Rural development policy in the context of actor-centred institutionalism

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ABSTRACT: We analysed the formulation of Rural Development Programme of the Slovak Republic for 2007–2013 applying the theory of actor-centred institutionalism and its interaction forms. Approaches accentuating the role of actors and their interactions are an appropriate tool for the better understanding of cross-sectoral relationships and the improvement of public policy coherence in the formulation process of strategic documents in rural development. Methodologically the study is based on a qualitative analysis of documents and standardized interviews. The formulation of RDP SR 2007–2013 is showing signs of cross-sectoral coordination between different actors in the form of bargaining, as well as signs of hierarchical coordination among public and private actors. In the formulation process of RDP SR 2007–2013 a negative mechanism of coordination was dominant with negative consequences for the policy coherence of the final document. A positive element for the coherence of rural development policy is the observation of decision-making elements in networks.

Keywords: policy coherence; hierarchy; bargaining; rural development policy; Rural Development Programme of the Slovak Republic for 2007–2013

Rural development policy is typical cross-sectoral policy, which includes agriculture, forestry, tourism, development of local communities, environmental problems and others. The paper deals with the explanation of the rural development policy and its relationship with forestry using institutional theories focusing on actors and their mutual forms of interaction (Scharpf 2000). This approach provides one of the possible cross-sectoral researches on the relationships between several areas of public policy. Approaches accentuating the role of actors and their interactions are appropriate tools for the better understanding of cross-sectoral links and improvement of public policy coherence in the process of formulation of strategic documents on rural development.

The aim of this work is based on qualitative analysis of documents and standardized interviews (with relevant actors in the formulation process) in order to describe the cross-sectoral coordination of rural development and forestry policies in the formulation of the Rural Development Programme of the Slovak Republic for 2007–2013 (2007). The primary data sources used for the analysis of documents are: RDP 2007–2013, minutes of working groups and secondary sources on the Internet and media. Ten semi-structured interviews were conducted with experts (Ministry of Agriculture, members of monitoring committee, NGO representatives, state administration, etc.) selected from the list of actors involved in the creation of RDP (2007), as well as

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other experts selected from researchers and ministry officials in 2010.

To improve the reliability and validity of research, a combination of methods of empirical research was used, supported by the existing theories of political science, so-called triangulation of sociological research, because this method helps to eliminate the disadvantages of each method (Denzin 1978). The most important disadvantage of the qualitative analysis of documents lies in the fact that the researcher is not familiar with the situation in which the documents originated. The principal disadvantage of interviews with experts is the risk of involving personal perspective, sympathy and antipathy. Only the combination of these methods and the acquisition of formal rules of procedure and informal actors’ behaviour gives a more realistic view on the issue (Hucke, Wollmann 1980).

Theoretical framework

Addressing the relationship between the various public policies generally means the adaptation of activities, procedures and results in the case of interdependent tasks (Bauer, Rametsteiner 2006). Dealing with the relations between the various sectoral and cross-sectoral policies aims to ensure that the various organizations (public and private), which are together responsible for providing measures of public policy, do not act redundantly or do not create gaps in public services (Peters 1998). Addressing the relationship between different public policies can be simply defined as grouping of different tasks and the efforts of actors from different sectors in order to achieve the set objectives. Ensuring the coherence of public policies can be done through integration, incorporation or cooperation (Meijers, Stead 2004).

Actor-centred institutionalism focuses on a search of past public policy measures in order to gain the knowledge of the system and their subsequent use in practice or to design feasible solutions to problems or create rules that facilitate policy formulation and implementation in the public interest (Scharpf 2000). The problems, in our case arising from cross-sectoral coordination, are influenced by the institutional context which defines the rules of conduct for actors that may participate in the policy formulation process. Actors have different tools how to influence policy making. Their actions are almost always driven by their orientation. Each actor follows a certain goal and has different abilities how to achieve it. For that reason their actions are not always in accord and result in various constellations among these actors.

The constellation of actors describes their strategic alternatives, which include various combinations to achieve the goals and preferences of the actors. Interaction forms present means how actors act in order to achieve desired results and can be highly differentiated. Interaction forms are not defined solely on the basis of certain rules which provide an accurate method for the formulation of public policy measures, but are also influenced by the broader political environment within which the interactions take place. The results of this process are specific political decisions (public policy measures) that influence and form the particular political environment (Fig. 1).

