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# Decades of Practical Experience and Network Theory

Doris Marquardt<sup>1</sup>

Funded “Networking” has steadily gained importance among European Union (EU) rural policies instrumentation: Since 1991, with LEADER the formation of regional public-private partnerships and EU-wide information exchange has been supported. Later also inter-territorial cooperation was funded. Additionally, National Rural Networks interlinked at the European level and associating the implementation of rural interventions have recently been established. Networking activities are acknowledged as drivers for rural development. While it is true that good practices are assiduously collected, the deficit in systematically scrutinizing networking activities and their underlying causal patterns is only filled by the present research. Applying network theory, the concept of social capital and transaction-costs considerations, this paper strives to investigate the relevance of financial support for networking, and whether the potential that networking theoretically offers could be exploited more sufficiently. In addition to its unique approach, the empirical data underlying this research presents a novelty, as the various stakeholders surveyed across the EU in the period 2008-2010 include potential LAGs and the newly established rural networks. Reviewing the literature and survey results, determinants for using the potential of networking interventions are identified, and the effects of different types of networking are discussed against financial, technical and social inputs. The results reveal significant contributions that sociology can make to public policies, and can allow conclusions about designing external support to networking. The findings highlight that: 1) funding networking can be meaningful; 2) strongly funded networks tend to fail to create added value; 3) networking needs endogenously grown objectives; and 4) supporting networking between regions technically is preferable to funding inter-regional partnerships.

**Key words:** Networking, Rural Development Policies, Network theory, European Union, National Rural Networks

**JEL Classification:** R30, R38, D85, (H49)

## 1. Introduction

Funded “Networking”, in the form of information exchange and partnerships, has gained importance among European Union (EU) rural development policies. Over the last two decades, various types of networking addressing various stakeholders have become an inherent part of policy instrumentation.

Starting in 1991 with the LEADER initiative, which aims at enhancing the socio-economic development of rural regions, the formation of multi-sectoral regional public-private partnerships (PPPs), so-called Local Action Groups (LAGs), was supported and EU-wide information exchange between regions was organized. In the subsequent programming period inter-territorial cooperation was also funded. With the period 2007–2013, LEADER has been mainstreamed into the EU Common Agricultural Policy (CAP). Moreover, EU member states must establish National Rural Networks (NRNs) that are interlinked to the European Network for Rural Development (ENRD). NRNs associate the implementation of all EU co-funded rural development interventions, and are expected to enhance policy delivery by organizing the exchange of experience among various stakeholders, including LAGs, non-governmental organizations (NGOs), programme agencies, farmers’ associations, and scientific institutes. Indeed, those networking activities have been widely acknowledged as drivers for rural development. Through LEADER, not only has integrated development been furthered, but innovative

solutions for tackling rural problems have also been found. While good-practice examples have been collected assiduously, the systemic dimension of those network activities has hardly been scrutinized.

Therefore, investigating whether the potential that networking theoretically offers could be exploited more thoroughly by the involved stakeholders seems to be a promising path to follow. This paper goes one step further: considering that social capital is a possible output as well as a decisive ingredient to networking, the paper questions the extent to which financial support to networking appears to be meaningful. Having said this, the overarching objective of this research can be specified as identifying the theoretical and practical potential of EU interventions that support rural networking, determining their current usage for reviewing the policy instruments’ relevance, and revealing possibilities for enhancing their instrumental design.

Parallel developments to the evolution of rural interventions in the work of rural sociologists can be traced. Research has focused on the relevance of partnerships and social capital in community development (Moseley, 2003; Nardone et al, 2010) the resource potential of social structures (Sharp, 2001), respectively. The externally driven and the endogenous, as well as the neo-endogenous approach to rural development (Bosworth and Atterton, 2012; Ray, 2006) have all been explored. However, little scholarly attention has been paid to the effects of inter-territorial cooperation (Farrell, 2000; Ray, 2001), and even less to the newly established rural networks as interventions, which are subject of this paper. Yet not only because of its field of investigation does this research present a novelty; it is also due to its approach of reviewing the impact of networking interventions sys-

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tematically. Moreover, the present work explores the design and practical usage of those interventions against their theoretical potential by applying network theory, the concept of social capital, and cost-benefit considerations.

To pursue the stated research objectives, reviews of scientific and practitioner-oriented literature covering two decades of networking experience was supplemented by a set of empirical undertakings from 2008-2010. Among others, surveys were conducted of various stakeholder groups, including LAGs from three member states and the National Network Units (NNUs) across the EU.

The next section provides theoretical background on social networks and social capital. Section 3 introduces the EU policy instruments that support rural networking. The research concept and survey work are then explained. The analysis begins by reconsidering the interventions' instrumental design against the principles of network theory, followed by investigating experiences with rural networking. Section 7 discusses the policy instruments' relevance and potential for improving their design. Finally, conclusions are drawn.

## 2. Theoretical Background

To outline the potential that networking interventions theoretically offer, the idea of social networks and their links to social capital are explored below.

### 2.1. Social Networks

The term "network(s)" appears in various contexts and has become fashionable (Weiligmann, 1999), and definitions of the term are innumerable (Peters, 2000). Broadly speaking, networks can be considered a set of relationships among entities (Davies, 2005; Jansen and Wald, 2007). Social networks are formed by social entities (persons or organizations) that are linked through any kind of relationship, such as communication or the exchange of resources (Wasserman and Faust, 1994). This basic definition of social networks does not stipulate any structural requirements. In the context of organizational structures, which are normally set up to pursue certain goals, networks' systemic dimension becomes relevant, and their concept is refined, thereby demarcating them from other forms of organizations. Compared to no organizational structures, the existence of a network increases the probability that network members interact (Scharpf, 2000). Contrary to some organizational forms, networks may include bilateral and multilateral relationships, and members can interact in a two-way relationship, which is, for instance, not or only partly possible in hierarchical structures. Thus, network-like organizational structures are advantageous for information transfer compared to traditional formal information exchange along hierarchical communication chains, which has proven to be inadequate and slow (Huber, 2005). Here, efficiency results from the basic network effect, which can similarly

be found in technical networks (Siebert, 2006), of integrating information (from several sources) and making it available to a larger group of members. Further, information passed through social networks is potentially "thicker" than information obtained in the market, and "freer" than information communication in a hierarchy," (Grabher, 1993, p. 272, following Kaneko and Imai, 1987). Compared to networks, in the cases of markets or hierarchical structures, information flows are controlled (Powell, 1990) and there is no room for interpretation. Thus, the dynamics in interactions and exchange within a network equals more than the sum of the parts and potentially brings added value. According to Powell (1990), process mechanisms also vary: While markets offer flexible choices, prices determine that the exchange of products and actors are independent, and in hierarchical structures transactions are fixed, network-transactions occur through networks of individuals engaged in "reciprocal, preferential, mutually supportive actions" (ibid.). The latter requires a basic assumption for such exchange networks to function, namely that actors depend on each other (e.g. in terms of resources) (Cooke, 1996). In other words, stability in networks entails actors' interdependency (Grabher 1993), and informal institutions are a major force coordinating human action in networks (Stenlas, 1999). Consequently, due to the principle of voluntarism and non-bondage, it is not self-evident that network-relations are maintained. Relying on non-institutionalized networks entails cost-savings for setting up regulatory frameworks and their enforcement, higher flexibility in action, as well as insecurity and complexity. Moreover, trust is an essential ingredient, a "social prerequisite" (Segert and Zierke, 2004, pp. 47; see also Jansen and Wald, 2007) to network-like organizations and nurturing them, i.e. investing personal resources such as time is essential for keeping them functional.

In reality network-like organizations are often to some degree formally institutionalized and rely to a less extent on reciprocity, whereas network members generally maintain their autonomy (Earl, 2004; Segert and Zierke, 2004).

Applying network theory allows one to address the question of structural modifications that further network effectiveness and efficiency. Providing one example relevant for innovation or problem-solving networks is that with increased variety and interaction among a larger number of actors, the number of potential ideas and solutions for solving a problem increases (Wagenaar, 2007). Besides diversity and dynamics, further characteristics that potentially provide networks with special effects are openness, flexibility and decentralization (cp. Appendix A).

### 2.2. Social Capital

Social networks are "the medium through which social capital is created, maintained, and used," (Johnson, 2003, p. 3), which does not refer to individuals, but the relations among them (Bourdieu, 1983). Building upon

certain social structures, social capital allows actors a broader range, or a facilitation of actions (Adler and Kwon, 2002; Jansen, 2000; Jansen and Wald, 2007; Sedult, 2005). This might come about through the interrelation of repeated social interactions (Lee et al, 2005; Mateju and Vitaskova, 2006), norms and trust (Coleman, 1988; Farrell and Thirion, 2005; Putnam, 1993).

