sell their crops. They need deals with companies" (B-11). Therefore, to increase market power and to receive contracts producer groups or co-operatives seem to be a possibility. "In other regions people also try to develop producer groups. For example, they try to sell their crops together. Maybe in this region people could invest together in animal production and they could sell their local products together" (B-11), as an interviewee assessed.

Like in the case study conducted in the South-eastern Polish region Dolina Strugu (GRAMZOW 2005) farmers in Bałtów face similar barriers, which detain them from founding producer groups. Especially bigger farms declared the need of producer groups in order to strengthen farmers' market position in negotiations with wholesalers. However, the idea of founding producer groups exists indeed but no big activities to found one have been undertaken in Bałtów, yet. A member of the regional government assessed: "That is our problem, we only have one [producer group] and this is not a legal one" (B-34). Later on, the interviewee continued: "However, sooner or later they [the farmers] will have to cooperate if they want to influence the big companies. Farmers lose too much since the linkage companies between farmers and the processing plants earn too much. For example, for black currents farmers receive 0.70 PLN [0.17 €] per kg and the wholesaler receives 1.70 PLN [0.42 €] per kg. So, with the help of a direct connection farmers would earn much more" (B-34). The following barriers seem to be the most hindering ones on this way:

- 1) *High bureaucratic requirements and the legal framework.* A member of the local government assessed: "However, farmers still do not want to found producer groups because it is too much bureaucracy. The taxes for sales of producer groups are too high [...]. And still you just earn low prices. So, you should spend additional money for the producer group." (B-28). And a member of the regional government mentioned: "Political instruments interrupt the producer groups. We have no legal framework for producer groups, the producer groups pay different taxes and this might be the biggest problem. This should change. It would be great if they did not have to pay taxes on sales" (B-34).
- 2) *Inhabitants' reservation against cooperation.* Another barrier, which was already mentioned in section 2.3, can be seen in the individual reservation of inhabitants against cooperation. As the following quote shows, small farmers are not used to have a cooperation with other farmers: "There are small farms and for them it is really difficult to cooperate, they like to work just on their family farms" (B-11). Also a member of the regional government mentioned: "The advisory system tries to collect these farms but the old system has still influence on farmers' thinking. They are afraid that they have cooperatives again and they could lose too much. They think it could happen that someone has more because he takes advantage of the others" (B-34). Even concerning the use of machinery there is no big cooperation between farmers as the following quote shows: "Here are usually small farms and machinery is expensive to rent. So, they mostly buy it. However, they buy it mostly on their own. They do not really cooperate with each other, they just cultivate their land by themselves" (B-11).
- 3) *Lack of finance.* However, a local producer group could only be successful if farmers coordinated their production and the marketing of their products. Therefore, besides a marketing concept also a management has to be employed by the producer groups, as an interviewee mentioned: "[...] and you must have an office with an accountancy and a manager" (B-28). These are additional costs which have to be covered by farmers. Due to

farmers' poor financial situation right now, there is a lack of funds which could be used to cover these additional costs for a management or accountancy.

- 4) *Risky business environment.* Representatives of a local government from a commune close to Bałtów mentioned: "Producer groups in this area are not strong enough in the negotiation processes. The companies who buy the crops are too big. On the meetings of the advisory system regarding producer groups, lots of farmers attended and they also created a producer group. But now we have problems due to the cheap imports from China. If we still keep this policy in the EU, as we have right now, it will support the import of cheap products from China and then not only Poland will have problems" (B-29).

#### 4 ENDOGENOUS INITIATIVES TO OVERCOME LOCAL DEVELOPMENT BARRIERS

In the following, main endogenous regional development initiatives, which are based on local associations and a regional partnership, will be discussed. Most regional activities starting from the local associations *Balt* and *Delta*, as well as from the partnership, in which different representatives of local NGOs, local and regional governments, and local businesses cooperate together.

##### 4.1 The associations *Balt* and *Delta*

###### 4.1.1 Formation of *Balt*

In 2001, motivated by the high regional unemployment rate, the inactivity of the previous local government, the stagnation of the commune regarding the economic and infrastructure development, as well as the increasing decay of natural resources, a small group of inhabitants started to cooperate and ponder ideas to support the local development of Bałtów. At the beginning, eight to ten persons met each other regularly and elaborated objectives and initiatives to develop the commune Bałtów. In 2001, on the base of these meetings an association was founded and called *Balt* (Association for the development of the commune Bałtów [Stowarzyszenie na Rzecz Rozwoju Gminy Bałtów]). According to founding members, the main objectives of *Balt* were:

- 1) To fight against unemployment and its effects on local inhabitants.
- 2) To clean up the area in order to show inhabitants the worth of their natural resources.
- 3) To use natural resources on the basis of tourism.
- 4) To encourage inhabitants to contribute to tourism development in Bałtów.
- 5) To create tourism offers.
- 6) To organize fairs, exhibitions, and events in order to promote the region.

The first activities the association *Balt* undertook was to clean up the natural resources of the commune, in particular the riversides of the Kamienna River and the surrounding forests. Furthermore, the idea arose to open the commune for a more tourism oriented development. Activities were undertaken in order to write a guidebook about the region and to create first tourism facilities. A kayaking and rafting trek on the Kamienna River were the first tourist offers *Balt* provided. Based on the success of these first initiatives *Balt* was able to encourage more people to contribute to the local development and to bring in their own ideas. A member of the local government, who is also a member of the association *Balt*, assessed: "The cleaning was the first thing [...] and then we thought about doing further steps. These were not very expensive steps but as we started to implement projects, people recognized the change" (B-26).

Another association member reported: "But thanks to the good ideas we could encourage people to change something and we mobilized 50-60 people from this village to be active in the association. We had easy slogans and talked to inhabitants in order to change their way of thinking. We wanted to open the commune for new investments from outside and find sources from the EU" (B-33).

