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Working Paper

Local partnership as an incubator for rural development: the case of Debrzno, North-Western Poland

Discussion Paper, No. 90

Provided in Cooperation with:

Leibniz Institute of Agricultural Development in Transition Economies (IAMO), Halle (Saale)

Suggested Citation: Gramzow, Andreas (2006) : Local partnership as an incubator for rural development: the case of Debrzno, North-Western Poland, Discussion Paper, No. 90, Leibniz Institute of Agricultural Development in Central and Eastern Europe (IAMO), Halle (Saale), <https://nbn-resolving.de/urn:nbn:de:gbv:3:2-2767>

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DISCUSSION PAPER

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

**LOCAL PARTNERSHIP AS AN INCUBATOR FOR
RURAL DEVELOPMENT:
THE CASE OF DĘBRZNO,
NORTH-WESTERN POLAND**

ANDREAS GRAMZOW

**DISCUSSION PAPER No. 90
2006**



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The series *Discussion Papers* is edited by:

Prof. Dr. Alfons Balmann (*IAMO*)
Prof. Dr. Gertrud Buchenrieder (*IAMO*)
Prof. Dr. Thomas Glauben (*IAMO*)

ISSN 1438-2172

ABSTRACT

Since the beginning of the 1990s, the gap in economic development between rural and urban regions in Poland has continuously grown. Increasing income disparities and the lack of job opportunities have already led to an outflow of young people out of and an increasing obsolescence in rural areas. As successful examples in different Polish regions show, endogenous initiatives may have a lasting impact on the economic development of rural areas and are able to counter the mentioned effects. This paper presents the results of a case study which analyses endogenous initiatives in the commune Dębrzno, Pomorskie voivodship, Poland. The case study results primarily rely on open interviews conducted with inhabitants, representatives of the local government, and members of a local development association. A major problem for the region is the high unemployment rate, due to the shutdown of the local state farms and the local military base. To respond to this problem a local development association was founded in 1998. First results of the association's activities are, amongst others, the foundation of a local business start-up agency and a local labour agency. The association was also the main initiator of the regional *Partnership of the Northern Necklace*, which created an 870 km long bike trek, founded a local brand, and organized different workshops for rural inhabitants. On the way to develop the association's activities, the trust local inhabitants hold in the association members, the undertaken promotional actions in order to activate inhabitants, as well as the close cooperation with the local government turned out to be important success factors. In 2004, the association together with representatives of ten other communes applied for the pilot measure to implement the Community Initiative Leader+. Already conducted conferences with potential partners of a future Leader-type local action group, experience with endogenous initiative within the association and the *Partnership of the Northern Necklace*, as well as the high level of knowledge the involved partners have about Leader-type projects constitute promising preconditions for a successful implementation of the pilot measure in the region.

JEL: J 43, P 32, R 11

Keywords: Rural development, endogenous initiative, cooperation, Leader+, Poland.

ZUSAMMENFASSUNG

LOKALE PARTNERSCHAFT ALS INKUBATOR FÜR LÄNDLICHE ENTWICKLUNG: DAS BEISPIEL DĘBRZNO, NORDWESTPOLEN

Seit Beginn der 1990er Jahre wuchs die Kluft zwischen ländlichen und urbanen Regionen Polens in Bezug auf die wirtschaftliche Entwicklung kontinuierlich. Steigende Einkommensdisparitäten und fehlende Arbeitsplätze haben zu einer Abwanderung jüngerer Menschen aus und einer zunehmenden Überalterung in ländlichen Gebieten geführt. Wie erfolgreiche Beispiele in unterschiedlichen Regionen Polens zeigen, sind endogene Initiativen in der Lage nachhaltigen Einfluss auf die wirtschaftliche Entwicklung ländlicher Gebiete zu nehmen und den genannten Problemen entgegenzuwirken. Dieser Beitrag präsentiert die Ergebnisse einer in der Gemeinde Dębrzno in der polnischen Wojewodschaft Pommern durchgeführten Fallstudie, in der endogene Entwicklungsinitiativen näher untersucht wurden. Die Fallstudie basiert auf offenen Interviews, die mit Vertretern lokaler Behörden, Mitgliedern des Fördervereins in Dębrzno und Bewohnern der Region durchgeführt wurden. Ein wesentliches Problem in der Region stellt die hohe Arbeitslosenquote dar, die aus der Schließung der landwirtschaftlichen Staatsbetriebe und der lokalen Militärbasis resultiert. Um diesem Hauptproblem entgegen zu

wirken, wurde 1998 ein lokaler Förderverein gegründet. Zu den ersten Ergebnissen der Vereinstätigkeit zählen u. a. die Errichtung eines Existenzgründerzentrums und einer örtlichen Arbeitsagentur. Der Förderverein war außerdem der Hauptinitiator der regionalen *Partnerschaft "Halskette des Nordens"*, die einen 870 km langen Radweg errichtete, eine lokale Produktmarke gründete und verschiedene Workshops für die lokale Bevölkerung organisierte. Der Erfolg der Aktivitäten des Fördervereins ist vor allem auf das Vertrauen der Bevölkerung in die Vereinsmitglieder, die Einbindungen der lokalen Bevölkerung in die Vereinsaktivitäten sowie die enge Zusammenarbeit des Vereins mit den Behörden zurückzuführen. Im Jahre 2004 bewarb sich der Förderverein von Dębrzno gemeinsam mit Vertretern aus zehn weiteren Gemeinden für die Pilotmaßnahme zur Implementierung der Gemeinschaftsinitiative Leader+. Bereits durchgeführte Konferenzen mit potentiellen Partnern einer zukünftigen lokalen Aktionsgruppe, vorhandene Erfahrungen mit endogenen Initiativen im Förderverein und in der *Partnerschaft "Halskette des Nordens"* sowie ein hohes Wissen der Beteiligten über die Gemeinschaftsinitiative stellen vielversprechende Voraussetzungen für die im Jahre 2005 begonnene Implementierung der Pilotmaßnahme in der Region dar.

JEL: J 43, P 32, R 11

Schlüsselwörter: Ländliche Entwicklung, endogene Initiativen, Kooperation, Leader+, Polen.

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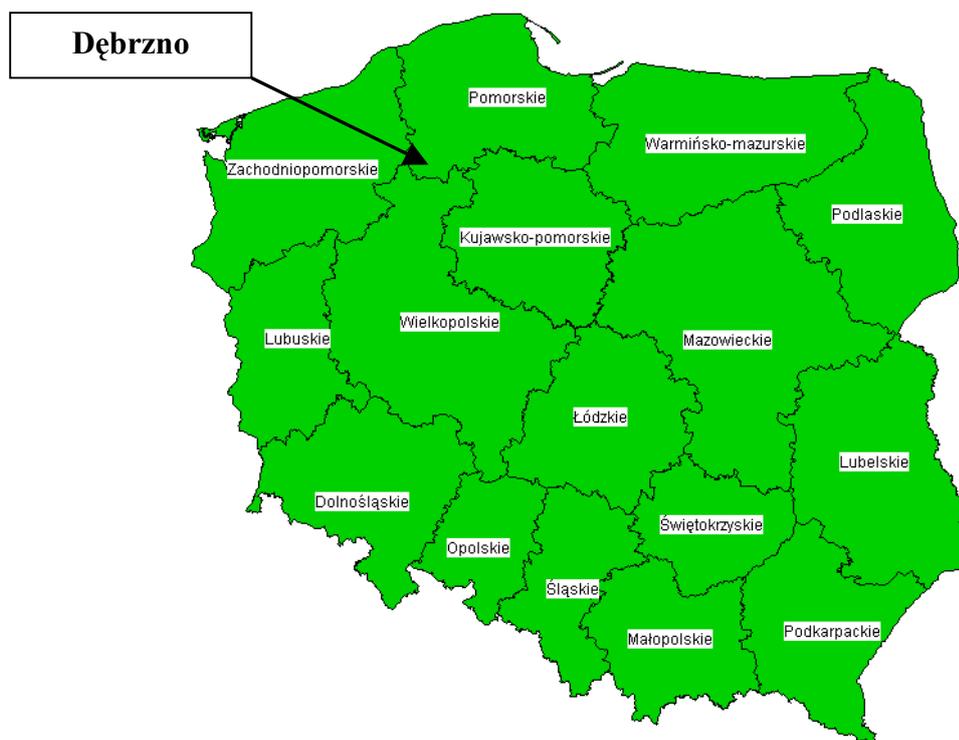
LIST OF ABBREVIATIONS

LAG	Local action group
Leader+	Liaison Entre Actions de Développement de l'Economie Rurale (Links between actions for the development of the rural economy)
NGO	Non-governmental organisation
SME	Small and medium sized enterprises
ZUS	Zakładzie Ubezpieczenia Społecznego (Social insurance scheme)

1 INTRODUCTION^{1,2}

Since the beginning of the 1990s, the gap in economic development between rural and urban regions in Poland has continuously grown. Increasing income disparities and the lack of job opportunities have already led to an outflow of young people out of and an increasing obsolescence in rural areas. As successful examples in different Polish regions show, endogenous initiatives may have a lasting impact on the economic development of rural areas and are able to counter the mentioned effects. This paper presents the results of a case study which was conducted in the commune Dębrzno, Pomorskie voivodship, Poland (see Map 1). The purpose of the case study is to analyse local development problems and chances, the endogenous initiatives conducted to support the improvement of the regional livelihood, and the activities undertaken in order to implement the EU initiative Leader+ in the selected region. The case study is based on thirty-five open interviews, which mainly concerned the regional development of the last fifteen years, the interviewees' assessments of regional problems and chances, the local mentality, and the results of the endogenous initiatives undertaken by a local association.

Map 1: Geographical position of Dębrzno and Polish voivodships



Source: Author's depiction.