As an attribute of a group of actors, social capital facilitates cooperation and collaboration (Badescu and Sum, 2005), potentially resulting in more efficient (Putnam, 1993) and more effective action, as well as in decreased transaction costs (Coleman, 1990; Mandl, et al 2007; Putnam, 1993, 2000). Moreover, social capital also unburdens the sharing of certain resources, e.g. information (Coleman, 1988), and thus pushes innovation and increases creativity (Mandl et al, 2007).

From the perspective of an individual actor, social capital can be seen as the potential to activate and mobilize a network of social relations (Lin, 2001; Mateju and Vitaskova, 2006). This results, for instance, in a greater pool of social support, power, and access to valuable information. Lin (2001) assumes that those resources may only be obtained by investing in social relationships. The willingness to invest time and resources into social relations (only) stems from the belief that services will be reciprocated (Weiligmann, 1999). Rendering effort in advance depends on trust in others (Segert and Zierke, 2004).

As with cultural and human capital, social capital is more difficult to create and maintain than economic capital (cp. e.g. Mandl et al, 2007). Indeed, social capital can mobilize resources, and different sorts of social relations can often be used for different purposes (e.g. moral and material support, etc.) (Adler and Known, 2002). Exchangeability, however, is limited due to social capital's ligation to specific actors, its manifestation in interactions (Frank et al, 2004) and due to difficulty in measuring it (Appendix B).

Social capital not only functions as a source of (direct) benefits through networks, but also as a source of social control (Johnson, 2003) that enforces norms and furthers trust. Moreover, social capital can lead to less favourable or even adverse effects. Besides benefits of social interactions not necessarily being spread evenly among the involved actors (Lee et al, 2005), social capital might also have exclusive effects (Nardone et al, 2010). Strong internal group cohesion, for instance, might be associated with intolerance on the part of other actors (PC, 2003) or to general closure (Milczarek-Andrzejewska et al, 2011) of a community. Furthermore, social control, in addition to offering cost effective monitoring (Jansen and Wald, 2007), might turn into social pressure (Johnson, 2003; Portes, 1998).

Considering the potential contributions of social capital to a society's well-being, the question arises of how far policies can influence and harvest the creation and formation of social capital. As they became aware of the potential benefits of creating social capital, international agencies and governments from around the world

founded initiatives related to social capital that promised ramifications for community well-being. Many government policies only implicitly aim at supporting social capital formation (LSEPS, 2007; PC, 2003). Two reasons for this can be identified: First, as the concept of social capital is vague (Mandl et al, 2007) and its assessment for monitoring and evaluation purposes is difficult (Appendix B), the term rarely appears in formal documents or is declared as the objective of policy interventions. Second, due to its structural character, producing social capital hardly occurs consciously; instead, it is produced accidentally, as a side product of other actions (Jansen, 2000; Sedult, 2005). Intervening in the creation of social capital is stimulating processes and a mean, rather than an end in itself (similar to Parissaki and Humphreys, 2005).

### 3. Evolution of Funded Rural Networking in the EU

EU support for rural networking developed over funding periods and started with the LEADER programme in 1991 (Section 3.1). With the current funding period of 2007-2013, LEADER was mainstreamed and the instrument's networking component extended by setting up European and National Rural Networks (Section 3.2).

#### 3.1. LEADER – a Policy-Instrument Driving Rural Networking in the EU

The objective of LEADER is to advance the socio-economic endogenous development of rural regions by combining multiple notions and to improve local governance (EC/2006/144). LEADER co-finances competitively selected regional development concepts (RDCs) of Local Action Groups (LAGs), which are formed of PPPs. Also, inter-territorial and/or transnational collaborative projects between LAGs are supported. LEADER incorporates seven key features: (1) the territorial approach; (2) regional partnerships; (3) a bottom-up approach; (4) an integrated approach; (5) innovation; (6) cooperation between regions; and (7) networking (EC/2005/1698, Art. 61; EC 2006; EC/2006/1974; DG Agri, 2011a). Based on these features, LEADER funds are expected to be spent in a target-oriented manner and adapted to the local context: LAGs are seen to be effective in stimulating sustainable development according to local needs because they aggregate and combine available human and financial resources from the public, the private, the civil, and voluntary sectors. Co-financing and own initiative by local actors are to ensure the capitalization of funds. The competitive selection of LAGs shall ensure high quality of the RDCs. Furthermore, the EU hopes that through the European-wide exchange of experience, the quality of rural development projects will increase, and innovative solutions for tackling rural problems will be stimulated. For coping with the practical implications of these notions, LAGs also receive financial and/or technical support for capacity-building and management.

After its initial implementation in 1991 as a Community Initiative with experimental and model functions, LEADER evolved into LEADER II and subsequently into LEADER+ . Hereafter, having reached a “level of maturity” (EC/2005/1698, p. 5), LEADER was mainstreamed in 2007, i.e. it has become an inherent part of the CAP funded under the European Agricultural Fund for Rural Development (EAFRD). The EAFRD’s organization rests upon four axes, reflecting its main objectives of improving: 1) the agricultural and forestry sector’s competitiveness; 2) the environment and countryside; 3) the quality of life in rural areas and diversification; and 4) LEADER. With its integrated approach, LEADER acts as the overarching fourth axis to the other three, and is expected to evoke synergies between rural development measures.

Despite being continuously organized around its seven key features, LEADER changed both topical and methodological emphases over the programming periods. Looking at LEADER’s support for networking and cooperation (joint projects between two or more LAGs), measures were introduced or redesigned, and administrative structures were adapted (Appendix C): Within LEADER I, a Coordinating Unit was established at the European level for coordinating the LAGs, organizing information transfer, and providing technical assistance to LAGs. Cooperation between LAGs was not financially supported, however. Because of the local focus of the programme, cross-linking competences was seen as instrument for area-based development (ELO, 2001). As LAGs’ informal network activities became apparent during LEADER I (cp. Box 1), a LEADER measure finan-

cially supporting transnational cooperation projects was set up with LEADER II (ELO, 2001).

With an increasing number of LAGs in the second LEADER period (1994-1999) and the introduction of support for cooperation projects, a LEADER Observatory was established (OIR, 2003). Its role was to identify, specify, validate and facilitate the transfer of innovations implemented in rural environments (OIR, 2003), and thus to organize EU-wide networking, as well as to provide assistance for transnational cooperation. In addition, member states should run National Networking Units (OIR, 2003).

Within LEADER+, LAGs’ cooperation became increasingly important in the programme design because, next to transnational, inter-territorial cooperation between LAGs within one country was also supported. Therefore, apart from the European Observatory and National Networking Units, a EU LEADER+ Contact Point was set up to facilitate the exchange of project ideas and the search for cooperation partners. With the termination of the LEADER+ period in 2008, most networking units ceased operations (Courades, 2008) and with the mainstreaming of LEADER, a major change in instrumental design occurred (Section 3.2). Still, the final set of main measures that can be offered to LAGs in the member states are for LEADER+ and the period 2007-2013 quite similar (Appendix C):

- L1 Implementing local development strategies (project funds)
- L2 Implementing cooperation projects
- L3 Running the LAG, acquiring skills and animating the territory.

#### Box 1. Informal Rural Networking Associating LEADER Activities

Besides the “formal” financially supported and more or less government-driven network and cooperation activities, three kinds of “informal” networking accompanied the implementation of LEADER. First, “truly informal” networking in form of not centrally coordinated, but demand-oriented information exchange between LAGs took place (Geibendorfer, 2005), which has, for instance, driven the initiation of funded networking under LEADER II (see above). Second, “informal networks” in the meaning of non-governmental, and not formally supported from LEADER funds, but which nevertheless had a legal basis (e.g. LAGs’ associations were established at the regional, national and European level). Such informal networks were particularly established in member states, where the networking unit was implemented late or which were weakly organized (OIR, 2003). Besides the search for technical assistance, another reason for establishing informal networks is their potential lobbying function (Duguet, 2006) through representing the interests of their members. At the European level the European LEADER Association for Rural Development (ELARD) was founded in 1997. After a period of dormancy during LEADER+, ELARD were recalled to life in the current 2007-2013 programming period. In its active periods it has served as a platform to enlighten rural development policy reforms (for more information, see [www.elard.eu](http://www.elard.eu)).

A third kind of informal networking took place among the national networking units and Managing Authorities at the European level since LEADER+ (Duguet, 2006). The creation of this informal network was motivated by the initial feeling that the Leader programme was just the parallel implementation of 15 national programmes with no general coherence (*ibid.*). This kind of networking was formally supplemented, starting from December 2002 through the set-up of a European Steering Committee by the European Commission.