To undertake the first steps the association, amongst others, mainly faced the two following problems which made their activities much more difficult at the beginning of their existence:

- 1) *The former local government tried to impede the association's initiatives.* As mentioned in section 2.4, the previous local governments had perpetuated views of the communist times. They were not interested in undertaking any actions on their own in order to improve the local infrastructure or encourage economic development in the region. As the old local government recognized the activities of *Balt*, they were afraid to lose power and influence on local inhabitants and therefore, tried to prevent the work of *Balt* instead of cooperating with them. A member of the present local government reported: "The association *Balt* and *Delta*<sup>6</sup> had no possibility to work three years before. The old local government interrupted them and did not give them the chance to work" (B-28). In 2002, as the association recognized, that there is no chance to cooperate with the previous local government, they decided to nominate a candidate for the local election on their own. A member of the association explained: "We tried to do something against the local government. The local government did not do anything for this region. So, we started on the local election. As we won the local election, one member of our association was elected with 90 % of all votes" (B-19). Since the new local government was elected, there has been a cooperation between the new local government and the association *Balt*, which has enabled both sides to coordinate their activities in order to contribute to the region's development. An association member assessed: "The mayor right now cannot help us a lot because he has to solve the infrastructure problems but he does not interrupt our work in the association and this is very helpful. So, we do not lose the energy by fighting against the local authorities anymore" (B-35).
- 2) *Lack of funds for tourism investments.* Since its inception, it has been necessary for the association to apply for sources in order to invest in tourism facilities. The first steps of the association were funded by the Polish Environmental Partnership Foundation (PEPF)<sup>7</sup> from Krakow and from British Petrol (BP). The PEPF also provided the associations with the idea of rural partnerships, i.e. the cooperation between local NGOs, local businesses, and local governments to achieve common goals respectively the economic development of the region. Furthermore, association members applied for European programmes, too. The latter way to accumulate sources one member of the association assessed as a very difficult and bureaucratic one: "Money from the EU is like an UFO, everybody has heard something about it but nobody can see it. It is hard to apply for EU sources because they are changing their forms and rules all the time" (B-01). And another association member mentioned: "EU funds, it is not easy to receive

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<sup>6</sup> Delta is also a development association that focuses, among others, on endogenous initiatives in the commune Baltow. Delta will be described below.

<sup>7</sup> The Polish Environmental Partnership Foundation is a non-profit organisation and was founded in 1997. It is a successor programme of the Environmental Partnership for Central Europe (EPCE) and is mainly funded by the German Marshall Fund. It supports collective actions of local communities, companies, and local and national government agencies in their activities concerning a sustainable development and an effective environmental protection of their region (PEPF 2006).

them. The funds which are connected with education like workshops, they are much easier to receive but it is hard to find sources for investments. If you wanted to counteract unemployment it would not be enough to organize workshops, you have to do investments to overcome this problem. In this situation, workshops would not help people if there was no place where they would find an employment. Generally, the EU spends too much money for workshops and not enough for investments" (B-35).

Based on the involvement of the local inhabitants, the association *Balt* undertook different initiatives to contribute to regional development. These initiatives will be shortly described in the following sections.

#### 4.1.2 Creation of a Dinosaurs' park and the role of the association Delta

In 2003, the idea arose to create a local park in Bałtów. At that time, scientists found Dinosaurs' footprints on a rock close to Bałtów. Therefore, the association, based on the idea of a member, decided to create a Dinosaurs' park. The Dinosaurs' park was set up with the help of the involvement of the association *Delta*, the local inhabitants, and the association *Balt*. *Delta* was already founded in 1998 by private persons whereas their activities had mainly been targeted on Ostrowiec, the next bigger city in the region. The main focus of the *Delta* association was to undertake actions in order to support the education of inhabitants from the region around Ostrowiec by organizing vocational trainings and investments in local schools. Furthermore, they wanted to contribute to a more efficient use of natural resources for tourism and actions in order to assist the development of the economy of Ostrowiec and the surrounding communes. In 2001, as members of *Delta* recognized the first activities of *Balt*, they offered their cooperation for further initiatives. *Delta* applied as another body in addition to the association *Balt* for funds for further investments in tourism facilities. Besides, the fact that *Delta* is not a non-profit organisation eases them to apply also for commercial bank credits.

*Delta* was mainly responsible for the investments in the park and the association *Balt* undertook activities to encourage inhabitants to contribute to the projects. These efforts went out well and in 2004, the Dinosaurs' park opened for the first time. The Dinosaurs' park was created in an area of three hectares and was endowed with different natural monuments as well as with about thirty Dinosaurs' models. In the following year, new Dinosaurs' models were added and the popularity of the park increased strongly. Until 2005, the Dinosaurs' park already attracted about 156 000 tourists. The immense funds which were needed to invest in the park and the tourist facilities could be accumulated due to commercial credits whereas the owner of a large local company acted as a guarantor.

Another initiative undertaken by *Balt* is the "Good cooperation is beneficial" project which should encourage the establishment of the cooperation among local authorities and local inhabitants. At the beginning this project was subsidised with 52 100 PLN [12 976 €] by a national programme and enabled citizens to elaborate in different common meetings a map of local needs and the description of further development activities, which have to be undertaken in the region. In addition, a local informational point for citizens' concerns has been established and other formal and informal groups have been reactivated, e.g., rural women circles. Within the scope of the project the associations *Balt* and *Delta* together with the local government acquired 350 000 PLN [87 173 €] as additional sources for common activities in the region.

#### 4.2 The partnership *Flintstone circle*

In June 2003, in order to coordinate tourism development activities in the further ambit and to organize common cultural events, the association *Balt* and *Delta* together with NGOs from



different communes and Ostrowiec, representatives from the regional and local governments, as well as local businesses founded the rural partnership *Flintstone circle* [Krzemienny Krag]. In the stone age, different settlements were located in the further ambit. These historic settlements as well as a subterranean flint stone quarry were discovered and constitute famous tourism attractions now, hence the name of the partnership. Based on these existing sites 49 partners from two voivodships (Świętokrzyskie and Mazowieckie), nine districts, and nine communes founded the *Flintstone circle*. *Flintstone circle* should add further tourist attractions, connect existing tourist offers, and contribute to a lasting development of the regional economy. The sources for the activities are supposed to come primarily from the EU initiative Leader+. Although the Leader+ programme in Poland is still in the implementation process, due to the cooperation between local NGOs, local businesses, and local governments in the *Flintstone circle*, the latter already fulfils the requirements of a Leader-type local action group (LAG). The main aims of the *Flintstone circle*, amongst others, are:

- To connect different NGOs, local governments, and private persons who want to contribute to the regional development.
- To elaborate an integrated development strategy for the region.
- To coordinate the regional tourism development.
- To improve inhabitants' standard of living.
- To increase inhabitants' identification with the region and encourage them to contribute to the undertaken actions.
- To encourage the regional entrepreneurship and to create new jobs.