¹ The author is indebted to Martin Petrick and Peter Weingarten for helpful comments on an earlier version of this paper. Furthermore, the author thanks Alicja Mędrék, Marek Romaniec, and Zdzisława Hołubowska as the main contact persons in the case study region for their great support to coordinate the research stay as well as Jakub Ciołkowski for his assistance as interpreter in the conducted interviews. Many thanks also go to Urszula Budzich-Szukała and Kinga Boenning for their kind cooperation.

² This paper discusses one of three case studies which have been conducted in the Northwest and the Southeast of Poland in the summer of 2005. The case studies constitute the empirical part of an ongoing dissertation which analyses the adoption of the pilot measure to implement the EU initiative Leader+ in Poland. The results of the first case study is already published in GRAMZOW (2005).

The analysed region is a commune located in the Southwest of the voivodship Pomorskie and comprises about 9 300 inhabitants. It is a predominantly rural region. 57 % of the local population lives in the small town Dębrzno, and the population density is at 42 inhabitants per km². 66 % of the commune's area is agricultural land and 26 % is forest (GUS 2004). At the beginning of the transformation the local labour forces were mainly employed by the state-owned farms and the military base, which both were dissolved in the early nineties. Agricultural production still plays an important role in the local economy. It is dominated by, compared with the average Polish farm size, large-structured farms. Their average size amounts to just 16.5 ha, but most of the agricultural land is cultivated by farms with more than 100 ha. Agricultural production mainly focuses on cereals and soft fruits. For animal production pork is predominant. More than 15 % of all employed persons are working on farms, 24 % for production industries, and 61 % for services. In 2003, in the district Człuchowski, to which Dębrzno belongs, the average monthly income of 1 820 PLN [453 €] per person was equal to 78 % of the Polish average. The unemployment rate exceeds with 37 %³ the Polish average (20 %) dramatically. Many inhabitants, due to a lack of job opportunities, already migrated to bigger Polish cities or went abroad. From 2002 until 2004, the net migration of the commune Dębrzno varied between -4.5 and -10.3 per 1 000 inhabitants (CROSS BORDER DATABASE 2005).

This paper proceeds as follows: Section 2 presents the main problems of the region as seen by the interview partners. Section 3 describes the regional development potentials and discusses barriers which hamper the realization of the latter. Section 4 introduces endogenous local development initiatives starting from a local association, their impact on the region, and the reason for the success of certain initiatives. Section 5 describes the current status of the adoption of the pilot measure to implement the Community Initiative Leader+ in the region. Section 6 concludes.

2 PERCEIVED PROBLEMS OF THE REGION

In the following, based on the interview results, the situation on the local labour market, the development of local farms, and the lack of social cooperation between inhabitants are discussed as major problems of the commune Dębrzno.

The thirty-five conducted interviews consist of five interviews with representatives of the local government, six interviews with local farmers, eleven interviews with representatives of the *Association for the development of the city and the commune of Dębrzno* [Stowarzyszenie Na Rzecz Rozwoju Miasto i Gminy Dębrzno] and the *Partnership of the Northern Necklace* [Grupa Partnerska Naszyjnik Północy], nine interviews with local entrepreneurs, one interview with two representatives of the local cooperative bank, and three interviews with local inhabitants in general. The interviews lasted between one and two hours, whereas some interviews were divided in two different sessions. The interview questions basically leaned against pre-structured interview guidelines. Most interview partners were selected with the help of the snowball principle. We had two contact persons which helped us to arrange meetings with potential interviewees. Further interview partners were recommended by the latter or contacted on our own. The interview partners were chosen due to their knowledge of the local development initiatives, their occupational background (local entrepreneurs, representatives of the local government, local farmers), their insights into the local mentality, and their knowledge of the local labour market.

³ The unemployment rate was only available on the level of the district Człuchowski (GUS 2004).

2.1 Unemployment and its impact on the local economic development

"The biggest problem in this region is unemployment, because after people became unemployed all the other problems appeared. People are poor [...]" (D-05).⁴ This assessment of a local teacher shows exemplarily the negative impact the local society attaches to the lack of job opportunities in the commune Dębrzno. The statistical data displays an unemployment rate of 37 % for the district Czulchowski in which Dębrzno is located. The unofficial unemployment rate amounts approximately 45 %, as a representative of the local government mentioned. But, not only the income situation of local inhabitants is biased by the lack of job opportunities. It also lowers inhabitants' activity on the local labour market and leads to an outflow of young people or specialists, which are not able to find an employment in the closer ambit.

Many of the local inhabitants, who were employed by the state farms or the military base, did not originally come from Dębrzno. After the Second World War, because of the jobs and flats which were offered by the state farms and the military base, lots of people moved from the South of Poland to Dębrzno. "[And] actually in this time the people, who came originally from this region, used to be in the minority" (D-01), as a member of the *Association for the development of the city and the commune of Dębrzno* mentioned. In general, those people who moved to Dębrzno were mostly lower skilled, they often only hold a primary school degree and were mainly employed for simple jobs. In the early nineties, as these people became unemployed, they could not find any other job "and some of these people went back [to the South of Poland] but lots of them [...] bought their flats here. Due to the fact that they had their flats as their own property in here and they were not able to sell it, even if they would like to go anywhere else, they could not move. They were not sufficiently educated to find a job anywhere else" (D-01). With the shutdown of the state farms and the military base more than 2 000 people from the commune Dębrzno became unemployed and "[...] these who had something in their head or had healthy hands, escaped to the city or went to another country" (D-29), as a local entrepreneur explained. Many of those who remained in Dębrzno are still, even after more than 10 years, unemployed and maintain their living on social aid. These unemployed people have not known how to become active and how to look for a job as they lost their jobs. They took for granted "[...] that everything will be provided for them, and now they do not know how to find themselves in the new reality and on the free market" (D-32). These people mostly are not endued with entrepreneurial skills. They received the social aid, which was in the early nineties, compared to the current payments, quite high. Therefore, they did not feel forced to look for a new employment⁵. In the following years, the social aid was cut. But most unemployed persons still prefer to "[...] stay home and do not work at all" (D-34), as one interview partner mentioned. She continued: "And even if you look for somebody to do a job for you, it is hard to find someone." The latter fact was also stated by a representative of the local labour agency. She mentioned, that if the agency offers a job to an unemployed person, people from the agency sometimes receive the answer: "Oh no, the salary is too low, for this money it is better to stay home than going to work" (D-06). A similar story was told by a local entrepreneur, who used to work for one of the state farms. He mentioned that in the last years of the state farms existence, he received the order to produce potatoes on 700 ha. But one requirement he received from the farm manager was, that all the potatoes

⁴ A short description of the interview partners can be found in the Annex.

⁵ An interview partner mentioned: "For people in this time [the time when they became unemployed] it was better to receive the social aid. Because the money they received from the social aid was much higher than now. It was nearly as much as they earned as they were working for the companies. They did not have to work and they almost received the same money" (D-34).

should be collected by hand. He continued: "I went to the unemployment office in Dębrzno and I was looking for 500 people. But they did not have that many workers, because these people had the financial assistance for unemployed and did not want to work on the potato fields. So I told them, to freeze this agency money for two month, send these unemployed people to me, and after two month they should give them the money again. And that was how I found workers" (D-33). A similar finding is reported by KLOCZKO-GAJEWSKA and MAJEWSKI (2005) for the Szczecin region. Although the unemployment rate there is also high, it is difficult to find people for several work in agriculture. Instead, workers from Ukraine are employed.

The major problems in the local labour market were summarized by a representative of the local social aid centre as follows: "[...] people are mostly low qualified, that is why two different ways of actions must be undertaken: first, we have to undertake actions which lead to a change of people's qualification, to adjust them to the needs of the market. And however, we have the problem that the qualification of old people is not easy to change due to their attitude. That is why we want to focus on young people, which have not already entered the labour market or are only unemployed for a short period of time. These are people who are willing to learn and who will learn easily. So, it is possible to adjust them to the needs of the market. Second, for old people, we realized that we have to focus on what they are used to do. So, we are not allowed to do radical changes. We can just focus on work they are familiar with" (D-09).

2.2 Uncertainties in marketing and finance

"The most preferable development of the region would be the development of agriculture" (D-07), a representative of the local government said. Later on he continues: "Farmers in this region are well educated and know how, and what to produce. But they need financial sources which enables them to produce." But furthermore, he concluded: "Basically, agriculture in this region will develop in a good direction. [...] These farmers will certainly develop in the market producer direction" (D-07). Generally, inhabitants see promising development potentials for local farms, although they distinguish between large and smaller farms. The privatization process in the early nineties offered a chance and occasion for many local farmers to increase farm sizes drastically and to specialize in certain products. Many farmers who were not willing or even scared to increase their farm size now face problems to maintain their living. "They hardly produce enough to sell something and make some profits" (D-14), a farmer assessed. "The smaller farmers", an older farmer argued, "are all waiting for the age to be entitled to apply for structural rents" (D-24).

The bigger farms, which would be able to contribute to future agricultural development, are constrained by different obstacles which complicate further farm investments:

- 1) The further market liberalisation, due to the EU accession, led for some products to a decrease of output prices and an increase of agricultural factor prices. Also, the unstable level of producer prices complicates farmers' investment and production decisions strongly. One farmer mentioned: "The next problem is the high fluctuation of prices. The prices for the means of production as well as for the products are not stable and this fact makes the planning of the production much more difficult. Farmers are not able to predict, because they do not know how prices will be in the next year" (D-20). Another farmer emphasized the impact of the unstable level of prices on his investment decisions: "Now, the prices are unstable, they are increasing and decreasing all the time. We do not know when we create a business plan with which prices we could calculate. Because if you calculate with a certain price it may happen that the prices, when you have to refund the credit,

will be lower as you assumed in your calculation" (D-24). And another farmer reported: "If the prices were more stable I would specialise my production much more" (D-30).

