

# Social inclusion in the context of Czech rural development policy

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**Abstract:** The paper addresses social inclusion. It aims to investigate how social inclusion was conceptualized in the main Czech policy documents related to the EU. The text argues that one of the tools of social inclusion – social economy represented by social entrepreneurship and social farming – is a sort of innovative practice. The findings suggest that the understanding of social inclusion evolves within policy documents towards highlighting social economy through matching its theoretical concept with political measures. However, social economy is still not considered by the documents as an innovative approach. If analysing projects funded under Czech Rural Development Programs, social inclusion in rural areas is not the main theme, especially in regions exposed to the risk of social exclusion. In addition, the main actors (NGOs or social entrepreneurs) who are said to support social economy or social farming are not active in submitting projects in rural areas under the Rural Development Program 2007–2013. These actors have not yet used their potential towards developing social economy.

**Keywords:** rural development, social economy, social enterprise, social farming, social inclusion

Social inclusion is the priority agenda in contemporary policies, as demonstrated by EU Strategy 2020 and two of its objectives addressing this issue. The first objective aims at reducing the unemployment rate to include more people into working activities, and the fifth objective directly aims at supporting social inclusion through targeting its main domains. This objective wants to reduce the number of poor people in the EU by at least 20 million by 2020. According to the European Commission (EC) (Social Protection Committee 2015), active social inclusion enables every citizen, notably the most disadvantaged, to fully participate in society and to gain the benefits from such activities.

The two abovementioned objectives of EU Strategy 2020 addressing social inclusion highlight employment and new jobs creation. This will result in obtaining adequate income support as well as helping to secure employment. This is to be achieved through linking out-of-work and in-work benefits and by assisting people to access these benefits. This consists in inclusive labour market regulations that make it easier for people to participate in the labour market

and that tackle in-work poverty, help people avoid poverty traps and disincentives to work, guarantee access to services provided in good quality, and help people actively participate in society, including getting back to work (Commission Recommendation 2008/867/EC 2008).

Although substantial investments in and subsidies for agriculture and rural development played an important role, rural areas never escaped poverty (Bock 2016). According to the European Commission (2017), European rural areas are characterized by a higher degree of income poverty compared to urban areas across all EU countries. Relative risk of poverty in EU 28 endangers 24.0% of the urban population, while in rural areas, it is 25.2%. In the case of the Czech Republic, the risk of poverty in cities concerns 13.8% of the urban population, and the risk of poverty in the rural areas affects 15.2% of the rural population (Eurostat 2017). This indicates that rural areas are more in need of developing socially inclusive measures.

While relative risk of poverty is still low in the Czech Republic, academics highlight the continu-

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ally increasing polarization of Czech society and the growing gaps between social groups (e.g. women in rural areas, children, and the elderly population). The increasing number of people in the lower class represents a contemporary trend in Czech society, and differences in incomes between rural and urban households are becoming more significant (Střeleček and Zdeněk 2011). This fact is highly alarming for rural areas because the structure of Czech agriculture is biased towards large-scale farming based on employment contracts. Being exposed to such unfavourable conditions necessitates coming up with some sort of innovation in the processes of social inclusion. One such innovation is social economy.

Social economy and social entrepreneurship are considered relevant for social inclusion with respect to the market and minimal interventions of the state. This is because social enterprise involves three dimensions: social, local and entrepreneurial, with synergic and overlapping effects. Economic activities are implemented within the community (producers and consumers are local) and are supported by the community in terms of social and environmental protection (Di Iacovo and O'Connor 2009). Social entrepreneurs are similar in their goals to NGOs but implement them under market constraints. Their ambition is to be market-successful. However, they do not aim primarily to obtain highest profits; their goal is to be economically stable. That is why social economy with social enterprises challenges established practices in the economy and as such represents an innovative approach to doing business (Pinto-Correia et al. 2015).