Overall, the share of the total amount of LEADER funds spent on networking and cooperation increased over the first three programming periods (Appendix C). However, budgetary priority given by the individual member states to networking interventions varies significantly. By trend, cooperation gained more formal attention over the course of successive funding periods, and thereby incentives in the programme design have been increasingly set

to stimulate cooperation. In addition to the increasing number of direct networking instruments offered to LAGs (Appendix C), cooperation was also intended to be triggered by considering existing and planned cooperation projects in the selection of LAGs during the funding periods 2000-2006 (OJ 2000/C139/05) and 2007-2013 (EC/2006/1974). Furthermore, new member states (NMSs), for which LEADER presents itself as an entirely

new approach, were urged to encourage their LAGs to become involved in transnational cooperation (EC/2006/1974). Moreover, LAG-like groups from future member states are also supported.

### 3.2. The European and the National Rural Networks

From 2007-2013, funded under the Technical Assistance component, National Rural Networks (NRNs) have been introduced to support the implementation of EAFRD measures. The main purposes of the NRNs, which should address various actors involved in rural development, are:

- ☐ transferring information on EAFRD measures;
- ☐ identifying good practices;
- ☐ organizing exchange of experience and know-how;
- ☐ preparing training programmes for LAGs; and
- ☐ facilitating inter-territorial and transnational partnerships.

Furthermore, the networks are expected to contribute to the improvement of policy delivery and governance (EC/2006/144). The NRNs are interlinked with the European Network for Rural Development (ENRD), which shall ensure networking at the community level between NRNs and other stakeholders such as farmers' associations or LAGs. For the latter, participation in networking is mandatory (Courades, 2007). Beyond the listed purposes of the NRNs, the ENRD collects, analyses and disseminates information on EAFRD measures and developments in rural areas (EC/2005/1698). Hence, according to Sousa Uva (2008, p. 1), the ENRD should provide 'real incentives' for achieving these objectives – corresponding to the four EAFRD Axes.

Networking in mainstream programming differs in some aspects from networking within LEADER in previous periods: (1) Networks from 2007-2013 have a broader

spectrum of rural topics because they are expected to deal with all four EAFRD Axes. (2) The networks not only include LEADER LAGs, but also other (potential) beneficiaries, organizations (e.g. foundations, NGOs) and ministries. Finally, (3) establishing NRNs is mandatory for the current 27 EU member states. Even though member states possess flexibility in terms of resources devoted to the NRN. Following budgetary distribution, the rural networks enjoy different degrees of priority across the EU.

### 4. Research Concept and Means of Empirical Data Collection

An important analytical foundation of this research is putting the features of the outlined policy instruments into theoretical context for drawing out their theoretical potential (Section 5), against which practical experiences will be reviewed, and determinants for the effective use of networking interventions will be identified. Principles of the functioning of social networks (Section 2.1) suggest including financial, technical, social, and other immaterial inputs and outputs when applying cost-benefit considerations. Following these conceptual cornerstones, reviews of scientific and practitioner-oriented literature on the two decades of networking experience were supplemented by a set of empirical undertakings from 2008-2010 aimed at closing gaps in the literature (Table 1). Surveys among different stakeholder groups were conducted including the NNUs across the EU and LAGs in three member states with various level of maturity, i.e. relatively experienced German LAGs, and newly established LAGs and potential LAGs from the NMSs Hungary and Romania, respectively. In Romania, data was also collected among members of the NRN and programme agencies responsible for LEADER.

**Table 1.** Research Activities Examining Rural Networking in the EU

Research activity	Quota of return	No. of questionnaires evaluated	Method and results are documented in
2008 e-mail survey of (potential) Romanian LAGs	37.1%	39	Marquardt et al, 2012;
2008 e-mail survey of German LAGs	25.7%	38	Marquardt et al, 2012
2008 e-mail survey of Hungarian LAGs	38.6%	27	Marquardt et al, 2012
2008 e-mail survey of Romanian programme agencies at county level	78.6%	33	Marquardt et al, 2012
2010 e-mail survey of network units of the NRNs across the EU	34.4% (37.5%) <sup>a</sup>	12 (13) <sup>a</sup>	Marquardt, 2011
2010 e-mail survey of members of the Romanian NRN (due to public procurement problems in the set-up of the NNU, the network was not functional at that point of time)	16.3%	62	Marquardt and Hubbard, 2010

Note: LAG = Local Action Group NNU = National Network Unit NRN = National Rural Network

<sup>a</sup>When evaluating the questions relevant for this paper, the statements made on one questionnaire could not be considered.

### 5. Placing the Instrumental Design of Networking Interventions into Theoretical Context

"Networking" in the form of exchanging experience or establishing partnerships is obviously an inherent feature of LEADER and the NRNs. Although the overarching defini-

tion of social networks provided in Section 2 includes partnerships, when applying a narrow understanding, networks as an organizational form do not equal partnerships, and it must be fine-tuned. Indeed, there is no generally accepted distinction between the terms ‘networking’ and ‘partnership’, for which themselves no clear definition exists (Section 2; Stenlas, 1999). An important variable, however, is the intensity of social relations. Thus, if a distinction is sought, one or more of the following criteria are usually applied: intensity of relations (OJ 2000/C139/5); reciprocity of relations (Segert and Zierke, 2004); and formality of relations (Moseley, 2003). Accordingly, compared to networks, partnerships tend to be signed by more intensive, more reciprocal, and more formal relations. Consequently, partnerships might require more trust (Moseley, 2003) and rely on higher transaction costs. However, one also finds institutionalized networks and informal partnerships. Further, there are some key characteristics that demarcate networks from partnerships (Appendix A). While in partnerships members are aware of each other and are directly linked, as a consequence of open, flexible and dynamic network structures, members do not necessarily all know each other. Thus, in networks even if a member holds direct connections only to some members, he/she may gather information from all members. In partnerships, each partner is responsible for taking care of his relation to the other partner(s).

Benefits potentially resulting from networking have been outlined in Section 2, which indirectly provide an answer about why one might design an intervention as a network. Though achieving “added value” or “the creation of social capital” were not set as objectives for LEADER and

the rural networks in the regulatory framework, the design of both interventions obviously offers the potential to use the creation of added value and social capital as a driver for rural development (see also Mandl et al, 2007; Metis et al, 2010; Nardone et al, 2010; Parissaki and Humphreys, 2005; Shucksmith, 2000; UG, 2008), and as a tool to facilitate the achievement of policy goals.

Table 2 depicts major types and specific characteristics of financially supported or unsupported networking that pervade the implementation of LEADER and the NRNs. Currently for LEADER, one can identify three kinds of funded networking: 1) the formation of a LAG as a formal PPP; 2) networking in the form of information exchange within a region, both indirectly and directly funded under Measure L3 (Running the LAG and animating the territory); and 3) cooperation between different LAGs funded under Measure L2. Establishing partnerships between LAGs, i.e. cooperation in the LEADER jargon, must go beyond networking and should not consist simply of exchanging experience, but must include the implementation of a joint project (OJ 2000/C139). With the NRNs, formally institutionalized information exchange that addresses all EAFRD actors is supported.

Certainly non-funded networking takes place among rural stakeholders, as do informal partnerships between LAGs (Box 1; Table 2). Keeping in mind that social-capital-based added value relates to the capacity to mobilize resources towards collective action (Parissaki and Humphreys, 2005), one might ask how far should networking be supported if ideas of social networking should be used efficiently. The focus of this paper is on any kind of supra-regional networking.

**Table 2.** Different Kinds of Funded and Non-Funded Networking Taking Place within and Around LEADER and NRN Activities

Categorization of networking within LEADER and the NRNs	Description	Kind of relation	Strength of relation	Special characteristics	Transaction costs
<b>Partnership building</b> <i>Financially supported under Measure L3</i>	Forming and running a LAG as public-private partnership	Formal regional-internal partnership (no networking in the narrow sense)	Very strong, by definition reciprocal	Periodically constant, binding relations, little anonymous (personal/actor-related relation)	High effort by individual partners is needed; additional administrative costs
<b>Networking within the LEADER-region</b> <i>Indirectly financially supported under Measure L3 (“animating the territory”)</i>	Uncoordinated exchange of information and (informal) cooperation between actors within a LEADER-region	(Informal) regional-internal networking	Weak - middle strong, reciprocal or non-reciprocal	Non-binding relations, actors do not stay anonymous and have a fair chance for personal communication	Low effort by individual actors is needed

Categorization of networking within LEADER and the NRNs	Description	Kind of relation	Strength of relation	Special characteristics	Transaction costs
<b>Inter-territorial and transnational cooperation</b> <i>Financially supported under Measure L2</i>	Cooperation goes beyond exchange of information and includes a joint project	Formal inter-territorial partnership (no networking in the narrow sense)	Strong, by definition reciprocal	Periodically constant, binding relations, quite anonymous (primarily organization-related and less personal LAG-LAG-relation)	High effort by individual LAGs is needed; additional administrative costs
<b>Networking organized within and by the NRNs</b> <i>Indirectly financially supported by providing funds for running and managing the NRNs; preferably the network units stimulate further networking</i>	Coordinated distribution and exchange of information and inter-linking of actors	Formal and informal exchange of information – externally coordinated and funded networking	Very weak, reciprocal or non-reciprocal; relations might be indirect (via intermediates and media)	One actor can serve the interests of many other actors; members can stay anonymous	With exception of the network unit, network members have no effort
<b>Non-funded (EU-wide) networking</b> a) <i>Non-funded networking</i> b) <i>Non-funded partnerships</i>	a) (Uncoordinated, informal) exchange of information; b) (Informal) co-operation between actors from different regions	Flowing transition from informal networking ( <i>networking in the narrow sense</i> ) to informal partnerships	a) Weak, reciprocal or non-reciprocal b) Weak - strong, by definition reciprocal	Several kinds of relations; partnership formation without external obligations possible; intensity of relations spontaneously adaptable	Very low – very high effort; no administrative costs for fulfilling funding requirements

Note: LAG = Local Action Groups

NRN = National Rural Network

Source: Own design.