- 2) Farmers hold little bargaining power in negotiations with wholesalers. A reason for this disproportional relation was explained by a representative of the local government: "[B]ecause of the not really well conducted privatization process, farmers cannot influence the processing plants anymore. Farmers are not really attractive partners for the wholesalers" (D-07). A farmer mentioned: "In the EU-15 processors are somehow connected with the producers but in Poland there is no such relation at the moment. That is why producers of soft fruits have an uncertain future" (D-20). One main problem, resulting from the disproportional relation between wholesalers and farmers, are late payments for farmers' products. Farmers are mostly not able to enforce reasonable conditions in their contract negotiations with the processing industry. This often leads to liquidity squeezes for farmers and lowers their willingness to invest. One farmer assessed the situation as follows: "We have the problem that the wholesalers pay their debts to the farmers whenever they want. But the farmers should pay back their credits every month otherwise the bank will come and take his guarantees" (D-20).
- 3) A further obstacle is the lack of trust farmers have in the legal framework, more precisely in the taxation and insurance law. A farmer said: "There is a need for a long term legal framework that assures stable taxation and insurance laws. Farmers need steadiness, they have to know what the next day will bring. I survived two restructurings and two reforms, so how should my generation not be depressed?" (D-29)

Measures implemented after the EU accession did not stabilize farmers' income situation noticeable. As many interviewees assessed, the direct payments, e.g., did not improve the income situation of most agricultural farms. A representative of the local government reported: "[...] the direct payments [are] just enough to cover the increase of factor prices. But at the same time the prices for agricultural products decreased as well, so farmers have less than before. We from the local government can recognise the loss of profitability if we look at the decreased tax revenues from farmers. Farmers have no profits anymore" (D-07)⁶. A farmer assessed the influence of direct payments especially on small farms to be even worse: "The media create a wrong picture regarding the influence direct payments have. They do not have a good influence, they even let increase the problems between farmers. Direct payments will not secure farmers' income, they make them just suffering a bit longer. The only ones who are able to profit from the direct payments are the biggest farmers. The other ones [...] use the direct payment just for consumption. It will prolong their decision of giving up farming. [...] It will make Polish agriculture weaker" (D-29). Therefore, farmers see no chance to invest the direct payments in production facilities or to improve their production in general.

Generally, farmers close to Dębrzno also applied for pre-accession and accession measures for agricultural farms. But as many interviewees mentioned: "not all [applicants] of them received money from this programme. The demand was much higher than the supply" (D-20). Representatives of the local cooperative bank, which deals with these credits, even held the belief: "[that] most farmers applied for these credits but everything depended on the budget of the agency. Farmers mostly applied but the money was gone and now they have to wait for the next possibility. It was not a high percentage of farmers who received these sources. Those who managed to get these sources mostly used the whole amount of money" (D-28). Farmers also criticised a lack of an equal treatment in the application process for subsidised

⁶ It has to be mentioned that direct payments in Poland will increase in the future. In 2013, Polish farmers will receive the same level of direct payments as farmers in the EU-15.

credits. One farmer held the belief regarding the former preferential credits: "The old system of the state preferential credits was very good, because the government supported the credits for the farmers. The strong point of the old system was that these credits were available for everybody on an equal level. Everybody could benefit from these preferential credits. Now, when Poland joined the EU and farmers were able to apply for these accession measures, in the voivodship Pomorskie we faced the problem that the money in the budget was gone. There were that many applications that only the fastest managed to get these sources. Here, in this voivodship, the fastest are the biggest ones or farms which are leased by foreigners. They could afford to hire professional agencies which assisted them, and therefore they used to be the first applicants and received the money" (D-14).

Generally, farmers, if not close to the age of retirement, are willing to invest in their farms. This can be seen by the high demand for pre-accession and accession measures mentioned above. The representatives of the local cooperative bank stated that 54 % of their farmer customers took credits (D-28). Out of all farmers, who have credits in the cooperative bank, 46 % took highly subsidised short-term credits and 54 % took investment credits. The average value of the latter credits amounts 200 000 PLN [49 813 €]. The subsidised interest rates vary between 1.2 % for short-term credits and 10.5 % for investment credits. The extension of short-term credits was supposed to be terminated, but after a drought in the summer of 2005, the government decided to continue the programme. The local cooperative bank generally regards local farmers as trustworthy customers. Farmer's creditworthiness is backed by their endowment with collateral. A representative of the local bank said: "Yes, they [farmers] are the best clients. They have good assets and buildings. It is mostly safe to give them credits. Now, the price of 1 ha land in this voivodship is about 9 000 PLN [2 242 €]. Farmers who are willing to take a credit for buying land usually receive enough money from the bank to buy the land" (D-28). However, according to PETRICK'S (2004) study in three selected regions in Poland, access to credits is a problem for most farmers.

Farmers' present situation in the region around Dębrzno can be shortly summarized with the words of a local farmer: "Actually, the people are willing to increase their farms but they are not always in the position to do so. They do not have the right conditions" (D-20). Farmers who already increased their production and farm size do not have insurmountable problems to find available sources for investments. They rather face the problem of lacking future perspectives for their farms, because of unstable producer and factor prices, imperfect contracts with wholesalers and a lack of trust in the legal framework which complicate farmers' investment decisions noticeable.

2.3 Lack of social cooperation

Many welfare services, which used to be provided by the state-owned farms or the military base, are not offered in the region anymore. Inhabitants of a village close to Dębrzno reported: "In the 1970s, e.g., this village was huge. We had a big brick factory and a state-owned farm. Both employed together 220 people. And we had different places where children could stay after school. Now, there is nothing left. And in former times when there was something which had to be fixed mostly the fire brigade or somebody else did it for free. [...] Today, this is not possible because voluntary work is for rich people. If you want to fulfil your dreams and so on, than you can do something with a social background and for free because you have other sources to live on. But here people are in the position that they have to fight and think how to survive until the beginning of the next month. Social work is not possible" (D-23). This assessment was also confirmed by a priest we asked regarding the help he receives from citizens in organizing social activities. He answered: "Unemployed people do not

help at all. They do not want to. People who organize something are always people who have a job" (D-25). But the majority of the interview partners we asked if inhabitants are willing to work socially answered in the affirmative. This can also be noticed in the short survey we conducted. In this survey twenty-one inhabitants were asked whether they would work in common social activities (see Table 1).

Table 1: Would you work on common social activities for your commune without any payments? (n=21)

Always, even if I was not sure if most people would work on it, too	10	(48 %)
Yes, if I had more time or more money even if I was not sure if most people would work on it, too	9	(42 %)
I would just take part if I was sure that most people would work on it, too	1	(5 %)
I would not work on common social activities at all	1	(5 %)

Source: Results of an own survey.

However, interview partners, even if they affirmed to be willing to work socially, often said that social projects do not take place very often in Dębrzno, regardless whether people are unemployed or employed. The lack of social activities in Dębrzno may be due to the following three explanations:

- 1) *Lack of trust between people.* "Cooperation is built on trust. It takes time to build trust and to build good cooperation" (D-30), a farmer assessed. Interviewees often asserted the lack of trust as a result of the economical and occupational differences between inhabitants as well as their different regional provenance. A representative of the local government reported: "The reason for the lack of trust between people can be seen in the various differences between people. In former times we had state-owned farms and now we have individual farms, there are people from other regions and people who are originally from here, we had civilians and militaries" (D-08). A shop-owner said: "people do not trust others who are in a better position than they are" (D-10).
- 2) *Expectation that the state will provide all services.* During the socialist era, the state-owned farms and the military base provided many social services. Frequently, people still expect some government body to provide these services. A representative of the local social aid centre held the belief: "However, there is still the problem to change the attitude people in this area still have from socialist times. They still think that they do not have to take care for anything and that everything will be provided for them" (D-09).
- 3) *Lack of people who are able to organize social activities.* Some interviewees also regarded the lack of leaders as a reason for the absence of social activities. A representative of the local labour agency said: "Maybe they would [work in social projects] but in this region there is a lack of persons who would organize and manage these projects. There are no leaders whom people could follow. Basically, people have ideas and they are willing to do something but nobody starts the initiative" (D-06). Another inhabitant added: "People who are associated, they undertake actions. Important is that somebody gives the idea and manages the initiative, then people will work with them" (D-33). A small story told by a local entrepreneur explains the situation obviously: "During the 1970s, we had a dentist in Dębrzno, who was very interested in boxing. He managed a club for boxers and developed boxing in Dębrzno so much, that we even organized the championship of the district. But later on, the dentist moved to another city and I told him: 'When you move out from Dębrzno the boxing association will collapse.' and he answered: 'No, that is not possible."

I leave people who will take care of everything.' But one year after he left everything was gone" (D-32).

3 CHANCES AND BARRIERS FOR THE DEVELOPMENT OF THE COMMUNE DĘBRZNO IN THE EYES OF LOCAL INHABITANTS

In the following, chances for further economic development of the commune Dębrzno are presented. All four suggestions were made by local inhabitants within the conducted interviews. Development potentials are seen in a further enhancement of agricultural producer groups, the construction of a processing plant, founding of new businesses, and a further development of tourism.

3.1 Cooperation in agricultural producer groups

An idea mentioned by a few farmers and representatives of the local government concentrates on cooperation between farmers in a producer group. Most interviewed farmers assessed the idea of a producer group as a helpful possibility to increase their market power. One farmer noted: "A producer group could be a solution to stabilize prices" (D-30). Local farmers who are already active in producer groups hope, due to their membership in the latter, to increase their bargaining power within the negotiations with processing plants. One farmer mentioned: "[...] producer groups have always a bigger bargaining power compared to a single farmer and this is the main reason why we created this producer group" (D-20). Unlike in other regions of Poland (GRAMZOW 2005) farmers in Dębrzno emphasized their willingness to cooperate. A representative of the local government mentioned: "There is not the problem that they [farmers] are not willing to cooperate. This is maybe the case for the older generation like people in my fathers age, younger and middle age farmers have a positive attitude to cooperate" (D-07). A fruit producer who already cooperates with other fruit producers assessed the cooperation between farmers as positive. He explained his experiences with cooperation as follows: "I am cooperating with other farmers who have a fruit plantation. We, e.g., store the fruits of another farmer if we have room left in our cold stores. And if I have a lower yield, than I sell the fruits of somebody else in my shop. I think the characteristic of Polish farmers is that they are individualistic, but in the case of the fruit plantation owners we do not have this problem. We already cooperate with each other" (D-30).