This paper addresses two research questions: how the issues of social inclusion (including social economy and social entrepreneurship) are reflected in EU policy documents related to the Czech Republic within three programming periods (2004–2006, 2007–2013 and 2014–2020)? These three programming periods (although the first was short for the Czech Republic and the third one began in 2014) provide an opportunity to investigate the development of the policy targeting social inclusion and social economy (with a focus on rural areas). Since the documents involved were main policy documents, they also affected those of Czech policy. The second research question is if (and how) the ideas about social inclusion and exclusion embedded in these documents were reflected in rural areas, namely, in implemented development projects within the framework of the Rural Development Programme, and what were the barriers to the development of social

economy? However, because we only have a single fully completed programming period (2007–2013) for the Czech Republic, only data from this period will be used to determine if and how the projects under the Rural Development Programme 2007–2013 echoed analysed policy documents in terms of social inclusion and social economy, and what obstacles impede social economy from developing.

## MATERIAL AND METHODS

To analyse and to evaluate the documents a modified content analysis was used. A similar approach was used by Pospěch (2014) and Boukalová et al. (2016) in analysing documents of Local Action Groups. The aim of such modified content analysis is not to quantify investigated categories beforehand, but to define the content of texts in terms of their correspondence with the politics aiming at social inclusive activities. Echoing the ideas of Glaser and Strauss (Kronick 1997), words or sentences as the basic units of content analysis were not used, but the analysis was conducted in line with the interpretative tradition in social sciences. The qualitative approach dominates in the analysis, as the goal is not to quantify the terms connected with social inclusion but to highlight the context in which the activities aiming at social inclusion in rural areas are presented in the documents investigated.

The analysed documents were Community Support Framework (CSF 2004–2006), National Strategic Reference Framework (NSRF 2007–2013) and Partnership Agreement (PA 2004–2020). Because of the interest in rural areas, rural development policy documents were also analysed, namely, two Czech Rural Development Programmes for the 2007–2013 and 2014–2020 periods.

The second part of the research uses data from projects implemented by local action groups (LAGs) in the period of 2007–2013. The data were sourced from the database of projects operated by the Ministry of Agriculture. This database includes all projects of LAGs under Rural Development Programme 2007–2013. The analysis of the projects was conducted with respect to the relationship between project type and the characteristics of the LAGs in terms of their approach to social inclusion and how it echoes ideas in the main policy documents with an aim to detecting factors hindering social inclusion in rural areas.

### Re-conceptualizing the welfare state: a new way towards social inclusion

Social inclusion involves affirmative actions to resolve social exclusion in society. Social exclusion is the process in which people are denied full access to various rights, opportunities and resources that are available to the other members of society (Amin et al. 2003). The term social exclusion as a problem and the term social inclusion as a solution are to be found distinctively for the first time in political documents in the 1990s. There are two main approaches to understanding these concepts: the Anglo-Saxon understanding of issues related to the deficiency within the framework of the redistribution of wealth in the welfare state and the French (continental) understanding rooted in denying rights in education and health care (Esping-Andersen 1990). The term social exclusion later replaced the concept of poverty, which was true also for rural areas (Shucksmith 2012).

Social exclusion does not mean raising inequality. It concerns strengthening the dynamics of excluding people from mainstream society. Social exclusion is influenced by four factors: poverty, labour market and redistributive system, family, and community life and shared values of the normative culture (Giddens and Sutton 2013). The two last factors are significant for rural communities (Commins 2004).

When addressing social inclusion in rural areas, Shortall (2008) highlights the need to distinguish between two segments of the term social inclusion. One is formed by civil participation in the locality, while the second is represented by the openness of political structures. This enables the participation of the local population in public events organized within the framework of public policies. As Shortall (2008) demonstrates, social inclusion is an outcome of a community's high level of social capital and participation in rural areas. Social inclusion in such cases does not depend on political measures.