As first activities the partnership organized and coordinated different cultural events in the region. For example, due to an anniversary of the Polish writer Witold Gombrowicz, who grew up in a village close to Ostrowiec, events like public picnics were organized by different members of the partnership. Besides, encouraged by the local Witold Gombrowicz foundation WILTULIN the first museum about the writer was built. The partnership supports the exchange of experience and information in order to organize local events, too. "The partnership is an important information network. We are helping each other and we are cooperating in order to organize local events. Without the partnership it would be more like a competition between the single associations" (B-02). Additionally, the membership of representatives of local media companies eases the promotion of events within the further ambit.

Further activities undertaken by the partnership concern the connection of different tourist attractions in the further ambit. Most important on this way is a regional spanning tourism strategy which was elaborated by the partnership. In the scope of this strategy it is planned to create different natural hiking and bike treks, which connect tourist attractions with each other. Thereby, associations of different villages are animated by the partnership to start thinking about tourist attractions which could be offered by the former. The members of the partnership try to support the founding of associations in villages and assist entrepreneurs or local initiators, who want to contribute to regional tourism development. A partnership member assessed: "When people got problems and we see that they have good ideas and they are creative but they are working on their own, we invite them to our meetings and start to discuss or cooperate with them" (B-09). On this account, the partnership helps to promote the activities of the single associations and assists them in applying for funds from national or EU programmes. As major future projects, in which also the local governments of different communes are involved, the creation of an artificial lake as a recreation place for people from the further ambit and from Warsaw is planned. In order to support single actions of local associa-

tions the partnership also organizes workshops about tourism development for all interested inhabitants.

### 4.3 Impact of the initiatives on regional development

Altogether, in the last four years, due to the close cooperation between *Balt*, *Delta*, and the local government it was possible to acquire 2 828 000 PLN [704 360 €] for the accomplishment of different projects and the creation of facilities in the commune of Bałtów in order to contribute to an economic growth. In the following, further impacts of the endogenous initiatives starting from the associations *Balt* and *Delta*, as well as from the partnership *Flintstone circle* on the regional development will be discussed.

- 1) *Local labour market*. The major result of the Dinosaurs' park was the creation of 60 new jobs whereas 95 % of the employees come from the closer ambit. Additionally, also *Balt* employs local inhabitants. The unemployment rate in the commune Bałtów decreased in the last three years from 29 % to 17 % (2005). An inhabitant reported: "Thanks to the associations and the partnership some people already found a job. They [the partnership and the associations] are the only institutions here which try to reduce the unemployment rate. People who could get those jobs feel much better and much stronger now. The best thing the partnership does is to create new jobs" (B-18). And also a member of the association *Delta* emphasized the importance of creating new jobs for inhabitants: "The association is not working to make money. This is just important to realize the main aim: the creation of new jobs. We want to counter unemployment and the effects of unemployment. We create new jobs and help people to find new sources for living. And it is working and we are now the biggest employer in the region, we employ sixty people just in the park. So, one hundred families can find their sources of living thanks to this" (B-35). The improved income situation may also contribute to a reduction of jealousy between inhabitants and increases the local trust and identification. Additionally, on the workshops organized by the associations and the partnership local inhabitants received the opportunity to improve their professional skills. And the ones who finish these workshops receive a diploma which improves their opportunities on the labour market.
- 2) *Local inhabitants*. The impact of the association and the partnership on local inhabitants becomes recognizable in four different ways: an *increased level of activity*; an *increased identification* with their region; an *increase in trust*; and the fact that *inhabitants became more open minded*. A member of the regional government explained the encouragement of the local inhabitants due to the partnership's activities as follows: "The partnership is able to change people. They encourage them to do something and to take part in the activities as well as to meet together and undertake common initiatives with a direct influence on regional development" (B-08). Also a member of the local government from Bałtów comes to similar results: "Yes, people start to connect and the activities of the association can encourage other people to be more active. You can see it in this commune but also in other communes that people become more active" (B-28). Another member of the local government also recognized an increase in inhabitants' identification with the region: "The people here are starting to be proud of this place and they want to show their home village to other people from Poland" (B-26). And a villager said: "It is a small revolution and only due to the help of the inhabitants we could do so much in this short time. We had a small village and now we have a town with attractions" (B-19). Furthermore, the success of the undertaken initiatives as

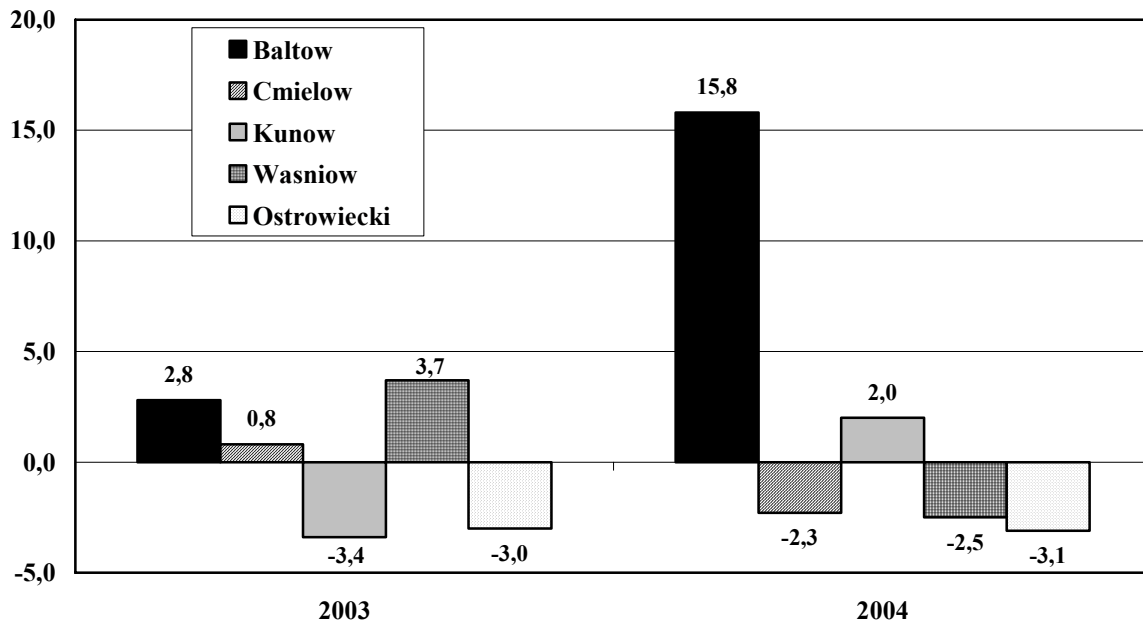
well as the contribution of inhabitants to common activities also increases their trust in other people from the region. As an interviewee mentioned: "The partnership can help to increase the trust. If people recognized that they get support from the partnership they would feel much more comfortable. And that also increases the trust of other people" (B-18). In addition, as the local priest mentioned, the people in Bałtów also became more open for new ideas, which led to a stronger enthusiasm. He said: "Most important is that people here are much more open for the world. It [Bałtów] was a hole and now it has changed. People are coming to this place. Inhabitants have the opportunity to hear and learn how people in other parts of Poland live. They receive more information about the world and they receive the „chance of choice”. Usually in villages everybody does and thinks the same, and here, this village has a big future" (B-23). The impact of the partnership and the associations on the local population can probably be summarized the best with the following quote by a villager: "[D]ue to the partnership especially young people could feel the help of the association or the partnership, and then the rural women circles, and also the other associations. But it is very important that people find a job and that increases their identification with the region" (B-18). *Balt* and *Delta* also undertake lasting actions to improve the skills of the younger inhabitants and try to integrate students in the local development activities. Therefore, due to the successful application for a programme the association implemented English lessons in the local school, where no foreign language had been taught before. Moreover, based on the initiative of a member of *Balt* a *Junior Balt* association was founded. *Junior Balt* consists of local students, who organize small local events, improve their internet skills, and spend parts of their holidays on jointly organized trips. *Junior Balt* also applied successfully for national programmes on their own in order to improve their internet and language skills. The leader of the association assessed: "It is important to show these young people that it is not necessary to go abroad and look for a job there. It is also possible to find a job right here and they should try to do something here. They should learn to express their mind, they should not be afraid to say what they are thinking" (B-17).