## 6. Experiences Gained with Funded Rural Networking in the EU

The experience gained with LEADER across the EU and over two decades are manifold. LEADER is often counted among the most successful policy instruments for rural development (EC/2005/1698; OECD, 2006; Shucksmith, 2010). The programme has definitively led to the promotion of integrated multi-sectoral development and has contributed to strengthening local economies, but there is wide agreement that the primary value of LEADER appears in intangibles (ELARD, 2011; Metis et al, 2010; Shucksmith, et al 2005; UoG, 2008) such as raising awareness, building capacities, and strengthening co-operation within a region (ELARD, 2011; Schuh et al, 2006). Not only for regional-internal partnerships, but also for inter-territorial cooperation projects, which are one focal point in this paper, it is said that they primarily lead to invisible values (Duguet, 2008; Metis et al, 2010). However, bringing evidence for those effects, which are primarily of qualitative, social and often processual nature and therefore hardly measurable, is challenging (Appendix B). The success of the programme might be highlighted by the frequently presented best-practice examples, which indeed have power in making processes and

effects inherent to LEADER feasible. Yet good-practice stories have a slightly deceiving and glamorizing notion: When commendable LAGs and/or their projects are presented, seldom is their share in the total number of LAGs mentioned, and bad practices are likely to be overlooked. Because of a lack of systematic monitoring of LAGs' achievements, positive examples remain isolated. Particularly for partnerships and networking activities, gaps in the systematic assessment of impacts going beyond the collection of best practices must be noted for both the formal programme evaluation and the academic sphere. Moreover, compared to LAG-internal networking, the creation of links between regions has received little scholarly attention (Farrell, 2000; Ray, 2001), leaving gaps in explanatory patterns of causality. Furthermore, while statistics on funded LAG-partnerships (Appendix C) do exist, a systematic review of the relevance of informal (non-funded) partnerships between LAGs, and of formal and informal networking between LAGs and other stakeholders is still missing. This is particularly true for the relations with potential LAGs, despite partnerships with LAG-like organizations in non-EU member states being financially supported under LEADER. These aspects are relevant, however, when examining which kinds of networking are worth being supported and how. Thus,



the “partnership culture” of LAGs of different degrees of maturity was empirically analysed as outlined in Section 4. Furthermore, as the NRNs are new policy instruments, no final assessments on their impacts can be expected to be available, and concepts for systematically reviewing activities arranged by the former networking units are rare (EENRD 2010). Hence, within this study, experiences in this regard were collected from the NRNs (Table 1).

### 6.1. Experiences with Inter-Territorial Partnerships

Outcomes typically reported for cooperation projects funded under LEADER are, for instance, strengthening of social and human capital due to the exchange of experience, strengthening administrative capacities and cohesion among the actors in a LAG, as well as enhancing regional pride and the image of the regions (Duguet, 2008; Metis et al, 2010). Furthermore, LAG-partnerships might lead to an economic output, mostly described as “reaching the critical mass” of economic potential; and to tapping new markets (Duguet, 2008; DVS LEADER II, 2000; Geibendorfer, 2005; Ray, 2001; Zurker, 2004). While cooperating neighbouring regions sometimes achieved using regional resources more effectively in joint projects (ÖIR, 2003), generally, initiatives – particularly transnational partnerships – seldom go beyond the exchange of experiences, and economic effects can be rarely found. Overall, the question arises: which motives drive the formation of certain partnership cultures of LAGs?

**6.1.1. Partnerships and cooperation of Hungarian and German LAGs.** Following the programme agencies, in the funding period 2000-2006, 83% of the LEADER+ LAGs in the EU-15, i.e. the old member states, were involved in formal inter-territorial cooperation, and 69% in transnational cooperation (Appendix C; Torok 2008). According to statistics from the 148 German LAGs, 66.9% were involved in inter-territorial cooperation, and 40.5% in transnational cooperation projects. However, more specific 2008 survey results for German and Hungarian LAGs show that, on average, LAGs from both countries have 2.2 partnerships, of which a good number of the consulted LAGs (52% Germany, 60% Hungary) have (mostly informal) partnerships with other regions independent of LEADER funds. Partners of the LAGs are primarily from the same country (Germany 52%, Hungary 61%). There are more transnational relations to LAGs in the older member states (EU-15) (Germany 34%, Hungary 22%) than to regions in the NMSs (Germany 14%, Hungary 17%).

A total of 74% of the Hungarian LAGs and 52% of the German LAGs are interested in additional partnerships. Less than half of the LAGs prefer a partner from a certain area. In such cases, mostly neighbouring countries were mentioned or, in the case of the Hungarian LAGs, old member states were the preferred origin of partners. Furthermore, analysing the dataset showed that personal communication is a key factor for establishing trust with-

in and among different groups needed for establishing and maintaining a partnership. However, for maintaining regular contacts, the internet is the most important means of staying in touch for the LAGs studied (75% of the German and 67% of the Hungarian LAGs maintain contact with their partners via e-mail).

**6.1.2. Partnerships of potential Romanian LAGs.** Considering that at the time of the survey potential Romanian LAGs were not yet selected for funding, and three-quarters of them did not even obtain legal entity status, it is surprising that half of the potential LAGs had already formed supra-regional partnerships, albeit informal ones. The potential LAGs apparently deemed external partnerships very promising for their development. However, the EU intervention supporting cooperation between LAGs and LEADER-like groups from third countries/potential LAGs was no important means. For instance, no German-Romanian transnational cooperation project was registered in the statistics of the European LEADER Observatory (Torok, 2008). Then again, the surveys revealed that about half of the partners of the 39 potential LAGs are of Romanian origin, and that many partners are from the EU-15, mainly from Germany. Hungary contributes 12% of the partners. The high share of Hungarian partners is due to: a) Hungary being a neighbouring country, which compared to Bulgaria, for example, is experienced in LEADER; b) strong cultural relationships with some Romanian regions that have Hungarian minorities (see below); and 3) Hungarian actors, supported by the Hungarian LEADER Centre, appear to be generally very active in establishing partnerships.

The majority of the partnerships of the potential Romanian LAGs (60%) are based on informal relations; 25% are based upon common participation in EU programmes, and only few actors have aligned themselves formally. Most partners are represented by organizations and are often one-sided in the sense that the Romanian counterparts are supported, while they are unable to contribute something of equal value. While such one-sided partnerships would hardly be accepted by other LAGs or trade partners, for instance, which strive for a win-win partnership, many organizations named “partner”, mostly civil or environmental ones, are involved due to their stated mandates to support regional/rural development.

Of the potential Romanian LAGs consulted, 82% were interested in first or further partnerships.

Regarding possible benefits resulting from regional-external contacts particularly relevant for potential LAGs turned out 1) access to technical assistance in getting along with the LEADER guidelines; and 2) external actors, especially supra-regional organizations or foreign actors, that can function as mediators between the different parties involved in the partnership process (Marquardt et al 2012). Thus, potential LAGs with external contacts are likely to be advanced in capacity-building and more competitive in the LAG-selection process. However, the effect of social

control and the enrichment of trust in a (potential) LAG's working sphere through the presence of external actors, which positively correlates with the density of network relations and negatively correlates with the level of anonymity, are likely to diminish when external actors leave or keep only distant relations to the regions.