Institutions are defined as rules and standards related to sanctions (North 1990) or as social entities (March, Olsen 1989). Institutions set material forms of behaviour and formal manners.

Actors are generally individuals, groups, organizations and institutions participating in the political process and characterized by a course of action (ideas and preferences) and abilities (Scharpf 2000). The behaviour of actors is constantly motivated by their interests. Therefore, each actor follows a particular target by their activities. Actors are individuals or groups interacting between each other and are characterized by certain organiza-

![Fig. 1. Subject of policy research according to interaction of actors (Scharpf 2000)](image-url)
ional structures, skills, preferences and interests (Metcalfe 1994; Prittwitz 1994; Peters 1998). Impact of governmental actors and their interaction in the political process are often emphasized when addressing the cross-sectoral relationships. Non-state actors also enter the political environment with different potentials of power, and according to these potentials they participate in policy formulation and in addressing cross-sectoral relations. When new actors enter the sectoral or cross-sectoral policy, they may bring new resources or they attempt to change the established rules and political discourses.

Interaction forms represent a way in which actors are acting, so they are establishing the specific measures of public policy. This interaction forms are significantly differentiated. Scharpf (2000) divided them into unilateral action, bargaining, majority decisions and hierarchy. In literature concerning the policy coherence we can find analogically following basic mechanisms of cross-sectoral relations: hierarchy, market, bargaining and networks (Scharpf 1993, 2000; Hogl 2002). Hierarchical coordination is based on the authority and dominance of public organizations. These are the traditional coordination mechanisms used by the state administration (Walsh, Stewart 1992). Market coordination is based on a competition and on the exchange of monetary values between actors. Bargaining is based on the principle of achieving mutual agreement in this particular case. Network coordination is based on interdependence and trust of actors and is focused on creating shared knowledge, values and strategies among partners.

The problem of hierarchical coordination rests in the fact that each organization generally has a clear understanding of program objectives to be formulated and knows the best how to achieve this intention. Therefore, sometimes it is difficult to recognize the need for coordination with other actors.

Other problems with the hierarchical coordination are information and motivation (Scharpf 1993). Hierarchical coordination has also its advantages. From an institutional point of view the main reason for the formation of hierarchies is reducing transaction costs of coordination (Alexander 1993). Hierarchical coordinating uses authority and commands within the organization in order to reduce costs and it should lead to a minimal degree of conflict within the state administration/policy (Peters 1998). Therefore, hierarchical coordination must address the issues of redistribution but does not require the consent of the parties concerned.

Cross-sectoral coordination can be achieved through bargaining. The advantage of bargaining is linking the knowledge and competence of bargaining partners. The result is a solution that is well accepted in the implementation phase. In general, bargaining can be divided into distributive and redistributive (Fisher, Ury 1992; Young, Osherenko 1993; Humphreys 2001). Distributive bargaining allows to increase benefits for all partners concerned. Redistributive bargaining allows to increase benefits only for a single partner.

Bargaining brings several problems (Scharpf 2000; Hogl 2002) such as initiation of the bargaining dilemma of bargaining and problem of multiplicity. According to Benz et al. (1992) negotiating processes are not crucial in redistributive policy measures, but in the initiation of these processes. If superior institutions enter the formulation process as the initiator of these relationships, structural problems of redistribution policies will be overcome. This leads to the fact that also actors with strong power have to engage in cooperation, even though they know to enforce their interests without negotiating. The initiation is easier in distributive bargaining, because actors can record only the limitation of achieved benefits.

The dilemma of bargaining rests in the fact that partners must address two challenges simultaneously: they have to find a common course of action that would maximize their benefit from the bargaining and also have to mutually conclude the distribution of benefits and costs associated with the coordination process and its results. Actors interested in coordination take a risk of disadvantage in deciding on redistributive issues when addressing the problem by providing the necessary information to the counterpart. Such a situation may lead to the adoption of sub-optimal solutions (Hogl 2002) or to blocking of effective alternatives due to unchallenged distribution conflicts.