- 3) *Promotion of the region.* As mentioned in section 4.1.2, the association *Balt* as well as the *Flintstone circle* also promote the region on different fairs in Poland and other countries. The results of these activities can be already recognized by the number of tourists Bałtów attracted in the last two years. An employee of a local media company from Ostrowiec mentioned: "Thanks to the partnership this region is promoted. A few years ago there was nothing and now, we have lots of guests from the whole country. They [the association *Balt*] unearth the cultural roots of Bałtów, e.g., Gombrowicz. A few years ago tourists came to Ostrowiec and now, they go to Bałtów. They do not just create commercial festivals, they also organize exhibitions" (B-14).
- 4) *Support of local business start-ups.* The Dinosaurs' park, the rafting course, the creation of different tourist attractions, the hiking treks, the foundation of a horse riding school in Bałtów, and the organization of different festivals and parties next to the park already led to a strongly increased inflow of tourists. These activities contributed to a lasting tourism and economic development. *Balt* and *Delta* assist the local population in applying for national or European programmes and support inhabitants who want to found an agrotourism farm with information about the legal requirements, assistance in creating a business plan and fulfilling bureaucratic requirements, as well as with applied assistance. Due to this, six agrotourism farms have been established, a few shops opened around the park, and two local museums as further tourism offers were created. Other peasant farms also start to focus on agrotourism while the already existing ones,

due to their successful experience, concentrate further on tourist offers and think about to provide sport goods, too. An owner of a small shop in Bałtów mentioned: "Also the possibility to earn some money increased. This is a beginning, the influx of people is much higher than before and that means, there are better opportunities for shops" (B-25).

- 5) *Cooperation between inhabitants and associations.* The successful initiatives which have been implemented by the partnership and by the associations also act as positive examples for local cooperation. Therefore, it heightened inhabitants' interest in the associations' work and encouraged them to contribute to common projects. Inhabitants start to realize that it is possible to reach a higher standard of living with the help of common initiatives. A member of the partnership assessed: "Slowly they [inhabitants] start to be more interested. Their identification with the region starts to increase after that many years in communism. They start to see that it is important to take part in initiatives. People are also willing to join associations. The first example was Bałtów and now, you see those associations also in other communes. People start to think about how to use the natural resources and how to develop tourism. The partnership here can encourage this" (B-16). This quote also emphasized the influence *Balt* and *Delta* have on the creation of new associations in other communes. A member of *Delta* said: "If you work on your own, you cannot realize big things. The partnership is the possibility to cooperate with different organisations and it makes us able to create something. We build a bridge and a contact to different associations. Thanks to this not only Bałtów is developing, also other communes and villages change. We work much better and therefore we can cooperate with other villages. This is also a further promotion for the park and we can create big projects together" (B-35). The latter interviewee also pointed to the cooperation and the information exchange between different associations in the region which enable to elaborate a region-spanning tourism development. As one interviewee mentioned, the partnership works also as a platform for representatives of different regional or local institutions which otherwise would not cooperate. "The creation of cooperation between the local authorities, private businesses, and the associations in the partnership is an important result. Also people from other parties are working together whether they like each other or not. I think without the partnership they would not cooperate. The main aim of the partnership is the integration of people and to make no difference between people" (B-14). In the further interview he also assessed that: "Without the partnership there is often nobody who tries to coordinate and unify these associations. If you wanted to change these associations in order to cooperate with them it was often as if you spoke with paintings" (B-14).
- 6) *Positive influence on local immigration.* "If the labour market is more interesting then people will come back. Here in Bałtów they try to give people more perspectives compared to other communes. In other communes they do nothing" (B-25). First results are already visible, e.g., Bałtów becomes more attractive for people residents. This is noticeable by a positive migration to the commune Bałtów compared to neighbouring communes (see Figure 2).

**Figure 2: Migration in Baltów and neighbouring communes (per 1 000 inhabitants; in 2003 and 2004)**



Source: CROSS BORDER DATABASE 2006.

#### 4.4 Main reasons for the success of the associations and the partnership

At the beginning of its existence it was firstly important for the association *Balt* to solve the two major problems, which were discussed in section 4.1, i.e. the passivity of the previous local government and the lack of financial sources. Due to the successful election of the candidate, which *Balt* nominated as mayor for the local election in 2002, *Balt's* members were able to undertake actions that turned out to be successful in the end. Additionally, since a member of *Balt* decided to guarantee for the credits the two local associations were able to create the Dinosaurs' park. Other factors strongly contributed to the success of *Balt*, *Delta*, and the partnership, too. In the following, the close contact to local inhabitants, the cooperation with the local government, the existence of leaders in the associations, as well as the organizational structure of the two associations and the partnership will be discussed as important success factors.