To switch perspective, from the sample 8% of the German and 14% of the Hungarian LAGs have partnerships with Romanian actors. Aside from two potential LAGs, most of the Romanian partners are organizations (e.g., Tourism Association, Forestry School). Several differences between the German-Romanian and Hungarian-Romanian partnerships may be observed: 1) German LAGs got to know the Romanian actors through personal contacts or by collaborating with institutes, whereas Hungarian LAGs found their Romanian partners by target-oriented searches or during seminars; 2) In terms of cultural relations, all partners of the Hungarian LAGs are from parts of Romania that have strong Hungarian minorities, which again underscores the relevance of cultural proximity for partnership formation; 3) The hitherto existing results of the partnerships in the case of the German LAGs were personal relationships and a better understanding of the other culture. Contrary to the Hungarian LAGs, no concrete joint projects were mentioned. LAGs without Romanian contacts were asked about the reasons for this: 86% of German LAGs (but none of the Hungarian LAGs) had simply not yet considered the possibility of building up contacts to the NMS. 6% of the German and 20% of the Hungarian LAGs said they were not interested in such contacts. A good quarter of the LAGs see language barriers or geographical distances as a problem; many mention a lack of money and/or time as a general problem with regard to establishing and maintaining contacts. Hungarian LAGs in particular noted that they are concerned with the management of their own LAG and with elaborating RDCs. Nonetheless, 68% of the German LAGs and all of the Hungarian LAGs could envision a (further) partnership with Romanian counterparts, whereas the majority of the LAGs consulted stated that funds were a precondition for such activities. Noteworthy is that these shares are smaller than the respective shares for forming a further partnership in general.

## **6.2. Centrally Organized and Informal EU-Wide Rural Networking Activities**

Form and content of networking activities arranged by the funded network units for LAGs (e.g. publishing magazines, seminars, etc.) evolved over time, with the acceptance and use of the networking units differing between LAGs and funding periods. Yet, the literature further suggests that networking facilitated the dissemination of information and the transfer of know-how, and stimulated informal networking and cooperation. One considerable impact of EU-wide networking is that networking puts an end to the isolation of many rural regions

(CEMAC, 1999; ELO, 2001; Farrell, 2000; OIR, 2003), even if only by providing insight into developments in rural regions across Europe (OIR, 2003). Another result of EU-wide networking is the establishment of a sense of community: starting from the provision of "space to reflect innovative action" (OIR, 2003, pp. 183) to a forum and a common language leading to shared problems among interested parties. The empirical work presented below allows these general experiences with networking in the former funding periods to be fine-tuned in terms of its effects and underlying mechanisms, as well as experiences from the newly established network units as part of the ENRD, with an extended scope in associating policy delivery, to be examined.

*6.2.1. EU-wide networking from the perspective of the National Network Units.* Nearly all National Network Units (NNUs) funded under the EAFRD surveyed in 2010 stated that they benefit from the work of the central ENRD. The NNUs acknowledged the thematic working groups, the provision of information and the establishment of contact between them. However, they required more involvement in decision-making. Also, the function of the ENRD Contact Point could be emphasized in a better way, and communication between rural actors and the ENRD should be more direct and flexible, and less reliant on the NNUs as a "bridge." It was also suggested that it might be useful to organize more events at the European level for stakeholders other than network units. The NNUs saw the ENRD not sufficiently readily available to decentralized rural actors. Generally, the potential exists to improve organizational structures which appear – when applying the criteria outlined in Appendix A – to lack network character.

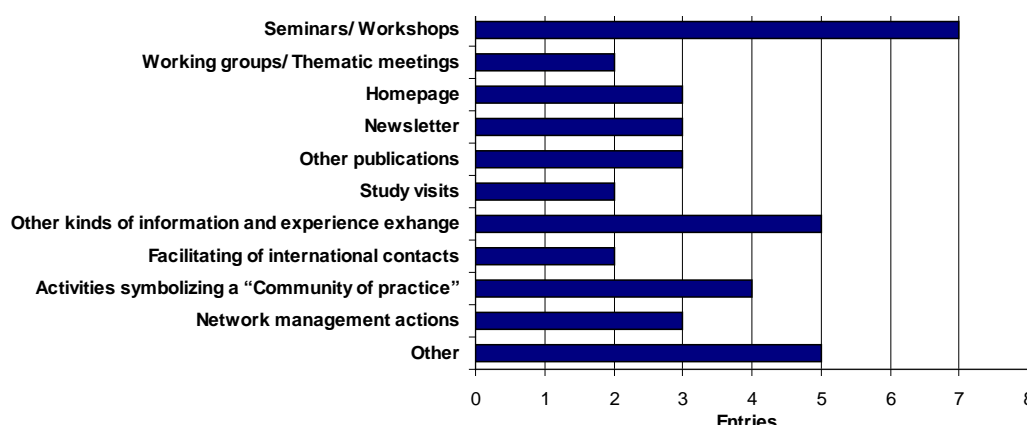
Although network participation is obligatory for LAGs, and by trend the LAGs were assessed by the network units as being the most active stakeholder group in the rural networks, LAGs' participation and contribution to the NRNs is not self-evident. Rather, LAGs would not be consistently active, and often only a small circle of members of a LAG participates in the network. Moreover, it appears difficult to cover the topics of all four EAFRD Axes equally and involve actors who are crucial for the topic of a certain axis, for instance farmers or actors from the administration for enhancing the EAFRD implementation process (Appendix D). It appears that organizing interdisciplinary/multi-sectoral network activities is even more challenging for the NRNs. Apparently, contrary to LAGs, for which by definition service has to be provided by the NNUs, the NRNs appear less attractive for other rural actors.

In the NRNs, unilateral, bilateral and multilateral relations can be found. Also, reciprocal relations between network members and NNUs are present, in other words actors who obtain information and support from the network (unit) also contribute to the network. The intensity of the various actors' contribution differs significantly –

while some network units stated that the network would not run at all without the support of particular members, other network units appreciated simple feedback. Moreover, the share of reciprocal ties in the total of network relations becomes inconspicuous when considering indirect contacts formed by communication via media. Overall, the potential for added value through dynamics, reciprocity and social-capital creation, as well as the creation of synergies and added value through complementing heterogeneity could be increased. However, the opinion prevailed among NNUs that all NRNs have network character and are more than just a help desk. One limitation in this regard is that the NRNs remain highly centralized, with the network units being the pivotal point. Also

in the former periods the networking units primarily answered the LAGs needs and delivered technical assistance, and despite being mandatory, many LAGs have not been proactively involved in network activities.

For NNUs, the following turned out to be the most challenging tasks: creating added value through network management; providing technical assistance for transnational cooperation projects; identifying best practices; maintaining cooperation between stakeholders; ensuring continuous communication in such a way that not only is information spread, but also duplications are avoided. Seminars/workshops were found to be the most fruitful networking means, less so homepages or newsletters (Figure 1).



Note: 39 entries given by 11 network units across the European Union (ticking several answers was possible).

Under the category "Other" 1) network activities striving to symbolise a "Community of networkers" and strengthen the feeling of belonging together, such as annual network member meetings; and 2) network management actions, for instance, Steering Committee meetings, were mentioned. The comparatively high relevance of management actions may indicate that a certain degree of institutionalization is an asset for running the rural networks, and is likely to become particularly relevant if the scope is extended from a national to a European scale.

**Figure 1.** Most Fruitful Activities Undertaken by Network Units (Self-Assessment)

Source: Own data 2010.

This indicates that the NRNs are effective not only as a result of their weak, largely unilateral or bilateral relations, which allow information to be transferred easily to many actors, but particularly through events facilitating personal communication, and by trend more intense and multilateral relations. The importance of personal communication for the formation of trust and social capital was not only revealed in the empirical work among the LAGs presented above, but has also been stressed by other authors, e.g. Giddens (1991) and Ryan et al (2005).

**6.2.2. EU-wide networking from the perspective of rural actors.** Examining the network units' work from an external perspective provides an overview of how far the offered means are used. When taking Romania as an example, it has to be considered that during the investigation period in the NMS, no NNU was in place. Still, Romanian actors benefited from other rural networks: in 2005 two potential Romanian LAGs, and in 2007 three potential Romanian LAGs had posted an advertisement

searching for partners on the website of the former LEADER+ Contact Point. By 2008, 5% of the potential LAGs had personal contact to the Contact Point and 26% to non-Romanian National Networking Units. Furthermore, by 2008 42% of the potential LAGs had gathered information about LEADER in magazines published by the Contact Point, 45% in a brochure published by an established LAG. Also, 15% of the future Romanian programme agencies searched for information about LEADER on the website of the Contact Point. Surveys among the Hungarian and German LAGs allow a comparison: While 45% of the German LAGs already had contact to the LEADER+ Contact Point, this applied to only 15% of the younger Hungarian LAGs. From LAGs of both countries, around 15% had contact to a foreign networking unit. Apparently very active, 48% of the Hungarian and only 8% of the German LAGs made regular use of the Partnership Tool on the European LEADER+ website. The 2010 survey among the members of the future Ro-

manian NRN, which was not functioning at the time, shows that 31% of the survey participants made use of offers provided by the ENRD. Around one quarter of survey participants gathered information from other NRNs. The high rates of Romanian actors using the services of foreign NRNs suggest an important compensatory function by the European and national network units in cases where the NNU in one member state fails.