### SOCIAL ECONOMY AS A NEW WAY OF SOCIAL INCLUSION

Social economy respects the right to generate business profits. However, such profits are not converted into shared profits for shareholders but support disadvantaged community members to establish the condition for their social inclusion. Contrary to ideas about how to use profits, they become a building

component of mutual solidarity (Dohnalová 2006). Social economy started being implemented during the unfavourable economic situation prior to World War II. In line with transition theory, a window of opportunity opens when established practices face problems (Lošťák et al. 2015). Because the economic crisis contributed to social exclusion and generated problems, the situation called for innovative solutions to address unfavourable developments (Husák and Hudečková 2017).

Social economy consists of three segments (Hunčová et al. 2010): social enterprise, the community sector and the voluntary sector. All of these act in small and middle-sized scales. Informal relationships and activities implemented within all segments are favourable for the community rather than for businesses or individuals.

Social enterprises as the main form of businesses in social economy include mostly cooperatives, associations and foundations. Their activities are typified by a strong social sensibility and understanding the localities they operate in. The main interest of social enterprises includes work integration (supporting and providing the education and integration of the unemployed), personal services (childcare, elderly care and care for disadvantaged people) and local development (in unfavourable areas, remote villages and urban neighbourhoods). Actors promoting and implementing social economy create collaborative networks to provide economic and socially profitable activities. Social enterprises support inter- and intra-generation solidarity and contribute to achieving the principles of corporate social responsibility. They also prioritize the monitoring of social inclusion (Dohnalová 2006).

An important context of social economy represented by social enterprises concerns the ambition to be active and not to be dependent on external support. This means that the positive effects of social economy result in lowering the dependency on the welfare state. Thus we observe the changing role of state from a powerless administrator of public policy affairs to a "socially sustainable society" driven by its members (*ibid*).

Social economy has its precursors in the Czech context and as such is a kind of retro-innovation (Lošťák et al. 2015). Before World War II, farmers' associations and cooperatives were founded to provide services in farming or financial services to help people in need. This kind of cooperation was interrupted during the Communist era in 1948–1989,

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after which the same type of cooperation between farmers was not renewed (Lošťák 1994, Hudečková and Lošťák 2002).

The importance of social economy is highlighted by the contemporary interpretation of poverty and social exclusion in rural areas. As Shucksmith (2012) points out, social exclusion is an outcome of modern society dynamics, which is influenced by the economy. That is why social economy seems important to be used for social inclusion. Its contemporary understanding highlights the neo-endogenous model of rural development supported by the initiatives and activities of the local people, the key actors in reducing poverty and social exclusion in rural areas, using differentiated local economy and knowledge of local needs and sources (Lowe 2000).

Agriculture provides social services which are linked to social farming. Thus, social farming is an innovative approach comprising two concepts: multifunctional agriculture and community-based agriculture (the latter based on social and health care). Social enterprises in the form of social farming (usually existing as social cooperatives) provide social services needed for socially disadvantaged populations in rural localities. Moreover, social farms contribute to the better implementation of an active social policy (for example, creating new jobs, life-long learning). Social farming includes all activities that use agricultural resources to promote or generate social services in rural areas (Di Iacovo and O'Connor 2009).

Thus social farming combines agricultural activities and social care, which means that farming becomes a basis for a wide range of social services. Social farming across Europe differs in terms of its structure and organization because it targets various social services and groups (people with health and mental disabilities, former prisoners). It ranges from family farms to cooperatives or non-governmental farming organizations. Social farming is often used interchangeably with other concepts, such as care farming, farming for health or green care (O'Connor et al. 2010).

Dessein and Bock (2010) frame divide farming discourse into three concepts: multifunctional agriculture (when social farming becomes a new source of income and at the same time creates new functions for agriculture), public health (there are new possibilities for health and social care) and social inclusion (social farming activities “produce” more than social care in terms of employment and social integration).

### **Reflection of social inclusion in strategic documents of Czech regional policy**

We examine below how social exclusion and social inclusion are conceptualized and reflected in three key documents framing Czech policy in the EU context: Community Support Framework 2004–2006 (CSF), National Strategic Reference Framework 2007–2013 (NSRF) and Partnership Agreement 2014–2020 (PA).