The problem of high frequency consists in a fact that coordination problems increase with the number of involved actors, hence with the diversity of their interests and preferences (alternatives).

Bargaining is associated with high transaction costs, since a program that reflects the requirements of both parties must be adopted. Therefore, negotiating often fails or unsatisfactory compromise solutions are adopted. Therefore, transaction costs increase exponentially with the number of participants (Scharpf 2000). The problem with the number of participants may be solved in terms of positive coordination through the concentration of actors into particular core groups, where a common solution would be found and then presented to the other actors who must confirm (by negative coordination or bargaining). Another method to
address the problem of the multiplicity of actors is collective negotiating and majority decision-making (Scharpf 2000; Hogl 2002).

Hierarchical coordination and bargaining can take place through positive and negative coordination (Scharpf 2000). Negative coordination is a mechanism that aims to avoid disagreements that could be caused by the public policy program of one party in the area of competence of the other party. The positive coordination aims to maximize the positive effects of a common policy by the ideal models of hierarchy and bargaining. A positive coordination procedurally realizes in the form of multilateral bargaining between actors at a sectoral or cross-sectoral level.

Hierarchical coordination and bargaining have some systematic shortcomings. Both concepts recognize the possibility of opportunistic behaviour of actors (Hogl 2002). That coordination through bargaining in networks could be a tool that would establish appropriate structures for successful coordination. In terms of bargaining, cooperation will be largely facilitated if the bargaining takes place between partners who previously cooperated. There is a built confidence between the parties that one will not abuse a confidence of another or promote the program which harms the other party. Therefore, bargaining (positive and negative coordination) is realized in the network like in a hierarchical structure, because if all stakeholders agree on a consensus, there is still a formal process that must be satisfied in order to adopt the particular program. Therefore, a supervisor (competent) authority has to exist to adopt this decision.

Institutional context of rural development policy

Slovak Republic, like the other new EU member states, has a significant rural character area according to the definition of OECD. EU leaves a significant portion of the control over rural development in the hands of individual member states and regions. Rural development policy is funded partly from the central EU budget and partly from the budgets of member states or regions. Agriculture and forestry are determined in terms of land use and management of natural resources in the EU rural areas and serve as a platform for economic diversification in rural communities. Therefore, strengthening the EU rural development policy is a general priority.

Slovak rural areas were funded mainly from the Sectoral Operational Programme (SOP) Agriculture and Rural Development and the SOP Basic Infrastructure in the period 2004–2006. Since 2007, many rural areas and municipalities have become eligible only for the RDP (2007). A supervising authority is the Ministry of Agriculture and Rural Development. An intermediate authority is the Agricultural Paying Agency, administering also direct payments from the Common Agricultural Policy.

The RDP is based on Regulation (EC) No. 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD). This regulation lays down general rules of the Community support for rural development funded by the EAFRD.

A set of individual measures, justification of support, objectives, supported activities, including monitoring indicators are given in each national RDP by means of four axes:

1. Improving the competitiveness of agriculture and forestry,
2. Environment and countryside,
3. Improving the quality of life in rural areas and diversification of rural economy,
4. LEADER.

A number of evaluation guidelines and common indicators for monitoring and evaluation of the RDP is realized on the basis of a set of documents drafted by the Commission and agreed by the member states. More than 40 measures are set to ensure the objectives of rural development policy. 15 measures are directly or indirectly relevant to forestry. These measures address economic, social and environmental dimensions of forestry and are aimed at promoting sustainable forest management and multifunctional forests.

Under Article 6 of Regulation (EC) No. 1698/2005, there is a need for partnership in the formulation of national strategic plans not only between the Commission and member states but also the authorities designated by member states under national rules and practices, including the regional, local authorities and other public authorities, economic and social partners and any other appropriate subjects representing civil society, NGOs, including environmental organizations and bodies responsible for promoting equality between men and women. A member state shall designate the most representative partners at a national, regional and local level and in economic, social and environmental or other spheres. This partnership should be actively involved in the preparation and monitoring of the national strategic plan and in the preparation, implementation, monitoring and evaluation of rural development programs. Following this article, this
requirement is also reflected in the contents of rural development programs, which should include under Article 16 sec. j) the identification of partners and the results of consultations with partners.