To follow these suggestions it might be useful to analyse the experiences already made with agricultural producer groups in the region around Dębrzno. Basically, until now there are two producer groups working in the closer ambit. One of them is a crop producer group with 170 members. They also already possess different assets like an elevator and own railway tracks. The other one is a soft fruit producer group of eighteen mostly smaller producers. Generally, farmers as well as a representative of the local government reported that these producer groups are not regarded as uniformly successful. Different reasons for this assessment were given:

- 1) *No visible profits* until now. Not all farmers who joined the producer group were able to increase their profits due to their membership. This is true especially for the soft fruit producer group. One farmer mentioned: "When you found a producer group the thing that motivates people to cooperate is success. And they [the soft fruit producer group] did not have success at the beginning. That is why their motivation decreased" (D-14). One main reason for their lacking success was the collapse of the market for soft fruits, as a result of cheap imports from China, during the first years of the soft fruit producer group's existence. Producer group members earned less than before. This lowered the members' trust

in the producer group and declined other farmers' interest in joining them. A member of the producer group explained the situation as follows: "Of course, there is the possibility to have more members. But at the moment, from the total number of fruit producers just 20 % joined us. The other 80 % are looking how we are doing" (D-20).

- 2) A representative of the local government emphasized *administrative barriers* as the main problems for producer groups. Hence, producer groups have to pay taxes on their sales and they have to fulfil certain standards. "These are additional costs and if you establish a producer group, you have to produce that much that you can cover these additional costs. If the law was changed, producer groups would probably work" (D-07).
- 3) Another barrier is seen in the *bureaucratic requirements* a producer group has to fulfil. Interviewees said that the bureaucratic barriers for producer groups even increased with the EU accession. "Before the EU accession, these producer groups did not have that much paperwork to do. And now it is even a kind of a barrier" (D-07), a representative of the local government mentioned⁷.
- 4) *A lack of a proper and trustworthy management*. Another important reason for the unsatisfactory performance of producer groups is seen in a lack of trust in their management. One farmer held the belief: "The crop producer group has an elevator and other assets, but there is nobody among farmers who could manage it properly. They simply do not know how to do it. There are no professionals in this area who know the market and know how to manage the producer group in the right way" (D-29). A representative of the local government reported: "All farmers who were members paid a fee but later on this money disappeared. The producer group started to have financial problems. [...] Lots of farmers left the producer group and last year, where all farmers had high yields, the producer group did not collect the crops from all farmers like before. These are the main problems: financial and management problems" (D-07).
- 5) *Lack of extension service*. Producer groups have no historical background in Poland. This is especially true for the region around Dębrzno were, due to the existence of the large state-owned farms until the early 1990s, the first agricultural circle was founded in 1996. That is why helpful experience concerning the management of a producer group and its performance in the market as well as important organisation skills are often missing. A farmer said: "We have to mention the lack of support from an extension service. These producers have no idea how to organize themselves and what kind of advise the management should give to their members" (D-14).

3.2 Setting up a processing plant

Many local inhabitants regarded potential future investments in a soft fruit processing plant as a big chance for the local labour market and for the agricultural sector. An interviewee said: "The branch where we are looking for an investor is the processing industry for agricultural products. We look for somebody who will process vegetables and fruits. Because we have big farms here and our production capacity will be adequate. This is the direction we are supposed to go. We should look for an investor in the processing sector" (D-09). A farmer held the belief: "The assets are very suitable for this production. There is land, there is labour force and these are good assets to produce soft fruits. The only thing which is missing is a processing

⁷ The low demand for the financial assistance for agricultural producer groups, which are provided in the Polish "Rural Areas Development Plan", might be reasoned with the high administrative barriers as well as the bureaucratic requirements. Until July 2005, only 24 producer groups in whole Poland applied for the assistance programme, of which 17 were issued positively (MARD 2005).

plant" (D-14). Most inhabitants of the commune hope that a capable investor will appear and undertake actions to build a processing plant. Also a cooperation of young investors was mentioned as an alternative way to construct a processing plant. One of them continued: "It has to be a few young people who start to cooperate, because the funding sources will be that high, that one man will not be able to receive that big credit" (D-33).

The local government already provides different incentives for potential investors. They assure investors a reduced land tax as well as access to the water supply system and the sewage plant. However, a representative of the local government saw a major problem: "He [the investor] needs labour forces. And actually the skilled labour who could work there, he will not find in here. Also, if he would look for some labour force in the further ambit, he has to provide them with good apartments. [...] The labour forces here are low-skilled. They could be trained and educated, but these are additional cost he has to pay. It is not impossible but there are problems an investor has to take into consideration" (D-34).

3.3 Start-up of new businesses

Due to the absent of larger enterprises, to support the start-up of small businesses might be a way to provide new job opportunities. However, as already mentioned in section 2.1, inhabitants of Dębrzno often do not possess necessary entrepreneurial skills to open a business. This fact can also be recognized in a quote made by a local entrepreneur: "I am one of the oldest entrepreneurs here in Dębrzno. I am even surprised that during the last few years there was a small group of people which tried to start up their own business. This is a big problem especially right now, because all the specialists we had here, they left. They were looking for a good job. And I am afraid that soon we have no specialists here anymore. Then you have nobody who could found his own firm and provide services" (D-32). This quote also emphasizes the problem of the outflow of young people and specialists, who might be potential founder of small businesses. Many inhabitants believe that young people are the only ones who want to take the risk connected with a business start-up. A representative of the local social aid centre reported: "For younger people the situation looks different. They are better entrepreneurs, they are more active. They think about how to solve the problems and they are also willing to go abroad to work there" (D-09). However, the question arises: Why do younger people or people with entrepreneurial spirit not start up their own businesses in Dębrzno but prefer to leave the region? In the following, barriers, mentioned by interviewees, for new business are presented:

- 1) *Lack of funding.* A local shop-owner said: "People here have ideas but there are barriers. Capital is the biggest barrier. People have not enough money to invest" (D-11). Four possibilities to make financial sources for business start-ups available are mentioned by inhabitants: credits from the local cooperative bank, financial assistance from parents, founding sources earned with the help of jobs in foreign countries, and sources from different national or European programmes. For most inhabitants bank credits are not a viable option. An interviewee held the belief: "Credits are too expensive and also the application procedure is too difficult" (D-11). Often credits are only available on unfavourable conditions. One inhabitant who invested in his agritourism farm said: "There is nobody where you can go to ask for a credit if you want to start a business. [...] The only possible credit for us was a loan for eight years. But almost everywhere is written, that after eight years the earliest, investments in agrotourism will provide you with first profits. So, how should we pay back the credit?" (D-04). The same interviewee also mentioned: "Young people did not produce anything. They are not able to provide any guarantees. So, how should they take any credits to start up a business?" (D-04). Also, representatives of the local

cooperative bank confirmed that guarantees are always required. That is why in most cases only young people with parents who already have their own business or have an adequate income are able to apply for a credit. But like an inhabitant asserted: "Here [in Dębrzno] in this town are maybe just a few families which have that much money that they could support their children in starting up a business" (D-13). An interview partner stated: "Basically, young people have no support from their parents and then it is almost impossible to do something" (D-34). On this account "[p]eople are working abroad, save some money and when they are back, they open up something. If they are successful, they stay here" (D-27), a young entrepreneur reported. However, it was mentioned that not all people who work abroad come back to Dębrzno. The application for national or EU programmes is usually not seen as an alternative. Main reasons for not using these sources are the lack of knowledge about certain programmes, the high bureaucratic barriers inhabitants see in the application process, and the co-funding required in advance.

- 2) *High expenditures for social insurance.* Most entrepreneurs in Dębrzno complained about the high costs for the obligatory, governmentally run social insurance scheme (ZUS - Zakład Ubezpieczeń Społecznych). A representative of the local government said: "[...] but the legal framework is not really suitable for people who want to start a business. Because all the expenditures are related with taxes and insurances and these costs are so high that people who start up a business are not in the position to cover all these monthly costs" (D-07). The same argument was given by an inhabitant: "[...] when you already started something, it is not that expensive to register the firm, but when it comes to taxes and insurance, you did not even start and you have to pay high insurance rates. And this is the problem" (D-04). Due to a change in legislation in 2005, new business start-ups now only pay approximately 30 % of the whole social insurance costs for the first two years of their existence. This new regulation is eligible only for new entrepreneurs who did not have a company registered for the past 5 years. Local entrepreneurs appreciated this change in legislation but could not profit from it yet, due to its implementation in the last year.
- 3) *Lack of demand.* "You can try and develop but there has to be a demand for the products or services you offer. If there is no demand you cannot do anything, you must sell the products you offer" (D-23). This quote describes a major problem existing enterprises in Dębrzno face. One interviewee who works for the local business start-up describes the situation as follows: "The main problem is the high rate of unemployment. People have really limited sources of income, they have no money to eat outside. And other business sectors like services have the same problem, too" (D-03).

3.4 Development of tourism

"However, in my opinion tourism would be the best way for Dębrzno. We should create much more accommodations in Dębrzno. Tourists would pay for these accommodations, they would buy something in the shops, and in order to serve the tourists, the owner has to hire somebody for help. That could be a development Dębrzno could take" (D-33). Like this assessment, made by a local inhabitant, many people from Dębrzno assess the development of tourism as a big chance for the region. To back up their suggestions interviewees mentioned that Dębrzno used to be a famous tourism town before the Second World War and even after. But as the military base was constructed in the 1970s, Dębrzno became a strategic position. Then, actions have been undertaken to prevent a further tourism development. New buildings, which have changed the character of the city, have been set up and the big lake, where the public swimming baths was located, were polluted with sewage. Despite these past developments, most inhabitants still hold the belief that tourism development might be a useful strategy to

increase the regional income. Interview partners often emphasized the great environmental conditions around Dębrzno which provides suitable assets for investments in tourism. One local entrepreneur already recognized an increased popularity of Dębrzno for tourists: "You can definitely notice the difference. From year to year, there are more and more tourists. This year was probably the best one so far" (D-32). But inhabitants still believe that further actions should be undertaken to promote the town. And even though the hope of further tourism development in Dębrzno is increasing, a representative of the local government from the district level reported: "Agrotourism does not develop like we wished. There is even a kind of stagnation" (D-22).