##### 4.4.1 Close contact to local inhabitants

In order to implement the projects it was important to enlarge the contact to local inhabitants. Especially to achieve a higher acceptance of tourism offers like the Dinosaurs' park, which appeared to most inhabitants as not typical for the region, open meetings as well as common events were organized by the associations. It was necessary to involve the citizens in the actions and to convince them to use the individual chances which are combined with the undertaken tourism activities. Besides, the organized workshops or meetings and the creation of new jobs, also the implementation of English lessons in the local school, the founding of *Junior Balt*, and the provision of infrastructure like a local footpath in Baltów were supposed to show inhabitants that the associations do not primarily want to profit from the projects but to contribute to a common regional development. The increasing acceptance of the projects also encouraged inhabitants to join existing initiatives or to realize their ideas within new actions. As different interviewees mentioned, right from the beginning of the initiatives it became

clear that a close cooperation between the local society and the two local associations is indispensable. A member of *Balt* said: "The only way is to try to support people. And when they are successful others will see it and trust in us and cooperate with us, too. People should stop thinking about themselves, they should cooperate. However, it is not that we tell them what they are supposed to do. It has to be their initiative. It is probably a long way but it is better when everybody finds the way by himself and tries to solve his problems." (B-01). The success of information workshops and meetings can also be recognized by the following two quotes made by villagers: "People are very well informed. They have regular meetings, which are organized by the partnership, and people who take part in these meetings are usually leaders of the local associations or fire brigades. And they inform their own group about what has happened. J. [member of the association] also tries to inform people by visiting them in their village" (B-18). "They explained in different meetings what they want to do and they tried to keep a good contact to the inhabitants. [...] Good information is very important. You have to inform people about everything you do because people have to feel important" (B-23).

#### 4.4.2 Close cooperation with the local government

The close cooperation between the local government in Bałtów and the local associations *Balt* and *Delta* mainly results from the successful election of an association member in the local government in 2002, as mentioned in section 4.4. Besides, also other members of *Balt* and *Delta* are representatives of the commune council and maintain the cooperation.

The close cooperation between the local government and the associations results from the successful distinction of their tasks, too. The local government sees its task in coordinating all developments in the commune and mainly in contributing to the construction of a good infrastructure for businesses and inhabitants. The associations, in contrast, focus on the tourism development and support all inhabitants which are interested in contributing to their activities. A member of the local authorities assessed: "The local government has to think about everyone and everything. Every inhabitant should be satisfied. The association has to follow their direction and they work only on the place of Bałtów and develop the tourism activities. What the association does is good for the commune, they promote the commune. However, the local government has to provide a good framework for the association and all inhabitants, but the local government is not able to focus just on tourism" (B-28). A partnership member also emphasized the possibility of *Balt* to activate rural inhabitants whereas the local government is not endowed with the financial and human resources to undertake similar actions. "The information the local government provides concern more the legal framework of businesses. The partnership shows people how to use their region and how local inhabitants can influence the local development but not only on the economic way. The local government should inform people about business start-up sources and the legal framework and the partnership should collect partners in order to develop the region. And both should cooperate" (B-16).

Furthermore, the local government also assists *Balt*, *Delta*, and the partnership with different kinds of support. Members of local government help to overcome bureaucratic barriers, provide assistance in planning the regional tourism strategies, and contribute funds to the cofinance of different project application of the associations and the partnership. On the other hand, due to the associations' activities and programme applications the local economy grows and the local infrastructure has improved. However, a member of the *Flintstone circle* mentioned that it was not always easy to cooperate especially with the regional government: "To some extent the regional government did not notice the partnership at the beginning. After a while, the local government tried to create an opposition against us. However, they did not really know what we are doing. As they understood, that we do not want to take part on po-

litical decisions they ceased with distrusting us and realized that both sides would be more successful if we cooperated with each other" (B-32).

#### 4.4.3 Impact of local leaders

"The main person who creates the idea and this dynamic is L. He always knows how to realize ideas, how to sell the park. We organized workshops where people taught us how to sell the attractions of the region and we realized that L. always had the same ideas just by instinct. This is most important. It is not important to create something, it is important to know how to sell it. Everything was that successful because of L.'s engagement as entrepreneur. He was able to collect people around him and he made them believe that they are able to do everything. We had lots of problems with bureaucracy and I thought it is not possible to overcome these barriers but he showed me that there is always a solution. He treats people always in a good way and everybody think that meeting him is a pleasure" (B-35). This quote by a member of *Delta*, who was involved in all activities right from the beginning, shows the importance of one natural leader person who contributed lasting to *Balt's* and *Delta's* success. This local leader designed important ideas which have been elaborated and realized by the associations. Thus, because he accepted guaranty for the bank credits in order to invest in the Dinosaurs' park, the latter initiative became realizable. Furthermore, due to his acceptance in the commune, inhabitants started to trust in the associations' initiatives and also contributed to the latter. As interviewees mentioned, he was able to make them believe in what they do.

However, also in the *Flintstone circle* leader personalities are present. Two interviewees assessed: "We certainly need a leader, somebody who gives the idea or who moderates the different suggestions of the members. All actions should lead to one aim and therefore, somebody who is able to collect ideas and to choose the best ones is indispensable" (B-28). "The ideas are always coming from all partners but without leaders nothing would happen. The leaders try to collect everything and try to realize the ideas. The partners have not enough time to do all this work thereby incurred. We need some people who are just employed to work for the partnership, somebody who has no other business" (B-16). The leaders of *Balt*, *Delta*, and the *Flintstone circle* are necessary to coordinate the activities, to maintain the contact to the inhabitants, and to realize the projects.

#### 4.4.4 Organizational structure of the partnership

The following success factor mainly concerns the *Flintstone circle* but to some extent also the associations *Balt* and *Delta*. Members of the *Flintstone circle* emphasized the composition of the partnership, consisting of representatives of the local and regional government, NGOs, and businesses, as an important factor for the success of the undertaken initiatives. Interviewees mainly assessed the possibility to exchange information as well as perspectives on current problems as helpful and beneficial. However, not only in the *Flintstone circle* local businesses cooperate with NGOs and the local government but also in *Balt*, as one member of *Balt* assessed: "In the association we work with local businesses and entities and we have mobilized the local government and started to cooperate with them, too. And now, we create a net around the *Balt* association. Now, we are open for cooperation with different communes [...]" (B-33).