While CSF focused on several key social and economic problems, including employment and social inclusion, the issue of social exclusion in the wording of NSRF is strongly related only to the labour market and unemployment (mainly young people, women and the Roma population), rather than to social exclusion explicitly or inclusion in general. CSF targeted social exclusion and inclusion in broader contexts compared to NSRF, which was in force later on. CSF highlights the necessity of the state to reduce social exclusion through state social policy without the significant participation of non-state actors (including social entrepreneurs). NSRF concerned mostly the threat to peripheral and rural areas due to micro-regional disparities and did not reflect social problems at the local level. Compared to CSF, it did not address social inclusion locally but considered it only regionally, which contradicts the ideas of social economy being locally embedded. Contrary to NSRF, a new Partnership Agreement 2014–2020 (PA) focuses on strategies contributing to territorial cohesion through linking interventions implemented in various programmes. As such, it is more tailored to local development, which is in line with the idea of community-led local development, and brings together social intervention (within the frame of active social politics) and business activities (i.e. the market).

PA develops the concept of solidarity economy because it emphasizes the use of complex strategic approaches to local potential. Thus it contributes to the sustainability of economic and social structures in various localities. This document points out connections between economic and social spheres and focuses on communities by using their endogenous potential. Although this approach seems to respect ideas of social economy, the activities considered in PA aim at the financial support of newly emerging, industrially oriented enterprises (especially those with environmentally friendly energy technologies), implementing innovations in production technology. However, social enterprises are not perceived by PA to be an innovative in term of business. The



only social aspects supported within businesses are activities resulting in improving the conditions for employees (e.g. supporting parents to harmonize career and family life). Omitting a huge variety of social aspects in innovations, PA 2014–2020 is restricted to non-innovative approaches to unemployment through supporting the territorial mobility of employees. PA mostly focuses on disparities in the labour market among regions. These are considered strong manifestation of social exclusion.

PA recommends focusing on exclusion from the labour market and providing social housing. Such a focus opens the way for social economy. An important change compared to previous programming periods is that PA, for the first time, sets up any kind of framework to develop social enterprises. However, such an innovation approach is in its infancy and depends on the creation of local strategic plans of social integration.

Compared to NSRF and CSE, PA emphasizes the innovative use of the potentials in localities; however, social economy or social entrepreneurship (including social farming) is not implicitly listed among them. PA supports the transfer of state social policy to the actors of local social policy. It articulates relations among families, localities, and local entrepreneurs, or local employers, as a possible source of jobs. Such reorientation is a “window of opportunity” for social enterprises to emerge as an innovation in Czech social policy.

### **Reflection of social inclusion in Rural Development Programme 2007–2013**

Rural Development Programme 2007–2013 addressed rural communities (and social inclusion) in one of its axes targeted to the LEADER approach as a way to support the projects implemented by local actors in their collaboration. In the contemporary programming period (2014–2020), Rural Development Programme (RDP) focuses on social inclusion in a more pronounced way. In one of its priorities (No. 6), RDP 2014–2020 promotes social inclusion, contributes to poverty reduction and supports economic development in rural areas. It contributes to social inclusion in rural areas through supporting small businesses, diversification into non-agricultural activities and opportunities to create new jobs. It also supports the links of agricultural production with other businesses. Part of priority No. 6 in RDP 2014–2020 highlights efforts to strengthen

local development in rural areas through various community-led projects. Needed inputs to such an endeavour are good knowledge of local areas, utilization of specific potentials of communities and the support of a bottom-up approach in local development. This priority in RDP 2014–2020 opens the window for social economy, which was neglected in previous programming periods.