4 ENDOGENOUS INITIATIVES TO OVERCOME LOCAL DEVELOPMENT BARRIERS

This chapter presents different endogenous initiatives, which focus on local needs and provide chances to overcome barriers to a further economic development in the region.

The most important endogenous initiatives to develop the commune Dębrzno started from an association called *Association for the development of the city and the commune of Dębrzno*, which was founded in 1998. The first impulse of founding the association was made by the local government of Dębrzno. Representatives of the regional and local government together with representatives of non-governmental organisations (NGOs) elaborated a common strategy for the development of the city and the commune of Dębrzno. This strategy was finished in 1998, and for its implementation the association was founded. The following subchapters present different initiatives starting from the association's activities and a discussion of the impact the latter initiatives have on the regional and local development.

4.1 Main initiatives starting from the association

The main achievements of the association are different programmes provided to the local population within a building called "incubator". These programmes are addressed to support the local entrepreneurship, to create new work places, to assist unemployed people in job-seeking, and to promote the rural capabilities of the commune. Important initiatives are, amongst others, the Canadian Loan Programme, the local labour agency, and the Clean Business Club.

4.1.1 The Canadian Loan Programme

The Canadian Loan Programme started in 1997 and provides small and medium sized enterprises (SMEs) with loans up to an amount of 50 000 PLN [12 435 €]. This programme is part of the Polish Entrepreneurs Foundation, which is one of the most successful projects of Canada's technical cooperation programme in Poland. The budget of the Polish Entrepreneurs Foundation amounts 57.7 million PLN [14.5 million €]. It was established to provide loans to SMEs as well as to offer training and business advisory service to the SMEs and participating financial institutions. Presently, the Polish Entrepreneurs Foundation is under control of the Polish government, represented by the Ministry of Finance and the Ministry of Economy. The Polish Entrepreneurs Foundation cooperates with chosen, local entrepreneurship centres (local incubators) within the scope of the Canadian Loan Programme (CANADIAN INTERNATIONAL DEVELOPMENT AGENCY 2006). The association in Dębrzno also cooperates with the Polish Entrepreneurs Foundation to support local SMEs, which are interested in increasing their production facilities, but due to a lack of guarantees, not able to receive commercial bank credits. The credit period is three years at an interest rate of 7 %. An early repayment even reduces the interest rate up to 6.25 %. Compared to commercial bank credits, which are generally available

in the region at an interest rate of 14 %, these loans constitute advantageous conditions for local enterprises. But it is required that the enterprises exist for more than three month at the time of application. Additionally, a business plan and a clearly stated investment project with a capital flow calculation have to be elaborated.

The Canadian Loan Programme acts as a credit fund, i.e. if lenders repaid the credits, new loans for other enterprises are available. Guarantees are not necessarily needed. If a lender is not able to provide guarantees, he has to sign an agreement which declares the investment object as property of the fund until he repaid the whole credit amount. Excluded from this programme are agricultural farms, the military sector, and sectors which produce on a non environmentally friendly way. For 2005, until September about 25 local enterprises had applied successfully for these loans. Applicants mainly invested in facilities like trucks, furniture for restaurants, or interiors for small shops.

4.1.2 Local labour agency

In April 2005, a local labour agency emerged in Dębrzno due to the initiative of the association. The agency mainly assists people in finding employment and in preparing job-seekers for job applications. People who come to the agency gain knowledge about the right preparation for job applications and the behaviour in job interviews. Additionally, they also receive further motivation for the job searching process. This service is financed by European sources and therefore can be provided for customers for free. Furthermore, the agency organizes meetings where enterprises and other employers get in contact with unemployed people from the region. This event is already well known in the region and generated first successes as inhabitants mentioned.

4.1.3 Clean Business Programme

The Clean Business Programme supports SMEs in their efforts to improve their environmental performance. Main supporters of the programme are the "Environmental Partnership Foundation" from Krakow and British Petrol (BP). Their major aim is to provide assistance for enterprises in order to reduce their production costs and environmental impact. Currently, 310 Polish companies take part in this programme. The members are coordinated by 15 so called "Clean Business Clubs", which are located in different regions of Poland. Each club has a coordinator, who is responsible for maintaining the contact with the member companies and assisting them in gaining the programme's offerings.

One of these 15 "Clean Business Clubs" is located in Dębrzno. This club cooperates with 30 members. To join the club, enterprises have to pay a quarterly fee of 50 PLN [12 €] per company and an additional top up for every employee of 1 PLN [0.25 €]. Furthermore, members have to go through an initial environmental audit and need to elaborate a certain environmental policy for their whole company. In return, the club provides its members with seminars and workshops on current environmental issues, complex information service on environmental protection, specialists and consultancy on environmental protection, and assistance in elaborating the environmental policy for their company. Concerning the latter, the club coordinator or other programme consultants calculate the results of the implementation of different environmentally friendly processing technologies in the company for free. The declaration between the members and the Clean Business Club has to be signed every year. This integrates incentives for both sides to undertake actions in order to provide their partner with the ability to benefit from the cooperation. Additionally, due to their environmentally friendly production members realize an increasing reputation. In some cases this reputation already enabled members the access to new national and international markets.

4.2 Initiatives starting from the Partnership of the Northern Necklace

In 1999, the *Association for the development of the city and the commune of Dębrzno* organised a first conference for representatives of the regional and local government as well as for NGOs from the closer ambit. The conference was supposed to focus on the discovering of main regional problems and the formulation of solutions for the latter. In 2000, as a result of this conference different institutions (local government, NGOs, and businesses) from thirty-two communes founded the Partnership of the Northern Necklace. This partnership includes an area of 450 000 inhabitants and goes through twelve different districts as well as four voivodships. At the time, it did not have a legal status. This partnership, amongst others, was supposed to organize trainings in writing project proposals and managing certain development projects. They also should elaborate a catalogue of bike and hiking treks for the region and design a catalogue of regional craft work products. In 2000, the *Association for the development of the city and the commune of Dębrzno* became the coordinator of the "Partnership of the Northern Necklace". The first steps the partnership undertook were funded by the "Environmental Partnership Foundation" from Krakow and the "Batory Foundation" from Warsaw. In 2004, the "Partnership of the Northern Necklace" registered and became a legal entity. The main aims of the partnership are:

- the promotion of sustainable development of the region,
- the best use of natural, cultural, and historical values of the region to contribute to regional development,
- to support the development of tourism and to create conditions for environmentally friendly tourism,
- to strengthen local cooperation in order to contribute to regional development and to solve local problems,
- to encourage local governments and the local society to protect local natural and cultural values.

The idea of the Partnership of the Northern Necklace, like Leader-type projects of the EU-15, is based on cooperation between local governments, local businesses, and NGOs. A main impetus to found a partnership in this constellation was set up by the "Environmental Partnership Foundation" from Krakow. This idea of a rural partnership implied that every institution or group of citizens in the region who is willing, is able to become an equal partner and to contribute with ideas to the partnership's initiatives. Additionally, due to common programme applications the partnership enables every member an easier access to financial sources. In the following, the Northern Necklace's Green way and the local brand of the "Northern Necklace" are presented as major current achievements of the partnership.

4.2.1 Green way of the Northern Necklace

The main project of the *Partnership of the Northern Necklace* is the Green way. Green ways are pro-ecological bike treks, which are located in different European countries, for example in Austria, Hungary, the Czech Republic, Slovakia, and Poland. Presently, Poland has seven of these bike treks, which are mainly located in the South. In 1999, the *Partnership of the Northern Necklace* undertook first steps to create the first Green way in the Northwest of Poland. This project started with an agreement of all thirty-two communes in the partnership. The agreement contained the creation of an 870 km long bicycle loop route called "Northern Necklace's Green way". Besides financial assistance from the "Environmental Partnership Foundation", the Polish government contributed to this project, too.

The biggest barrier, mentioned by the involved persons, was to negotiate an agreement with every single land owner who possesses a part of the bike trek. This work required a local coordinator in every single commune of the thirty-two member communes. At least, everything was done in a proper way, and now the Green way goes through different national and landscape parks and provides many natural monuments for tourists. In 2005, the first year of the bike treks existence, it attracted already 35 000 tourists. This implies an advantageous economic impact on the region. Hotels and agrotourism farms could emerge, which create an additional income for the local population. About 70 new tourist accommodations and producers of regional handicraft products were founded next to the bike trek. And for the next years it is expected that about 300 new entities will emerge and provide tourists with accommodations, gastronomy, handicraft products, sport equipment, and tourist information.

4.2.2 Local brand market of the Northern Necklace

Within the programme "Local products as a chance for additional incomes apart from farming for inhabitants of the Northern Necklace's area" initiated by the partnership, unemployed inhabitants were provided with trainings, workshops, and seminars in order to improve their skills. This programme took place in 2001 and was funded by the pre-accession programme PHARE. The main focus of the activities was to support unemployed, poorly educated, and low skilled women. On these workshops, amongst others, attendants were taught to create handicraft products like bouquets of flowers, herbs and cones, ceramic products, and glass paintings. Every participant had to take part in at least two workshops. Besides these handicraft skills, attendants also received briefings and help in legal and financial aspects of running a shop or a business, and gained skills in marketing and selling of products as well as services. 48 unemployed people attended these trainings. As persons involved in the programme mentioned, another important result of these trainings was the new motivation generated, especially for long-term unemployed attendants. A representative of the local labour agency reported: "People often believe that they are not able to do anything. That is why it is important to show them that they are able to do something on their own, and often it was for them like a brainstorm. After these workshops, they often came up with new ideas. It was an encouragement for them" (D-06).