However, due to the composition of the associations and the *Flintstone circle* consisting of the three sectors with often three different perspectives, the potential for conflicts increased compared to communities with members who have a very similar background. Though the probability of conflicts may increase it should not hamper the partnership in its activities. As a member of the partnership mentioned, conflicts are useful to understand the problem in a

more complex way. "Often we are waiting for the conflict. Every organisation needs the conflict. Cooperation is a process and one part of this process is the conflict. Especially when we start to share the money, when we have different projects and we try to implement them, then we have to decide. [...] We want to have this conflict because we want to know the reasons of the conflict and we want to fight in order to overcome this conflict as well as to find the most efficient solution" (B-01).

The same interviewee also asserted the necessity of a feasible organisation structure as another success factor: "We have three kinds of meetings: 1) the meetings of the board, 2) meetings in thematic groups, and 3) big meetings with all members. The latter meetings are open for everyone and mostly just 50 or even 20 % of the members are attending whether all of them are invited. On the big meetings we inform everybody about what has happened in the region, about projects, our budget, or the cooperation with the local government" (B-01). Concerning the thematic groups one partner assessed: "The different thematic groups are important. In these groups there are people with different experience and they solve problems much easier as somebody would do it on his own. It is easier to plan big activities because of the large group of people." (B-32).

A further important factor which does not start from the partnership or the association but was a very important incentive to start the cooperation and to undertake actions is seen in the possibility to apply for national or European funds. As interviewees assessed: "The important thing is that we are in the EU and able to apply for funds, now. And not only the association, also the commune is able to apply for these sources. This is very helpful" (B-26).

#### 4.5 A critical view on the development so far

In chapter 2, the low farm income and the lack of structural change in agriculture, the high regional unemployment rate, as well as the lack of cooperative initiatives between local inhabitants have been mentioned as major problems for the concerning region. Most actions undertaken by *Balt*, *Delta*, and the *Flintstone circle* focused on the problem of lacking non-agricultural jobs and missing collective action. Regional tourism development provides new jobs especially for younger people and the workshops and seminars organized by the partnership and *Balt* improved inhabitants' skills and their chances on the labour market.

Inhabitants also recognize the results of the common activities which led to a further activation of the local society. Especially young people contribute to the development initiatives and see new perspectives. A young interviewee said: "So many people already changed their minds and joined or contributed to the development of the region. However, this is only the beginning. There are still lots of things to do. And actually, I was a little bit shocked because I did not think that we could do a big change in this short period of time" (B-26). As a result of this development young people not only stay in Bałtów, even a positive migration into the commune was registered for the last two years.

Based on the tourism development also a new demand for tourism accommodations and other services has emerged, which provides better conditions for new businesses start-ups. Accommodations have been offered by agrotourism farms and therefore, new income opportunities for peasants emerged. Agrotourism investments are also supported by the local associations and the partnership. A contact point in *Balt's* office gives farmers general advices in their agrotourism investments activities and helps them to apply for financial assistance as well as to overcome bureaucratic barriers. In addition, as interviewees assessed, due to the tourism development also a stimulation of the land market became visible. Land prices increased



slightly<sup>8</sup> and encouraged peasants and land owners, who are mostly not active in agricultural production anymore, to offer their land on the market. That gives bigger farms the opportunity to increase their farm size and to specialise their production.

Otherwise, the initiatives cannot be seen as a straight response on farmers' problems. There is still a need for marketing strategies and for collective action in producer groups concerning ecological or conventional products. New income opportunities will just emerge for farmers who are willing to take part in the tourism development and provide tourism attractions.

Nevertheless, *Balt*, *Delta*, and the *Flintstone circle* can also be seen as good examples for successful collective action in the region. The effectively implemented tourism offers, the successful application for national and European programmes, and the good experience with their organizational structure may also encourage farmers to cooperate with each other and the local government in order to elaborate common marketing strategies. Plans about a common sale of products and dishes under the name of a local brand mark have already been mentioned by the interviewees, even if further actions have not been undertaken, yet.

Also other problems still hamper the economical development of the region, first of all, the constrained access to capital for further investments. Many ideas from the local governments or the local NGOs cannot be realized yet, due to the difficult access to investment programmes from the EU or national funds. An interviewee reported: "A big problem is still the bureaucracy. Often the application forms are too difficult to fulfil. For the commune it is also not possible to apply for SAPARD because we have to pay large amounts as own finance, but no bank will give us a credit for this amount of money" (B-31).

Further problems constitute the passivity, the lack of skills, and to some extent the still existing distrust of the local inhabitants. A member of *Balt* said: "A problem is still the lack of human capital due to the lack of a tourism tradition. It is important that people contribute to this tourism development which takes place in Bałtów. It sounds strange but what should we do? Should we start everything a little bit more slowly in order to wait for them?" (B-33). Some older people still do not trust in the current development. An inhabitant assessed: "We have the worst situation with people between 40 and 65. They always complain and say: 'This is not a good way' (B-03). As reasons for their attitude old people mostly asserted that the tourism activities and the events are mostly specific to young people. Therefore, some older inhabitants feel a little bit passed over. An interviewee mentioned: "The problem of the last development is that the park is too loud and the road is too busy. To compensate for this, we received free entrance to the park. However, the initiative is good but the ones who have success now, they should let other people take part of this success. People here need to change their minds. Now, everything looks better, it is cleaner, and the park is an attraction. What they do is good. It is good that people earn money but they should share their success" (B-24).

## 5 PROSPECTS FOR LEADER+ IN THE REGION AROUND BAŁTÓW

In 2004, the partnership *Flintstone circle* applied for the pilot measure to implement the Community Initiative Leader+. The application area comprises nine communes, which are planning to contribute to a common tourist development. Leader-type programmes have been implemented in the EU-15 since 1991. Leader+ is based on the creation of local development strategies by using local capabilities. The active core in a Leader+-region constitutes the local

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<sup>8</sup> The increase of land prices not only result from the tourism development. Also the EU accession and the implementation of the direct payments combined with the latter probably contributed to the rise in land prices in Bałtów.

action group (LAG) consisting of representatives of the local government, local businesses, and local NGOs<sup>9</sup>. With the help of a pilot measure, which is part of the Sectoral Operational Plan, Poland undertakes actions to implement a Leader+-type measure in the period of 2004 until 2006. The implementation measure consists of two schemes. In the first scheme 150 000 PLN [37 360 €] are given to the applicants in order to found a LAG, to elaborate a regional development strategy, and to promote Leader-type projects in the region. The second scheme comprises an amount of 750 000 PLN [187 500 €] per LAG, and should support the LAG in their activities to encourage inhabitants to contribute to the regional strategy as well as to implement first Leader-type projects.