Other networking activities besides those (formally) organized by the network units are – as shown in Box 1 – definitely drivers to rural development; however, their final impact is hard to measure (Appendix B). Though exemplarily, systematically assessing various means of circulating information among Romanian local actors clearly highlighted the impact of informal EU-wide networking compared to formal means of promoting LEADER in that NMS (Marquardt et al, 2012). Hungarian LAGs, German and international organizations turned out to be especially crucial informal information sources. Effects of informal networking also become obvious if one recaps, for instance, the seeds of partnerships of German, Hungarian, and potential Romanian LAGs.

## 7. Discussion

Despite no hard proof regarding their impact, and despite their outcomes appearing to be rather mixed, by trend both networking and cooperation gained importance among EU rural policies over time. Evidently, partnerships and networking can exert positive effects on rural development, but they do not necessarily run themselves due to the needs of trust, personal effort and time, as well as of administrative and financial resources. Nonetheless, EAFRD support to partnerships and NRNs can be questioned, because informal relations, which are often found to be inherently demand-driven, can also be an effective means of rural development. From the perspective of both rural actors and sponsors, establishing a partnership or becoming involved in networking, funding partnerships and networking respectively, is likely to be based on input-output calculations/cost-benefit considerations including financial, technical, social and other immaterial resources (Figure 2a-d). Yet, as not all human decisions follow the principle of rational choice and utility maximization (Anand et al, 2009), the following discussion – despite already considering intangible values – is not based on a concept, which claims for comprehensiveness.

Combining theory and practice, one must discuss to what extent (EU-wide) rural networking requires policy support and how the potential that networking theoretically offers can be exploited more properly. These questions also have to be addressed against the undertakings' contribution to EAFRD-related objectives. Moreover, it has to be considered that policy instruments are intended to target actions which otherwise would not, or to a too lim-

ited degree, be initiated. Below, this will be examined for supra-regional networking and partnerships.

Inter-territorial partnerships. There is evidence that interest in establishing partnerships with other regions depends on the availability of funding. On the other hand, the high share of informal partnerships suggests that even without funding, a partnership might be valuable. Moreover, in cases where funds would have been available, for instance for partnerships from German LAGs to other LAGs, no use of LEADER funds has been made, or other support programmes are preferred (see also Hudeckova and Balzerova, 2010). This might indicate that the transaction costs for establishing a formal partnership, which is not only more intensive than networking (Table 2), but might – contrary to informal partnerships – also create administrative burdens, might not be compensated by the added value potentially resulting from a partnership and the possibly available funds (Figure 2). While seemingly deficient LAG capacities (time, human capital) often impede reasonable collaboration, experiences also indicate that too high financial incentives might lead to falsified partnerships (see below).

The instrumental design of Measure L2 might be further questioned considering evaluation results that economic impact of LAG-partnerships can seldom be found and that “inspirations” were presented as the most significant outcome of cooperation (Metis et al, 2010). Even LAGs judged the outcome of partnerships as not being higher than that of networking (ÖIR, 2003), where for the latter the transaction costs are lower (Table 2; Figure 2), so that lower or no compensation through funds would be appropriate. Indeed, the programme guidelines require cooperation to go beyond networking. Findings on administrative burdens (DG Agri, 2011b) suggest that enforcing this clause in practice to prevent funds from being misspent is likely to be linked to a high level of administrative effort, thereby lowering the overall efficiency of cooperation as intervention. The possible replacement by informal partnerships, and the risk of misspending and administrative burdens for programme agencies might be fundamental reasons for member states not to highly invest in Measure L2. However, from a European perspective there are good reasons for supporting transnational cooperation projects, even though inter-territorial cooperation (within one country) appear to be more easily arranged (e.g. better possibilities of personal contact, no language barriers).

1. Lighthouse projects. Though the addressees' culture has to be understood, cultural diversity resulting from transnationality is likely to be beneficial to the final effects of cooperation (cp. Inkpen and Tsang, 2005). There are convincing good-practice examples which underscore that transnational cooperation can have particular value that is likely not to be achieved otherwise.

2. Flag-shiping the EU. As found by Ray (2001), transnational cooperation enhances the visibility of the

EU at the sub-national level, and thereby promotes the overall objectives of the Union itself; it also furthers coherence.

3. Technical and social assistance. Bearing in mind that the less-experienced (potential) LAGs are particularly interested in partnerships, and that many Hungarian actors declared their interest in partnership with LAGs from older member states, it can be guessed that the special value of partnerships lies within their enabling effects, which are likely to result in one-sided partnerships. Generally, information, help and social pressure are most likely to flow from those with greater expertise to those with lesser expertise (Frank et al, 2004). Not all of those effects could be achieved through loosely coupled network relations. This applies, for instance, to actions related to social learning, or to the effect of mediation and social control in potential LAGs' partnership processes. Therefore, incentives are needed for mobilizing experienced LAGs for which the output of such partnerships is less promising. In such a case, partnerships serve overarching policy objectives because the enabling effects are likely to enhance later EAFRD-funded projects.

Overall findings have shown that supra-regional partnerships further the development of potential LAGs, but that LEADER funds have hardly had any contribution in this regard, despite explicitly considering LEADER-like groups. Therefore, modifications in the funding schemes adapted to (potential) inexperienced LAGs with relatively fewer capacities should be considered. Here, the aspects of a lower level of intensity in partnerships, low administrative burdens, the crucial role of key actors, such as supra-regional organizations, and incentives for the experienced parties are to be favourably considered. Whether, however, it is a rightly placed incentive, to set such partnerships as the criterion for the LAG-selection-process is questionable. Interestingly, many German LAGs partnerships (not only with Romanian actors) were established shortly before the LAG selection for the proximate funding period. Time will tell whether those relations develop into real partnerships or remain artificial-lystaged collaborations.

Networking. At first glance, and similar to funding partnerships, the question also arises why formalized networks such as NRNs and the ENRD are needed if informal networking can be efficient and free of cost for governmental organizations (Figure 2). The main answer lies within certain risks associated with informal networking. First, output is almost impossible to plan, as it relies solely on voluntary contributions, which in turn mostly depend on the envisioned personal benefit. Consequently, continuity in networking, which is essential if actors (particularly newcomers) require technical assistance, cannot be assured, as the principle of dependency – potentially assuring stability in a network (Section 2) – does not equally concern all NRNs. Second, due to a lower degree of commitment, informal networking could carry a higher

risk of losing important information. Further, tangibles are more likely to be exchanged via markets, and intangibles through networks (Powell, 1990). Especially difficult to codify resources such as tacit knowledge (Inkpen and Tsang, 2005), which is important when new solutions to rural problems are sought, are not readily available on the market. Third, though the Hungarian case suggests that involvement in EU-wide networking finally depends on the actors' activity and less on maturity, sometimes networking must be stimulated and actors have to recognize its idea. Fourth, networking is expected to become more effective the more actors are involved, as long as disorganization can be avoided. Moreover, through network management and targeted activities, striving for, e.g. interdisciplinarity and transnationality, particularly valuable effects might be achieved. The last point underscores the potential that accompanies organizing networking not only at the national, but also at the European level. Again, it can be assumed that rural actors in the less experienced member states benefit more, so that some member states might be less motivated to participate in EU-wide networking. Generally, the fear that others will make no contribution or "free-ride," which is a well-known phenomenon (de Bruijn and ten Heuvelhof, 1995) might also be a deterrent. Since an economic incentive might be less effective if it is addressed to governmental organizations, and considering the delay of establishing networking units in previous funding periods (Appendix C), making the establishment of NRNs mandatory might be the right decision. However, going beyond the basic network effect of information distribution, which can also be found in technical networks (Section 2), networking depends on a willingness to make the necessary effort, which cannot merely be imposed by regulation; its effectiveness and efficiency depends on motivation. Also, the decision to invest in social capital is made by individuals, not by groups (Johnson 2003) or organizations. Thus, its added value is likely to be larger the less networking is perceived to be an obligation and the more networking can be adapted to pre-existing institutional contexts. This implies that: 1) participation in the ENRD has to be favoured by the NNUs; 2) despite the staff of the administration having no personal benefit and their efforts being compensated by funds, the networks are likely to benefit from a trustworthy, constructive and promising atmosphere that facilitates the creation of social capital and also motivates members to invest into the network.

It remains to be seen whether it might have been more effective to count on the principle of voluntarism, which might benefit the personal notion and the networking atmosphere. The possible conflict between making networking mandatory and effectively using the potential that (social) networking theoretically offers can probably only be overcome if the (proven) benefits of networking are sufficiently communicated.