Additionally, in cooperation with the Environmental Partnership Foundation from Krakow the *Partnership of the Northern Necklace* also realized the programme "Local brand of the Northern Necklace" in 2001. In this programme 25 persons were trained in the promotion and marketing of local products. On this account, the definition of local products and the requirements for the certificate of the local brand "Northern Necklace" were elaborated. Furthermore, also a logo was created. According to the programme regulations the local brand can be given to local handicraft products, useful other local products, local services, and important commune initiatives. Every year, on an annual contest local businesses or stores can apply for certificates which enables them to use the local brand for their products.

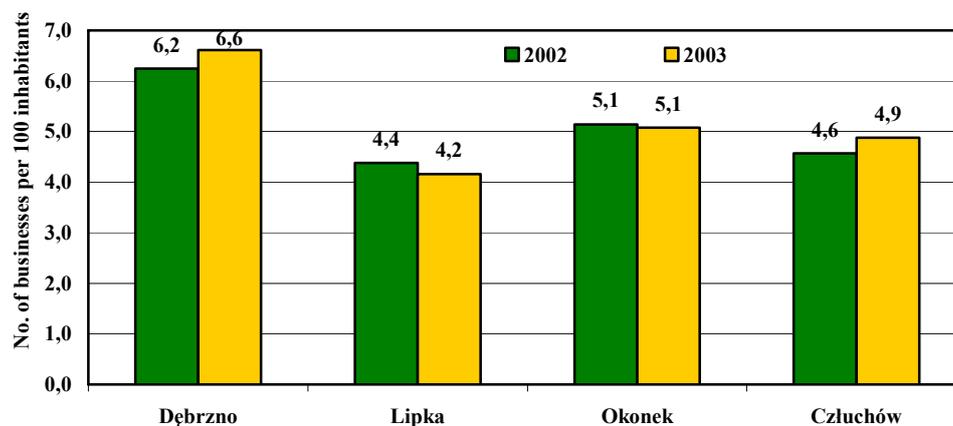
First results of the trainings and workshops as well as of the introduction of the local brand are already visible. Like mentioned in section 4.2.1, about 70 small businesses which produce local handicraft products or provide accommodations have emerged along the Green way. One member of the partnership reports: "People, who are living next to the Green way, are changing their minds and attitude, but this is also thanks to the structural rents Polish farmers receive from the EU. People give up farming, sell their land, and gain a good income with the help of the structural rent and selling of these local handicraft products" (D-12). Furthermore, a catalogue for local handicraft products was prepared and presentations on international, national, and regional fairs have been made. The local brand market provides also existing

local businesses like, e.g., an ecological mill or a confectionary with the chance to bring their products on regional and national markets.

4.3 Impact of the initiatives on regional development

In the following, first impacts of the initiatives undertaken by the *Association for the development of the city and the commune of Dębrzno* and the *Partnership of the Northern Neck-lace* on the local development are presented.

- 1) *Impact on local inhabitants.* "The first visible change is that the awareness of people has changed. People became more active and also the local authorities have changed, they are more open, now" (D-02), a member of the association assessed. But not only members of the association share this opinion. Also a representative of the local cooperative bank held the belief: "The trainings and courses they [the association] have organised made people, who attended on these courses, more open minded and improved their skills. They provided them with the chance to find a position for themselves" (D-28). Local inhabitants often regarded the improvement of people's professional skills as an important result of the association's activities. Another interviewee emphasized the impact of the workshops on the unemployed older women: "They [the association] provided trainings for these women, where they learned how to improve their craftwork skills. And quite a lot of these people succeeded in this work and tried to sell their products under the local brand name" (D-03). A local entrepreneur, whose daughter worked as a volunteer in the association, commented on the association's influence on young people: "What they do is really good because that is the way how young people find a reason to stay in Dębrzno. They can learn something in the association. Basically, the association supports them on their first steps" (D-33).
- 2) *Impact on local business start-ups.* "Thanks to them [the association], already a few enterprises started. And they [the new enterprises] are already independent and do not need any support from other sources" (D-12). This quote made by a member of the association shows the positive influence the association has on local business start-ups. It is hard to quantify this impact due to the fact that the Canadian loan programme is only accessible for existing enterprises and it is not clear, if new businesses just started due to the association's assistance. However, a stronger increase in the number of businesses in Dębrzno compared to other neighbouring communes has already become visible. This might be a result of the association's initiatives, too. The number of businesses per 100 inhabitants increased in Dębrzno between 2002 and 2003 from 6.2 to 6.6 (see Figure 1). In other rural communes like Lipka, Człuchów, and Okonek, which are close to Dębrzno, the number of businesses per 100 inhabitants increased less (Człuchów) or even decreased (Lipka and Okonek) in the same period. The positive influence on small businesses is also reported by an inhabitant who contributed to different projects of the association: "Definitely, there are lots of changes which took place in the last few years. The incubator here in the association is one of the most important changes. Because, mostly it is really hard for small businesses to get any financial sources. But the association organizes different courses and trainings. So people can change their profession and improve their skills. At the beginning, it was very difficult, because people did not know that such association here existed. But now, they know already about it, and they convince each other to attend the workshops. They tell that this might be a good idea, they accept it, and are willing to come and join these workshops" (D-05).

Figure 1: Number of businesses per 100 inhabitants in Dębrzno and neighbouring communes (2002-2003)

Source: Cross border database 2005.

- 3) *Promotion of the region.* Most inhabitants said that one important result of the association's activities is the increased popularity of the town and the commune of Dębrzno. One representative of the local government stated: "Thanks to the activities of the association, Dębrzno is known in the district, in the voivodship, in Poland, and even outside of Poland. Dębrzno is famous" (D-08). A local entrepreneur also recognized an increasing number of tourists in Dębrzno within the last few years. He explained this development as follows: "Definitely, this is thanks to the local authorities who try to encourage people to create tourism facilities. But the biggest job was done by the association and by the incubator" (D-32).
- 4) *Increasing cooperation and positive experience gained with endogenous initiatives.* A member of the association said: "For sure the biggest success of the association are the experiences we made and the assets we could acquire. That means, people are capable to do projects and I think, at the moment there is no project we are not able to manage. We can write proposals and coordinate projects" (D-09). A similar assessment was given by another member who emphasized the increasing cooperation between members: "[...] the second most important result is the cooperation between the partners. We applied for different projects and in these projects always different partners were working together. [...] So, within this process we learned how all these partners are working and what kind of projects we are able to do" (D-02). But due to the association's initiatives it was also possible to activate inhabitants. This was mentioned by an inhabitant who first attended a project and became a member of the association afterwards: "Generally, the association had a big influence. They helped people to write project proposals and later on, when their application was successful, they came again. The association had a positive influence" (D-09).
- 5) *Financial contribution to investments in the commune.* The association also assists the local government within different activities in order to develop the region. Amongst others, the association applied for different national and European programmes and contributed noticeable to the budget of the commune. A representative of the local government reported: "At the moment, the cooperation between the commune and the association is very useful and fruitful for both sides. Because lots of projects are done by the association on behalf of the local government and the commune supports the association with a financial input. [...] The outcomes of these projects are useful for the region. The application for these projects is the commune's task but we do not have that many employees and

enough time. So, we are simply not in the position to do the applications. The association assists us on the way to develop the region and this is a good combination" (D-07). During the last seven years the association successfully applied for programmes amounting to 1 million PLN [249 066 €]. 80 % of these sources were used for development projects in the town and commune of Dębrzno. Furthermore, the association also organizes learning workshops and seminars for members of the local government and for local NGOs, to teach them how to apply for national or European programmes.

- 6) *Trigger for other associations to become active.* The association also encouraged other people in neighbouring places to establish similar associations. One example is the initiative undertaken by inhabitants of the neighbouring town Lipka. In Lipka, some inhabitants founded an association in order to rebuild a park for common activities. Most activities, like cleaning the park, were done by unsalaried inhabitants. The association from Dębrzno had an important influence on the foundation of the association in Lipka, as a member of the latter stated: "The association from Dębrzno assisted us in applying for sources and then we started to build first facilities. Later on, we wrote the first project and we started the cooperation with the local government here in Lipka. And of course, after we did the first project and something started to happen, also new ideas appeared" (D-21). A similar situation took place in the village Stare Gronowo close to Dębrzno. Inhabitants of this village decided to restore an old estate to use it for social events. Most of the work on this estate was done voluntarily, too. But this was not self evident as one initiator described the willingness of inhabitants to contribute to this project: "Basically, it was not like this that people were coming by themselves and asked, if they could help us. They had to be asked for help. And at the beginning, it was even more difficult. People said that they do not need this place and they do not want to work with us. But then it changed. For example, somebody was asking if he could rent the place to celebrate a birthday. I answered: 'This is not a problem, but as I asked you for help, you did not want to support us.' And he answered: 'This will not happen again. When you ask for help again, we will help.' And now, people understand that a place like this is needed in this village" (D-23). Like main initiators of this project in Stare Gronowo mentioned, the important impetus for their activities was also set up by the association in Dębrzno. They reported: "They are very helpful for the people here due to their experience. Actually, the existence of what is happening here [in Stare Gronowo] is just thanks to the association" (D-23).

4.4 Main reasons for the success of the association and the partnership

Many factors influenced the success of the association in Dębrzno and the initiatives starting from the "Partnership of the Northern Necklace". In this section, most important factors mentioned by the members of the association and local inhabitants are presented.

4.4.1 Cooperation between the local government and the association

Nearly all members of the association and the local government identified the good cooperation between the local government and the association as an important factor for the success of the association's activities. A member of the association reported: "But the key element is certainly the cooperation with the local government. Without them, there would be no noticeable outcomes, no results" (D-09). Both sides explained different reasons for the beneficial cooperation. One reason was seen in the association's original task, because, as mentioned in section 4, the association was founded in order to implement the strategy, which was elaborated by the local government and local NGOs. Therefore, the representatives of the local government had always a strong interest in a successful working association. They supported

it with a building, financial contributions, and necessary information. Besides, the chairwoman of the association is employed by the local government and she assessed the situation as follows: "The fact that I am paid by the commune enables me to take care of the projects and programmes. So, I am managing the strategy. This relationship with the local government was very good for the implementation [of the strategy]" (D-01).