Based on Leader-type projects representatives of the nine communes plan to contribute to a further tourism development, to create new tourist facilities and to undertake actions in order to connect the regional tourist offers with the help of common hiking and biking treks. A joint tourism strategy for these nine communes and the creation of a tourism network in the region should provide further new jobs and enable business-start ups to discover new market niches. Amongst others, it is planned to create an artificial lake, to restore old estates, as well as to support the creation of new agrotourism farms.

The pilot measure to implement Leader+ met promising preconditions in the region of the partnership *Flintstone circle*. For example, the existing organizational structure of the partnership was already implemented in 2003 in order to ease the adoption of the pilot measure. *Flintstone circle* has a well-functioning board, which is able to collect potential ideas for future projects, organizes meetings and workshops for partnership members and local inhabitants, as well as gains important experience with applications for national and European programmes. The cooperation and organization skills of the *Flintstone circle* have been demonstrated in different endogenous initiatives, too. Furthermore, due to its composition of representatives of local authorities, NGOs, and local businesses, the partnership fulfils the requirements of a leader-type LAG. Also, future conflicts within the partnership will be reduced since first steps in order to create a common development strategy for the nine communes have been undertaken. After all, local inhabitants recognized the potential of endogenous initiatives as a result of the successful implemented projects in Bałtów.

Moreover, the implementation of the pilot measure also holds further chances for the economic development of the region. Leader-type projects may also set up new incentives for common initiatives, as a member of the regional government assessed: "Leader creates cooperation and could change people's mind. Polish people are rather individualistic and have problems with cooperation." (B-11). Due to the requirement of the three-sectoral cooperation in the LAG, rural inhabitants are forced to work together in order to receive the funds from Leader+.

The fact that the members of the LAG are able to decide about the allocation of the Leader-budget on their own may also encourage local inhabitants to join the LAG and take an active part in the regional development. A partnership member said: "Leader+ can help people to change their way of thinking. People are still used to the way of living from the communist times, where they had nothing to say" (B-26). Additionally, Leader-type programmes combine governance elements of competition (the competition for grants between different LAGs), community (by taking advantage of local participation and cooperation), and state (by involving representatives of the local and regional government) in their decision making bodies. This may lead to more effective problem solving in the region compared to traditional top-down policy measures, which were provided by centralized governments (PETRICK 2006). Another advantage of Leader-type projects, mentioned by a member of *Balt*, can be seen in

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<sup>9</sup> For more detailed information on Leader+ see EUROPEAN COMMISSION (2000).

the elaboration of a common regional strategy. It requests that all partners have to deal with the strength and chances as well as with the current needs of the region. "It shows people how important a strategy is. It is important to plan because people in Poland cannot plan. They do not have good habits in planning a strategy. They usually say: 'Oh, this is just paper for the bookshelf, and usually it is paper for the bookshelf. However, if we elaborate this strategy we will be able to feel the ideas and the needs of the region" (B-01).

In general, all inhabitants who are involved in the application process of the pilot measure are very confident of a successful adoption of the latter. However, there are also a few barriers which could influence the implementation of the pilot measure. At first, the fact that inhabitants will not be able to benefit immediately from the implementation schemes I and II as the money will not be spent for private investments. This fact may impede inhabitants to contribute to the current decisions of the partnership and therefore, complicates the ascertainment of current needs in the region. A member of the partnership said: "We try to explain people that we have just money for the scheme I and this is sometimes hard to explain. People have to understand that it will need more time and that the change will not come immediately" (B-26). This attitude of inhabitants is partly boosted by the lack of trust in European funds, as mentioned in section 4.1. A second barrier, which also appeared in the case studies conducted in the region Dolina Strugu (GRAMZOW 2005, p. 21), can be seen in the lacking seed capital. Many potential applicants for Leader-type projects will probably not be able to use the measure, due to the own finance every applicant has to provide. Therefore, a close cooperation with local banks could be helpful. The same is true for other associations in the partnership, which are not endowed with assets or an external guarantor. The applications for Leader-type projects of these associations will always be strongly restricted by their available funds.

## 6 SUMMARY AND CONCLUSIONS

This paper presents the results of a case study on endogenous initiatives in the commune Bałtów in South-eastern Poland. The case study, based on 35 open interviews, discusses problems and chances for local economic development, as well as characterizes different activities undertaken by local NGOs in order to overcome local passivity and to stimulate the local economic development.

The commune Bałtów is a predominantly rural region with a high share of agricultural employment and, compared to the Polish average, a low level of income. As major problems the low income of local peasant farms, the lack of non-agricultural job opportunities, and the lack of common initiatives between inhabitants have been identified. The nonexistence of future perspectives for young inhabitants, the high unemployment rate, and the low income level already led to a negative net migration in the late 1990s. In 2001, inhabitants of the commune Bałtów started actions to counteract these problems. Starting from two local development associations, first initiatives were conducted. They focused on cleaning up the local countryside, creating first tourism facilities, as well as on stimulating the local economic development with the help of tourism.

Sites and facilities like a Dinosaurs' park and different tourist treks, which have been created in the last four years, already attracted 156 000 tourists until 2005 and enabled the employment of eighty inhabitants. Additionally, a demand for tourist accommodation and other services emerged. In particular, accommodation offers are mostly provided by peasant farms, which see a chance to diversify their income in the upcoming tourism development. Workshops organized by the associations and the partnership in order to improve inhabitants' professional skills enhanced the latter's chances on the labour market. With the help of open meetings, seminars and local events organised by associations and the partnership, local in-

habitants and other local associations became also involved in the undertaken actions and were encouraged to start new initiatives on their own. This even increased the willingness of the local society to join common initiatives and strengthened local trust. Furthermore, a local contact point initiated by an association provides inhabitants' with advice for their investment in tourism facilities or services.