### Constellations between actors in the process of formulation of RDP 2007–2013 and their forms of interaction

Rural development policy is, according to its formulation phase, the result of a combination of the two forms of interaction – hierarchy and bargaining.

The EU institutional framework set hierarchical subject to bargaining rules at the national level. From the aspect of policy coherence, this procedure represents its improvement, as rural development policy defined at the European level allows to merge the sectoral and territorial approach to ensure common goals of this new integrated policy within the concept of positive coordination. Issues raised by the theory involving the initiation and bargaining dilemma did not occur because they were addressed by the institutional framework which set the obligation of participation of different actors. The institutional provision of rural development programs itself expects the involvement of several actors, which allows the bargaining process with the aim of improving the consistency of rural development policy. At the beginning of the entire formulation process the ministry set a hierarchical list of actors who should be contacted to participate in the formulation process of RDP. Based on the interviews with the representatives of the Ministry of Agriculture of the Czech Republic responsible for the final form of the document we can state that: if some other actors intended to participate in meetings of working groups, their participation was allowed, so no one was excluded. The problem was that some actors were not interested in such participation.

In RDP formulation the consulting partners (RDP 2007) participated in the preparation of incentives, recommendations and comments. There were various professional and vocational organizations, self-governing regions, professional associations and NGOs that were divided into working groups according to the particular axes of the RDP. Overall, the partnership consisted of representatives of the Ministry of Agriculture, Ministry of Economy, Ministry of Culture, Ministry of Construction and the Regional Development Ministry, Ministry of Environment, Ministry of Labour, Social Affairs and Family, Agricultural Paying Agency and 24 other partners from both the state and private sector. The possibilities to influence the final form of the document consisted in constructive incentives, recommendations and comments of actors. The forestry stakeholders involved in the process of the document formulation were: Forest Department of the Ministry of Agriculture, National Forest Centre and the Union of Regional Associations of Private Forests in Slovak Republic.

The creation of working groups has solved the problem of multiple stakeholders. According to the interministerial document Organizational and Technical Preparation for the Implementation of Rural Development Support from EAFRD for the period of 2007–2013 four main working groups were established according to the particular axes of the program and it also created a negotiating space for actors in their expert areas. Besides, a working group on EAFRD was created, which dealt comprehensively with all measures of the axes. Its aim was to eliminate any disagreements between the various actors in the working groups and to monitor if the various proposed measures did not overlap.

Therefore, a formal coordination mechanism was hierarchically given which consisted of working groups. The formal coordination mechanism provided a possibility to participate in the formulation of measures promoted within the sector not only to forestry, but also to other sectors. All interviewees mentioned that the selected measures represented priority areas of interest of the concerned actors. For example, the bases for draft of measures in the case of forestry actors were measures from the previous SOP Agriculture and Rural Development 2004–2006. It concerned measures: sustainable forest management and forestry development, sub-measure: investments to improve and rationalize forest silviculture and protection, harvesting, primary processing and sale of raw wood and other forest production (investments bringing net profit) and public investments (investments bringing no profit).

The rural development policy is a subsidy policy and poses a distributive problem when benefits are distributed, so the involved actors could at most record a relative loss that is caused by the forced withdrawal of possible funding sources. The intensity of conflict is therefore lower than in the distribution of financial burden, where is an absolute loss. This fact significantly promotes the establishment of cooperative relations also in the rural development policy (BENZ et al. 1992). Financial support is also a divisible resource, making space for compromises and partial solutions. The subsidy policy is excluded from necessary yes-no decisions that would prevent such cooperation, for example by political deadlock (BENZ et al. 1992). The establishment of cooperative
relations is promoted by the fact if partners in negotiating represent a hierarchical organization and thus have some degree of power in decision-making (Benz et al. 1992). Characteristics of the rural development program as a subsidy policy allow bargaining and thus it creates conditions to improve the coherence of policies at the national level.