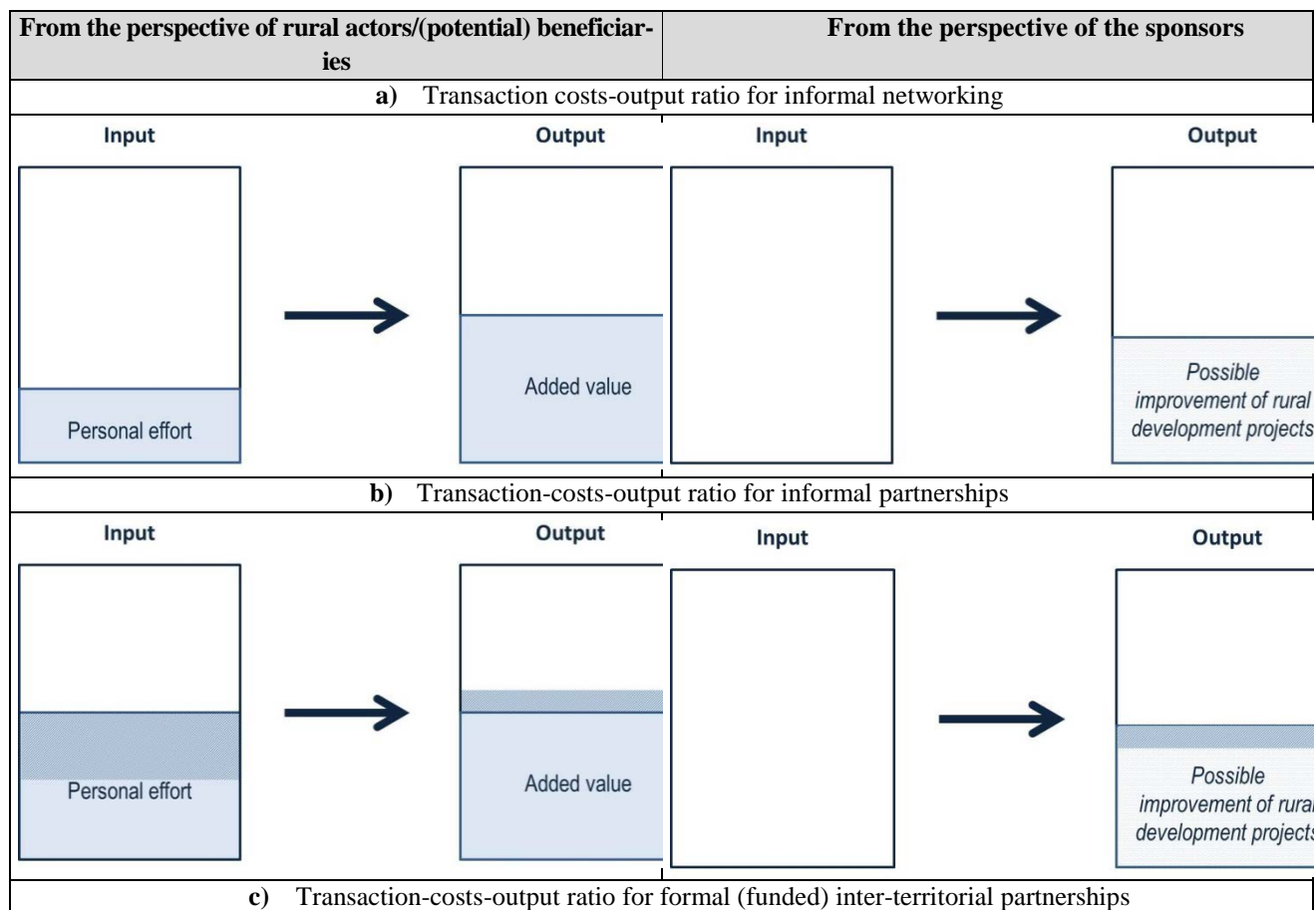
Making participation in network activities obligatory for LAGs, which (also) breaks with the principle of voluntarism (Duguet, 2006), appears less impactful. This is not only because it is currently not enforced, but also because at the level of the LAGs, the fact that creating added value based on creating social capital is likely to be achieved only through personal effort becomes even more relevant.

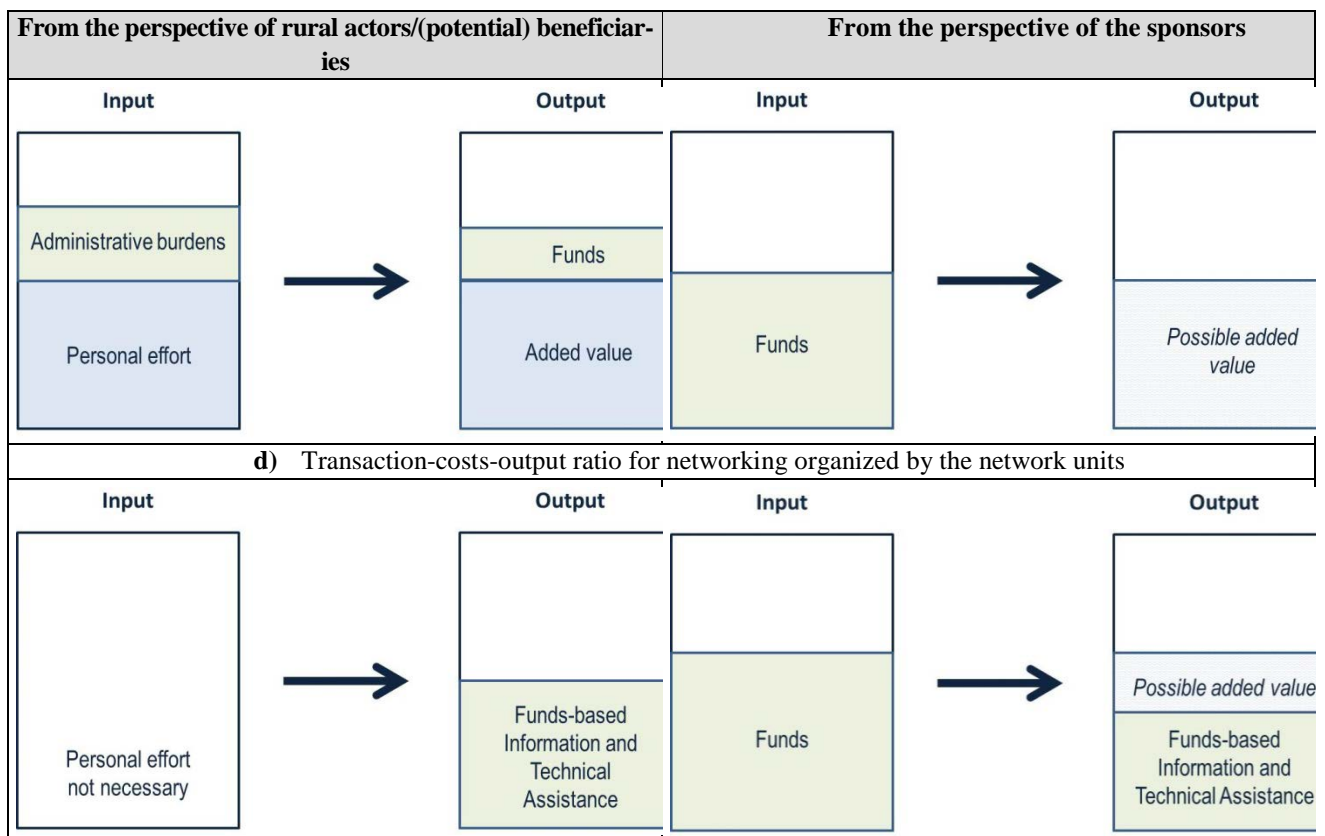
The rural networks serve LAGs and (potential) beneficiaries and can be assumed to enhance policy delivery through information transfer and technical assistance. Yet it became obvious that currently desirable network effects (Appendix A) are not sufficiently utilized. This applies, for instance, to the effects of decentralization and complementarity. Moreover, because the NRNs are externally funded and the principle of reciprocity leading to the creation of social-capital-based added value must not be applied to maintain the networks, members' contributions, and hence dynamics appear to be lower than the network design suggests. Thus, the potential exists to increase the instruments' effectiveness and efficiency. Financing the rural networks by collecting membership fees instead of spending funds might have exclusive effects thereby contradicting the network principle of openness, and making the networks lose their status as a public good. Bearing in mind that: 1) funds have to be spent for some kind of technical assistance anyway; 2) the networks show some

added value; and 3) that NRNs also directly serve the sponsors' interests by enhancing policy delivery, rural networks still appear to be a worthwhile intervention.