In 2003, to widen the tourist offers on a regional level, as well as to connect different tourist attractions, a partnership called *Flintstone circle* was founded. The partnership consists of representatives of the regional and local governments, members of local NGOs, and representatives of local businesses, which are active in the further ambit. The partnership enables involved members to organize local events, to coordinate the creation of tourist treks, to provide attractions, to elaborate a local tourism development strategy, and to encourage inhabitants and existing associations of all nine partnership communes to contribute to a common tourism development in the region. In 2004, the *Flintstone circle* applied for the pilot measure to implement the Community Initiative Leader+. Leader-type projects in Bałtów, which can be conducted in Poland in 2007 the earliest, should focus on the creation of further tourism attractions like the creation of an artificial lake or tourism treks in order to create new non-agricultural jobs. The implementation of the pilot measure meets promising preconditions in the area of the *Flintstone circle*, like the existence of a well working organisational structure of the partnership, experience with the application of national and European programmes, as well as an already existing framework for a regional development strategy.

Important success factors in order to force these endogenous initiatives can be seen in the associations' and the partnership's close cooperation with local inhabitants and the local government, as well as the presence of leader personalities. Another fact which contributed lastingly to the success of the associations' and the *Flintstone circle's* efforts can be seen in their organisational structure.

The initiatives starting from the associations and the partnership cannot be seen as a straight response on local farmers' problems. Non-agricultural jobs resulting from a further tourism development by using Leader-type projects may lead to a further increase of the local income level and a change in agrotourism of small peasant farms. However, tourism development will not be able to provide all inhabitants, in particular not many small farms, with higher incomes. Due to a lack of human capital and the existence of policy measures like direct payments or preferential credits, which help peasants to maintain a minimum level of living, not all farmers are willing to contribute to a tourism development. Therefore, activities besides agrotourism could also provide promising chances and enable medium sized and large farms to grow. A future perspective might be the founding of producer groups or ecological brand marks, which is currently hampered by high bureaucratic and legal barriers as well as by a lack of initiators. Common ecological brand marks could help farmers to gain a better market position and to market their products on common sale channels. On this account, the existing experience regarding common initiatives of the local development associations in Bałtów and the partnership might be helpful. Ecological production could also act as an additional promotional factor for the region. Therefore, both sides might be able to benefit from such activities. To start common activities with farmers, members of the local development organisations could encourage the establishment of local ecological brand marks by organizing meetings and workshops as well as by assisting agricultural producers in applying for national or European programmes to receive the necessary seed capital.

Overall, in order to stimulate the local economy, to create new non-agricultural jobs, as well as to encourage local inhabitants to contribute to regional development, endogenous initiatives starting from "bottom-up" seem to be much more feasible compared to traditional sec-

toral measures, e.g., agricultural policy measures. The latter, mostly coordinated by national or regional governments, often rather lead to a conservation of the current economic situation. Due to an encouragement of common initiatives, the necessity to deal with local strengths and needs, and the allocation of a global budget, policy measures like Leader+ may contribute to a lasting regional development.

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**ANNEX****Interview partners from the local government:**

- B-06:* Representative of the regional government in Ostrowiec, member of the partnership *Flintstone circle*.
- B-07:* Representative of the regional government in Ostrowiec, member of the partnership *Flintstone circle*.
- B-08:* Representative of the regional government in Ostrowiec, Department for Regional development, member of the partnership *Flintstone circle*.
- B-09:* Representatives of the regional government in Ostrowiec, member of the partnership *Flintstone circle*.
- B-26:* Member of the local government in Bałtów.
- B-27:* Member of the local government.
- B-28:* Member of the local government, has also an agricultural farm.
- B-29:* Representatives of the local government in Lipsko (neighbouring commune of Bałtów), representatives from the departments for agricultural and regional development as well as local entrepreneurs.
- B-30:* Representative of the local government in Solec (commune close to Bałtów).
- B-31:* Representative of the local government in Chodz (commune close to Bałtów).
- B-34:* Representative of the regional government, department of agricultural development.

**Interviewees from the Association *Balt* or *Delta* and the partnership *Flintstone circle*:**

- B-01:* Member of the association *Balt*, also member of the partnership *Flintstone circle*, employed by the association *Balt*.
- B-02:* Member of the partnership *Flintstone circle*, employed by the cultural centre in Ostrowiec.
- B-14:* Member of the partnership *Flintstone circle*, works for a local media company, lives in Ostrowiec.
- B-15:* Member of the partnership *Flintstone circle*, works for a local media company, lives in Ostrowiec.
- B-16:* Member of the partnership *Flintstone circle*, works for an association which organizes events in memory of the Polish writer Witold Gombrowicz.
- B-17:* Youth group of the association *Balt*, 12 young students and the group leader.
- B-32:* Member of the partnership *Flintstone circle*, employee of a cultural foundation in Ostrowiec, lives in Ostrowiec.
- B-33:* Member of the association *Balt*, local entrepreneur, lives in Bałtów.
- B-35:* Member of the association *Delta*, member of the partnership *Flintstone circle*.

**Interviews with local entrepreneurs and local inhabitants in general:**

- B-03:* Employee of the association *Delta*, lives in Bałtów, works in the Dinosaurs park.

*B-04:* Employee of the association *Delta*, lives in a small town close to Bałtów, works in the Dinosaurs park.

*B-10:* Employee of the association *Delta*, lives in a village close to Bałtów, works in the Dinosaurs park.

*B-12:* Employee of an regional agricultural agency close to Ostrowiec, responsible for direct payment applications of farmers, lives in a village close to Bałtów.

*B-18:* Employee of a shop in Bałtów, lives in a village close to Bałtów, has together with her husband a small farm.

*B-21:* Owner of a small shop in Bałtów, has an additional income from a small farm.

*B-22:* Owner of a small shop in Bałtów.

*B-23:* Priest from Bałtów.

*B-24:* Unemployed inhabitant from Bałtów.

*B-25:* Owner of a small shop in Bałtów.

**Interviews with local farmers:**

*B-05:* Inhabitant of a small village close to Bałtów, lives on a small farm with her family.

*B-11:* Owner of a small farm next to Bałtów, has an additional job in Ostrowiec.

*B-13:* Owner of a small farm with agritourism, lives in Bałtów.

*B-19:* Owner of a small agrotourism farm in Bałtów.

*B-20:* Owner of a small farm in Bałtów, already retired.

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