The character of negotiating is distributive because it distributes a fixed amount of funding for particular axes. Bargaining of individual actors is facilitated by the fact that they will obtain a certain amount of money. It is up to the preferences what measures are important to them in terms of their value system and needs. Ministry of Agriculture, however, set aside a fixed amount of money that was intended for forestry, agricultural and other measures (interview with the representative of Ministry of Agriculture). Hierarchical determination of the indicative budget for the various involved sectors reduces the perception of redistribution between individual sectors compared with the determination of the budget through bargaining. On the other hand, budget allocation between agriculture and forestry was perceived as unfair from the viewpoint of forestry actors. Forestry actors perceived it as an attempt to deal mainly with the agricultural sectoral problems.

Another argument might be that environmental actors, represented by environmental NGOs, were unable to enforce their requirements against a group of agricultural actors. Efforts of forest actors to have a limited number of supported measures in order not to split funds also reduce redistribution between beneficiaries in forestry. If there is a consensus over the priority measures in forestry, they may be secured by a higher volume of funds. The hierarchical identification of indicative budget based on a too close sectoral approach and especially the subsequent bargaining process can be characterized by the concept of negative coordination, because the dominant purpose was to eliminate conflicts. Based on the above-mentioned fact, we can conclude a negative effect on the rural development policy coherence.

The rate of hierarchy in the formulation phase of the document allows to negotiate between different actors in the early stage of formulation phase. They have the possibility to coordinate their preferences at the level of proposed measures. This process resulted in the compromise of the actors on particular measures, where dominated the approach to ensure and maintain the productive capacity of particular sectors. This was a case of positive coordination in networks, since several actors who have a real opportunity to influence the final form of the document attended the bargaining of the final form of supported measures. These networks originated in the previous period, when formulating various measures in SOP Agriculture and Rural Development. Several stakeholders who participated in the formulation of the SOP Agriculture and Rural Development 2004–2006 were also present according to lists of participants in the formulation of the RDP. Thus, there has been a relationship between them and we could assume a certain level of trust between them. Each working group presents a network of actors where they can agree on final terms of the proposed measures and the conditions of their subsequent utilization.

The final form of the document that emerged from the working groups was formulated hierarchically within the political administrative system at the level of central coordinating authority – the ministry, which was approved by its management. Here manifests itself so-called power of expertise as the state administration has the information and skills to develop the final version of this document. After the approval of the document by the sectoral ministry it was sent to the next formal coordination mechanism – cross-sectoral review where also other actors from different spheres can contribute. For example, environmental stakeholders raised a claim over the volume of allocated finances for axis 2. As part of this process Forest Environment Payments and Payments within Natura 2000 – forest land were included in the document. We can conclude that cross-sectoral coordination can be supported also by government actors in the form of hierarchy, when issues of one policy area (environmental policy) can be put into another policy (rural development policy) through their impact.

The final version of the document was adopted at the governmental level, it was decided by majority vote, so the document can be accepted or rejected only as a whole. In this case, it could be a negative coordination, since the approval of the document is only a formal process and no political administrative actor could prevent the adoption of the document.

**CONCLUSIONS**

Actor-centred institutionalism and its forms of interaction provide, despite a certain lack of theoretical knowledge, a suitable tool for the understanding of mechanisms of rural development policy. Rural development policy incorporates interests of several sectoral policies, also forest policy. Therefore, it is essential to formulate and coordinate these diverse interests into a complex form.

The EU institutional framework set hierarchically subjects and rules to bargaining for the national
level. This approach presents its improvement from the aspect of providing policy coherence, as rural development policy defined at the European level allows to align the sectoral and territorial approach to ensure common objectives of this new integrated policy. Characteristics of RDP as a subsidy policy and a small extent of redistributive final decisions allow bargaining and thus create conditions to improve the coherence of such a policy at the national level.

Consequent hierarchical determination of the indicative budget for each action by the Ministry of Agriculture and Rural Development based on a sectoral approach and especially the subsequent bargaining process can be characterized by the concept of negative coordination, because the dominant aim was to eliminate conflicts. The final form of the document that emerged from the working groups was formulated hierarchically within the politico-administrative system at the level of central coordinating authority – ministry and later government and was characterized by the concept of negative coordination. These processes have a negative effect on the rural development policy coherence. A positive element for the rural development policy coherence is the observation of the elements of decision-making in networks with positive elements of coordination.

References


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