Besides the chairwoman, other association members work for the commune council, too. After the last local elections seven members of the association were elected for the commune council. This led to an even better cooperation between the local government and the association, but it also emphasises the appreciation local inhabitants attach to the association's activities. Generally, an increasing interest in local politics within the local population has been noticed. Often association members reason the increased interest in local elections with an increased acknowledgement of association's activities, due to the assessment, that local inhabitants appreciate the social activities of potential candidates stronger than their political affiliation: "Here [in Dębrzno], when it comes to elections, people are voting for certain persons and not for political parties. Usually, citizens are voting for people who are socially active, people who did something for the city or the region. A simple example is that our city council contains seven representatives of the association. And it is not like this that two or three months before the election somebody starts his campaign and nobody heard anything about him before. People are voting for people who are active all the time and who contribute to the development of the city or commune" (D-12). The poor influence party affiliation has on local elections in Dębrzno as well as the reason for generally small interest in national politics is discussed in the following quote made by an association member: "Here in the north part, or in the parts of Poland where we had lots of these state-owned farms, very simple people used to live. People who did simple jobs, and the state farms provided them with everything. [...] And in the south part of Poland, there was the heavy industry and the steel mines. These people always had very strong labour associations. And every time, when the steel industry or the mine industry were modernized, they wanted to lay off people. So, they founded strong labour organizations to do something against this. These labour organizations had that strong power that they could influence the government. So, every time when people from the mining sector were fired, they received bonuses to start a business like early retirements, or the government organized trainings for them to change their qualification. But here people were not that organized, the labour organizations acted not that strong as in the south part of Poland. So, they [people in the North of Poland] did not learn to fight for their rights and that is why they did not know how to influence, and how to force the government to provide them with support" (D-12). The poor impact of national politics compared to local politics can also be seen in the turnouts of the last local elections compared to the parliament or presidential elections (see Table 2).

Table 2: Turnouts of voters on the last elections in the commune Dębrzno

Election	Year	Turnouts of voters
Local election	2002	58 % ¹
Election to the Senate	2005	29 % ²
Presidential Elections	2005	37 % ²

Source: ¹ Reported by a local inhabitant,

² NATIONAL ELECTORAL COMMISSION 2005.

The fact that local inhabitants appreciate the social activities of the candidates for local elections is seen as an important incentive for local inhabitants to assist the association. Furthermore, association members also treat the positive assessment of the association's activities by the local population as strong incentive for the local government to cooperate with the latter.

4.4.2 Organization of the association and the partnership

The organisational structure can be seen as a success factor of the association. Twice a year the association has a general meeting. The operational work and questions are mostly handled not on the general meetings but by the board, which meets once a month. The main activities of the association take place in thematic working groups. These thematic working groups are constituted to elaborate and implement the projects. Attendants of these working groups are chosen due to their occupational background and their knowledge of the problems in question. It is not necessary that these thematic groups consist only of association members. Often, also inhabitants were asked to take part. Association members appreciate the cooperation with non-members very much due to their helpful comments on the association's initiatives. A member said: "They tell us whether the trainings or workshops they took part in were successful in their eyes and whether their needs were fulfilled or not" (D-09). Therefore, the association also stays in contact with the local population and their needs. An association member pointed out: "The remarks of people from this region were very important for the association, because they knew the needs of the local society [...]. They told us what is needed as well as what is not needed" (D-02). Furthermore, the fact that most association members have their origins in Dębrzno and belong to the small local society also eases their work. A member reported: "[T]he society here is a small group, it is not hard to get in contact with them because, e.g., people who are working in the association also have contact and relations to the people from this region, and they talk to them and can see their needs" (D-09). Members of the association also believed that an involvement of local inhabitants in the association's activities is only possible due to promotional activities in the local newspaper and on the local TV channels. This promotion, as members mentioned, already led to an increased interest in the association's projects.

Moreover, based on the Leader-type local action groups of the EU-15, the association as well as the *Partnership of the Northern Necklace* try to involve the three main sectors of the rural areas: local government, NGOs, and local businesses. A member of the association emphasized: "It is important that all members or all three sectors will benefit from the association or the partnership. So, it may not happen that one party is winning and the other ones have nothing. All have to benefit on an equal way" (D-12). The local cooperative bank is also a member of the association. Due to the fact that EU programmes have to be financed in advance, the cooperative bank assists the association with securing funds for different projects. On this account, the association's office building, which was given by the local government to the association as an asset, acts as an important guarantee for the bank. Moreover, the association also pre-finances their projects with financial contributions from the Batory foundation and due to a reallocation of funds between projects, which were implemented in different periods.

4.4.3 Strong leader of the association

"There must be a person who knows everything and has ideas, because in former times such persons did not exist and everything collapsed" (D-21). This quote from a representative of the association in Lipka describes another important factor of success. Many members of the association in Dębrzno emphasized that the successful performance of the association was positively influenced by the leadership personality of the chairwoman. A member assessed:

"The positive key to the association is Mrs. Chairwoman. She wants to do her work and she does it on a very good way. She has her closest assistants and she can delegate the responsibility very effectively. Sometimes, I am wondering where she finds that much power to do so many things. She works for the city council, in the association, and in the incubator" (D-08).

Besides her successful leadership within the association the chairwoman is also an important representative of the association in the local society. Due to her former job as director of the local school as well as her work in the local city council, she obtains widespread acknowledgement not only in the small society of the commune Dębrzno. She was important in order to make the association better known in the local society, as one association member reported: "So, people were wondering what that [the association] could be. But later on, they heard the name of Mrs. Chairwoman, and then they already knew that this is a person they can trust in and this is for sure a good thing. [...] The name of the chairwoman is like a trademark and it is important that representatives of these organizations are well known in the region" (D-02). The trust the local society has in the chairwoman is also important to activate locals to work in the association and to contribute to certain projects. An inhabitant mentioned: "If the chairwoman would ask somebody, they would always help her [the chairwoman] to realize something. If they hear that the chairwoman is connected with the initiative, people trust in the initiative and will take part in it. She is well known and very famous in the region, in the district, and even in foreign countries" (D-13).

5 PROSPECTS FOR LEADER+ IN THE NORTHERN NECKLACE

In 2004, the *Partnership of the Northern Necklace* got the opportunity to apply for the pilot measure for the Community Initiative Leader+. In the EU-15, Leader-type programmes have been implemented since 1991. Leader+ is based on the creation of local development strategies by using local capabilities. The core of Leader-type projects constitute "local action groups (LAGs)" consisting of representatives of local government, local businesses and local NGOs⁸. With the help of a pilot measure, which is part of the Sectoral Operational Plan, Poland undertakes actions to implement a Leader-type measure in the period of 2004 until 2006. The implementation measure consists of two schemes, which mainly focus on the elaboration of regional development strategies, the formation of LAGs, as well as the promotion of the Community Initiative Leader+ in the regions.

At the beginning, the whole partnership of the Northern Necklace, due to their common activities within the creation of the Green way, wanted to apply for the pilot measure. As mentioned in section 4.2, the area of the *Partnership of the Northern Necklace* comprises thirty-two communes and 450 000 inhabitants. According to the requirements of Leader+ the number of inhabitants in a Leader+-region is not allowed to exceed 100 000 people. Therefore, in 2004, the *Association for the development of the city and the commune of Dębrzno* together with ten other communes founded a new partnership, in order to apply for the pilot measure. The main coordination of the application process was done by the association from Dębrzno due to their advantageous experience with national and European programmes. The new partnership generally consisted of partners which were already active in the partnership of the Northern Necklace. The area of these eleven communes spans 82 000 inhabitants. To promote the idea of Leader+, a coordinator for each of the eleven communes was selected. These coordinators also negotiated the co-financing with the relevant local government. The co-financing has to be provided as one main requirement for the application of the pilot measure. In 2005, the partnership was registered and constitutes the basis of the future local action group (LAG). As

⁸ For more detailed information on Leader+ see EUROPEAN COMMISSION (2000).

the conducted interviews showed, the partners of the future LAG, the members of the association from Dębrzno, as well as the interviewed representatives of the local government were mostly well-informed about the pilot measure. Furthermore, different activities have already been undertaken in order to promote the pilot measure. Conferences for potential partners of the LAG were organized as well as flyers and posters were prepared to inform local inhabitants about the chances the Community Initiative provides for the region. The focus of future Leader-type projects in the eleven communes will be on a further development of tourism facilities and attractions. How the Community Initiative Leader+ will be implemented in Poland after 2007 and how the designs of Leader-type projects will have to look like is as yet unknown. That is why complete projects were not elaborated yet.