To overcome the lack of reciprocal relations, as well as the involvement of certain stakeholder groups, applying network theory suggests supplementing common externally defined NRN objectives by endogenously grown objectives (Marquardt and Hubbard, 2010). By so doing it is aimed at satisfying (potential) members' interests, making the network (more) relevant, as is essential for a network's sustainability (Ethering, 2005), and thereby seeking members' contributions.

From the perspective of both rural actors and sponsors, partnerships potentially lead to a greater and special kind of added value (Figure 2) and are theoretically more stable (Table 2). An obvious advantage of networking as intervention, on the other hand, is that it can be more easily initiated, as lower initial investments are needed. Networking also bears less risk, as membership is not binding for rural actors. In its current instrumental design, for the sponsors there is little risk of misspending, since some of the network units' tasks have to be delivered anyway, and running the units is institutionalized. Sponsors reach more actors than when investing the same amount of funds in partnerships whose formation might be stimulated through networking.





Note:  = Increase in comparison to Figure 2a

<sup>a</sup> Funds for investment projects, which are realized within the partnership, are not considered within Figure 2b.

<sup>b</sup> Funds are used for running institutionalized network units; Rural actors only receive technical assistance and information and no financial resources for designing own networking measures; added value might already occur through the basic effect of information networks.

**Figure 2.** Schematic Cost-Benefit Estimations of Different Kinds of Networking and Partnerships from the Perspective of Rural Actors/ (Potential) Beneficiaries and Sponsors

Source: Own design

## Conclusions

EU-wide networking is doubtlessly a driver of rural development and an ingredient for enhancing EU rural development policy delivery. Analyses particularly point to the enabling effects of networking in the form of information transfer and technical assistance, which is likely to turn into the advantage of inexperienced rural actors in newer member states, including (potential) beneficiaries and administration. Examining experiences with EU interventions that support rural networking revealed that, despite networking being generally promoted because of its cost-effectiveness, and its potential to create added value, it might be useful not to rely on informal networking, but rather to fund EU-wide networking to round out the set of rural development interventions. Besides underscoring that it is worthwhile to question the concept and relevance of interventions instead of solely striving for impact assessment, this paper shows, that employing sociology, and network theory in particular, can enhance support to rural networking. The paper also highlights that: 1) strongly funded networks/partnerships tend to fail

to create added value; 2) effective networking needs endogenously grown objectives, especially in externally inflicted networks; and 3) investing in technical support to networking between regions is likely to be more efficient and risk less than financial support to interregional partnerships.

The findings have fundamental implications for designing external support to rural networking. These implications are not only relevant for governmental organizations, but also for other donors or civil society organizations. Keys to designing effective and efficient networking interventions are: 1) to mobilize the personal effort of involved actors to increase added value, which shows up in the partnerships actors are committed to, and in reciprocal network relations; and 2) to place incentives for actors who are desired to become involved in cases of lacking mutual dependency. This entails, for instance, for harvesting the theoretically possible effects of partnerships to place incentives for the stronger actors to support weaker ones, and requires for networking to set up endogenously grown objectives. Generally, examining the EU funding schemes revealed the discouraging effect of



administrative burdens, which should be brought to a minimum.

When designing network instruments – despite the efficiency of broad information circulation – attention should be paid to increasing the elements of trust-evoking direct/personal relations. Major motives for this requirement are the formation of a proposition for social-capital-based reciprocity, and subsequently using the potential effects of complementarity of a diverse network composition, as well as increasing the interventions' output and added value through personal investment.

Funds for partnerships, which mostly rely on higher initial investments and transaction costs (i.e., social and financial capital, and time), are more likely to be spent ineffectively and inefficiently than funds for networking. However, the possible special effects of partnerships, in contrast to networking, which make them worth being funded – for example allowing social learning and enforcing social control – should not be neglected.

Interventions aiming at process stimulation are associated with the problem of monitoring and evaluation, which might be nearly impossible or very effortful (Appendix B). Consequently, for sponsors there is the dichotomy between accepting either high administrative costs or the risk of mis- or less efficient spending of resources. Yet even if cases of misspending cannot be avoided (which probably holds true for any intervention), if sponsors decide to intervene, networking generally appears to be a comparatively cheap and potentially catalysing instrument, particularly if its social dimension can be exploited.

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### Legislation

Commission Decision of 20 February 2008 setting up the organisational structure for the European Network for Rural Development (EC/2008/168).

Commission Notice to Member States of 19 March 1991 laying down guidelines for integrated global grants for which Member States are invited to submit proposals in the framework of a Community initiative (1991/C73/14).

Commission Notice to the Member States of 14 April 2000 laying down guidelines for the Community initiative for rural development (Leader+) (2000/C139/05).

Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Communication to the Member States laying down guidelines for global grants or integrated operational programmes for which Member States are invited to submit applications for assistance within the framework of a Community initiative for rural development (1994/C180/01).

Council Decision of 20 February 2006 on Community strategic guidelines for rural development (programming period 2007 to 2013) (EC/2006/144).

Council Regulation No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

**Appendix A.** Characteristics of Social Networks and the (Potentially) Associated Benefits

Network property	Expected Benefit
<b>Openness</b> The network is open to new members.	Openness is required for maintaining the principle of voluntarism and giving actors the chance to participate in the network; the latter also serves to assure that legitimacy is granted to the work of the network.
<b>Flexibility</b> Structures are flexible, not or hardly formally institutionalized; connections between members might be loose.	Allows network dynamics and adaptation.
<b>Dynamics</b> Interaction between network members.	Members are active, exchange resources, and might also propose activities and get involved in doing them.
<b>Decentralization</b> Shared leadership.	Allows decisions to be made where they matter most; Facilitates democracy.
<b>Diversity</b> Diverse stakeholders belong to the network.	Interaction between diverse opinions and ideas is creative and progressive, and ideally complement each other.

Source: Based on Church, 2006; Mihalache, 2009; and Russo and Rossi, 2009.

**Appendix B.** Assessing and Analysing Networks and Social Capital - State of The Art

A concrete examination of networks is challenging. The breadth of the network concept that allows openness, dynamic and flexible structures entails that networks as analytical objects are complicated in terms of the number of parts and complex in the meaning of uncertain and emergent (Rogers, 2008). Due to the possibility of incessant change in social networks, their analysis is likely to only present a snapshot (Schenk, 1984), or series of snapshots at constituting moments (Segert and Zierke, 2004).

Social capital is still a “notorious vague, ill-defined, and contested term” (LSEPS, 2007, p. 4) and the concept is still evolving. Despite the considerable interest in social capital by researchers of various disciplines, a commonly accepted definition has not been established, nor has a coherent underlying theory emerged (Adler and Kwon, 2002; EC, 2005; Wald, 2011). For instance, while there is a consensus that social capital is derived from social relations (Adler and Known, 2002) and that trust and norms impact the creation of social capital, disagreement exists about whether behavioural dispositions, particularly trust and norms, should be included in its definition (Johnson, 2003; PC, 2003). Moreover, there is still a lack of full understanding of “how (and if) social capital can be built”, (Shucksmith, 2000, p. 216; see also Parissaki and Humphreys, 2005). Consequently, approaches to assess social capital vary widely. Particularly challenging is its quantification. Frequently, social capital is assessed by proxy measures and/or indicators that are, in one way or another, associated with the presence of social capital; here levels of trust, participation and co-operation, as well as membership in organizations are often used (Farrell and Thirion, 2005; Furmankiewicz et al, 2010; Milczarek-Andrzejewska et al, 2011; Murray, 2008; Wald, 2011). However, most empirical work to date has been hampered by the use of imperfect indicators of social capital, and difficulties in laying down patterns of causality between the indicators (PC 2003). Wald (2011) points to the problem of clearly demarcating causes (networks and embeddedness) and effects (e.g. trust and cooperation) leading to circular arguments if the assessment builds upon proxy data attributed to actors or only on data assumed to reflect effects (see also PC, 2003; Portes, 1998). Moreover, even if an index for social capital has been developed, the lack of sufficiently deep and sophisticated data is problematic (LSEPS, 2007). In fact, it is widely recognised that relations between actors are the fundamental aspect of social capital. Therefore, it is suggested that social capital is the level of social connectedness among individuals in a community (Badescu and Sum, 2005; see also Jansen, 2000). However, the kinds of social relations examined vary considerably across applied approaches. Network theorists argue that an understanding of social capital requires an analysis of the specific quality and configuration of network relations (Adler and Kwon, 2002). Even if satisfying those requirements, many models are only valid for a specific network in a specific situation, making approaches hardly transferable and the level of social capital in different networks hardly comparable (Farrell and Thirion, 2005; Inkpen and Tsang, 2005; Mateju and Vitaskova, 2006).