As the interview partners of the future LAG stated, the application process for the pilot measure went very smoothly due to the experience and skills they had gained from earlier applications for national and European programmes in the partnership of the Northern Necklace. But also a number of problems that appeared during the application process, as well as concerns regarding the future development of the LAG were expressed by interviewees:

- *Changes in the organizational structure.* Partners of the future LAG criticised the Leader requirements concerning the organizational structure. As mentioned in section 4.4.2, especially the association of Dębrzno gained positive experience in coordinating their projects with the help of thematic working groups. Therefore, it is feared that the coordination of projects in the LAG will be, compared to thematic working groups, less efficient due to the larger body and more divided interests of the partners. One partner assessed his concerns as follows: "Now, since we applied for the pilot measure, we had to change our organizational structure, because one requirement of Leader is that partners are from these three different sectors. Before, the partners were selected concerning the projects we had to implement. And this worked out well, because we were looking for people who were interested. Now, it is a completely new situation for us, we have to select partners due to their affiliation to the three different sectors" (D-01).
- *Difficulty of finding consensus.* Some partners demurred that within a LAG consisting of representatives of eleven communes it will be more difficult to find a consensus. One interviewee mentioned: "I am not sure if the interests of a single commune will exactly be the same as the interests of other communes" (D-07). The situation is supposed to become more critical if there were only a small budget available for the LAG or some of the communes will develop in a different direction.
- *Difficulty of activating unemployed people.* As discussed in section 2.3, there is a big problem to activate unemployed people in the region due to their occupational background in the state farms and the military base. These people are mostly not active in associations and are often separated from public life. Therefore, it will be hard to involve them in the projects of the LAG even though they might be the target of the undertaken actions.
- *High operational costs.* A partner of the future LAG mentioned: "Another problem is that nobody from FAPA⁹ thought about operational costs. With scheme I we cannot cover the operational costs for telephone, copy machine, or for printings. There is no possibility to cover these costs" (D-01). This concern was also mentioned by other smaller associations in the region, which applied for the pilot measure, too. Smaller associations

⁹ FAPA (Foundation of Assistance Programmes for Agriculture) coordinates the application for the pilot measures to implement Leader+ in Poland.

criticised also the high bureaucratic application barriers, which are for small NGOs, due to their limited amount of volunteer time, almost insuperable.

- *The limited focus on Leader-type projects.* A further concern mentioned by partners of the future LAG regards the requirement that Leader-type LAGs are not able to apply for other programmes or funds. The organizational structure, once emerged, might also be useful to apply for other financial sources to widen activities.

6 CONCLUSIONS

This paper, based on thirty-five interviews conducted in the summer of 2005 in the commune Dębrzno (Northwest Poland), gives an overview about main problems and main chances for the region. It also characterizes undertaken endogenous initiatives to develop local tourism and the local labour market, which are starting from a local association.

The high unemployment rate, the uncertain market situation for agricultural farms, and the lack of social cooperation are discussed as the major problems in the region. The shutdown of the state-owned farms and the local military base in the early nineties not only resulted in a high unemployment rate. It also left many low skilled people, who were not able to perform on the local labour market and did not have any entrepreneurial skills. As a response to these problems, the *Association for the development of the city and the commune of Dębrzno*, emerged. It is based on a cooperation between members of the local government and local NGOs. Amongst others, the association initiated a local business start-up agency and a local labour agency. It also organized different workshops for members of the local government to improve their application skills for national and European programmes. Furthermore, the association was the main initiator of the partnership of the Northern Necklace. This partnership covers an area of thirty-two communes and was originally started for creating an 870 km long bike trek. The partnership also organized different workshops to improve the skills of local unemployed people and developed a local brand mark. The latter provides inhabitants with the opportunity to sell self made regional products in the closer ambit.

An increased interest of tourists in the region, the increase of local business start-ups, additional income sources for unemployed people or small farms due to the local brand market as well as the development of agrotourism, and implemented projects for the economic development of the commune Dębrzno are regarded as major results of the association's and the partnership's activities. A further important outcome can be seen in a noticeable activation of the local population. Due to the association's activities, other associations in neighbouring places were founded.

Implementing these initiatives as well as activating the local population was mainly possible due to the close cooperation between the association and the local government, the organizational structure of the association, and the trust inhabitants have in the members of the association. The experiences with endogenous initiatives and the application for different funds will also be an advantageous precondition for the adoption of the pilot measure to implement the Community Initiative Leader+ in the region. In 2004, the association and the local government of Dębrzno applied together with ten other communes for the pilot measure. Promotion activities and conferences with potential LAG partners were already conducted. The main focus of future projects will be on a further development of tourism in the region. Due to the fact that the exact implementation of Leader in Poland after 2007 is unknown, potential projects have not been precisely elaborated so far.

Further assistance could be provided for smaller farms in the region. The local brand mark and agrotourism, forced by the association, make an additional income for small farms in the

region possible. But further activities in order to support these farms should be undertaken. For example, farmers could be provided with some start-up funds which enable them to apply for different programmes to ease the investment in tourist facilities. Furthermore, those small farms could also add some products to the local brand market, which could be promoted on regional markets by the association and sold in local stores. And the association would be able to provide small farms, which are often not very active on their own, with assistance in applying for funds, preparing a business plan, and promoting their offers.

However, endogenous initiatives starting from the association or the partnership were not able to influence the unstable market situation of the medium-sized or larger farms until now. Farmers pointed out that direct payments, pre-accession programmes, and other measures, which were implemented due to Poland's EU accession, did not contribute to further farm investments as much as it was hoped before the accession. Larger farms in the region are endowed with competitive farm and production structures and are capable of receiving bank credits. However, as the interviews showed, investment decisions of farmers are significantly affected by the uncertain market situation. To counter unstable producer prices and to negotiate better contracts with wholesalers, local farmers already founded producer groups in order to increase their market power. But these producer groups, due to an unfavourable legal framework, high bureaucratic and administrative barriers, a lack of a trustworthy management, and the absence of short term profits, were mostly abortive. Therefore, to improve the situation of local farmers, the national government should consider to support collective action among farmers. An improved legal framework for producer groups, extension services and seminars for farmers, as well as funds for producer groups to improve their facilities might be helpful on this way.

For Dębrzno, as many inhabitants and farmers stated, setting-up a local processing plant for soft fruits should be a promising possibility to provide farmers with a market and local workers with new jobs. The establishment of a processing plant could be undertaken by a producer group, as this would provide farmers with a stronger influence on marketing opportunities. However, due to the lack of a trustworthy management, no actions in this direction have been undertaken until now. A first step could be to find a group of potential investors. The local reputation of the association from Dębrzno could be utilised to increase farmers' trust in such an enterprise and to attract potential investors. Seed capital contributed by the association could encourage other investors to join such an organisation.

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

- D-07: Representative of the local government, member of the city council of the commune of Dębrzno.
- D-08: Representative of the local government, member of the city council of the commune of Dębrzno, member of the *Association for the development of the city and the commune of Dębrzno*.
- D-22: Representative of the regional government in the administrative district Człuchów, Department for regional development and EU integration.
- D-34: Employee of the local government of the commune Dębrzno, accountant.
- D-35: Representative of the local government, member of the city council of the commune of Dębrzno.

Interview partners from the *Association for the development of the city and the commune of Dębrzno* and the *Partnership of the Northern Necklace*:

- D-01: Chairwoman of the *Association for the development of the city and the commune of Dębrzno*, member of the city council of the commune Dębrzno, employed by the local government in order to supervise the implementation of the strategy to develop the city and the commune of Dębrzno.
- D-02: Member of the *Association for the development of the city and the commune of Dębrzno*, her tasks in the association concern the introduction of the pilot measure to implement Leader+ in the region.
- D-03: Works for the business start-up agency which provides the Canadian Loan Programme, the business start-up agency is an initiative of the *Association for the development of the city and the commune of Dębrzno*.
- D-05: Two members of the *Association for the development of the city and the commune of Dębrzno*, their tasks in the association concern the coordination of the project "Youth patrol for the environment", teachers in the local school.
- D-09: Vice chairman of the *Association for the development of the city and the commune of Dębrzno*, works for the local social aid centre.
- D-12: Member of the *Association for the development of the city and the commune of Dębrzno*, his tasks in the association concern the coordination of the "Clean Business Club" as well as initiatives on the "Green way".
- D-17: Chairman of the Association for the Development of the centre and the commune of Kamień Krajeńskie, (Association is member of the partnership of the Northern Necklace), member of the city council of the commune of Kamień Krajeńskie.
- D-18: Member of the Association for the Development of the centre and the commune of Kamień Krajeńskie, (Association is member of the partnership of the Northern Necklace), responsible for the entrepreneurship incubator of the association.
- D-21: Employee of the Forestry office, commune Lipka, (Forestry office is member of the partnership of the Northern Necklace), one of the main initiators who rebuilds the local park in the city of Lipka.

- D-23: Members of the Association of Stare Gronowo (female inhabitant, local shop owner, a local farmer, head of the local fire brigade), the association was founded to restore an old estate in the middle of the village, the association of Stare Gronowo is a partner of the *Association for the development of the city and the commune of Dębrzno*.
- D-31: Two members of the Environmental Foundation for the countryside of Chojnice and Zaborski (Foundation is member of the partnership of the Northern Necklace), both are teacher of a local high school.

Interviews with local entrepreneurs and local inhabitants in general:

- D-04: Owner of an agrotourism farm in a village close to Dębrzno, member of the *Association for the development of the city and the commune of Dębrzno*.
- D-06: Works for the local labour agency in Dębrzno, the local labour agency is an initiative of the *Association for the development of the city and the commune of Dębrzno*.
- D-10: Owner of a store for sporting goods and toys in Dębrzno.
- D-11: Owner of a hardware store in Dębrzno.
- D-13: Owner of an agrotourism farm in Dębrzno.
- D-15: Owner of a hardware store in Dębrzno.
- D-16: Owner of a hardware store in Dębrzno.
- D-19: Representative of the local government of the commune Kamień Krajeńskie, this commune is close to Dębrzno.
- D-25: Priest in Dębrzno, works also as a teacher in the local school and lives in the local house of priests.
- D-27: Owner of an insurance agency.
- D-28: Representatives of the local cooperative bank in Dębrzno.
- D-32: Owner of a bakery in Dębrzno, member of the *Association for the development of the city and the commune of Dębrzno*.
- D-33: Owner of an agrotourism farm and a clothes store in Dębrzno, used to work for the state-owned farm, retired.

Interviews with local farmers:

- D-14: Owner of a large farm in Dębrzno, member of a local producer group.
- D-20: Owner of a large farm in a village close to Dębrzno, member of a local producer group, member of the *Association for the development of the city and the commune of Dębrzno*.
- D-24: Owner of a small farm in village close to Dębrzno.
- D-26: Owner of a small farm close to Dębrzno.
- D-29: Owner of a large farm in a village close to Dębrzno, member of a local producer group.
- D-30: Owner of a large farm in Dębrzno.

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