### **Social inclusion, social economy and rural development projects in the Czech Republic**

Physically or mentally handicapped people are one of the social groups targeted by social inclusion measures. In the Czech Republic, there are more than 53 000 unemployed physically and mentally handicapped people, i.e. approximately 20% of all the unemployed in 2017. In 2015, there were more than 35 000 sheltered employment positions available. Their number rises by the hundreds every year (Rychtář and Sokolovský 2016). However, in 2013 only 6 out of almost 1 000 employers involved in agricultural production or in activities related to urban agriculture and park management worked with these people (Zelená zpráva 2016). This number illustrates that agriculture is not yet open to such activities. It signals the emergence of some barriers for social enterprises in agriculture. Such low numbers were another reason to scrutinize rural development projects implemented under Rural Development Programme 2007–2013 (RDP 2007–2013) to obtain the answer as to what constitute the barriers to social economy in general and social welfare in particular. The analysis is conducted with data from the Ministry of Agriculture and the information includes the project title, applicant identification, financial allocation and the priority from RDP 2007–2013 in which the project was implemented. The data do not provide detailed information about the implemented project. However, it is possible to analyse them from a content point of view through the relevant axis in RDP 2007–2013, the applicants representing a municipality, the business or nonprofit sector, the title and the funding allocated (Table 1).

Almost half of the applications submitted were by municipalities (47.5%), about a quarter by entrepreneurs (26.3%) and less than a fifth of the projects submitted were by NGOs (17.8%). Associations of municipalities applied in less than one-tenth of the projects (7.4%) and the least number of applications were from business companies (1.3%).

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Table 1. Projects implemented in the period 2007–2013 supported by Rural Development Programme

Region NUTS 3	Number of LAGs	Number of projects	Number of projects applied by				
			municipalities	NGOs	entrepreneurs	business companies	ARM
Středočeský	11	944	557	55	291	1	40
Jihočeský	12	1184	615	302	193	18	56
Plzeňský	8	677	345	86	206	10	30
Karlovarský	4	414	240	45	102	10	17
Ústecký	3	299	155	42	89	3	10
Liberecký	6	425	184	87	117	3	34
Královehradecký	12	978	405	204	251	15	103
Pardubický	7	502	214	89	150	12	37
Vysočina	9	708	381	101	168	0	58
Jihomoravský	10	918	400	154	279	10	75
Olomoucký	13	1071	409	214	332	2	114
Zlínský	12	905	347	238	227	8	85
Moravskoslezský	9	586	321	95	121	11	38
Total	116	9611	4573	1712	2526	103	697

ARM – associations of rural municipalities; LAGs – local action groups

Source: Author's analysis of database of Ministry of Regional Development

The largest projects in terms of funding were implemented by companies and the smallest proportion in terms of money was allocated by nonprofit organizations. To analyse the data, LAGs were segmented into three categories each sharing approximately 1/3 of the financial support (27.7%, 36.6%, 35.7%). The first category is represented by LAGs with total financial support for projects from RDP 2007–2013 amounting 16.8–35 million CZK, the second category comprises LAGs with support ranging 35.1–50 million CZK and the third with support over 50 million CZK.

Another calculation needed to analyse the data uses the index of social exclusion risk. This index is counted through six indicators (Table 2). They are: (1) number of inhabitants in all LAGs in the region; (2) percentage of unemployment in all LAGs in the region; (3) average monthly amount of three social benefits (housing benefits, subsistence benefits and family care benefits) for all inhabitants in LAGs in the region; (4) level of peripherality measured according to the Czech Strategy of Regional Development, which determines peripheral, stable and developed areas (municipalities in LAGs in peripheral areas score 3 points, in stable areas 2 points, and in developed areas 1 point); (5) number of socially excluded municipalities (officially listed as socially excluded) in LAGs in the region; and (6) proportion of children aged 0–5 years of age per 100 inhabitants of productive (working) age (15–60 years of age). Weighted average of the indicators results in the index

of risk of social exclusion in the LAGs in Czech NUTS 3 regions. The higher the number in the index of risk of social inclusion, the higher the risk. This means that NUTS 3 regions with a high risk of social exclusion are supposed to be more supported towards attaining social inclusion.

If we study the relation between allocated amount of money in projects grants (project implemented by LAGs in the period 2007–2013) and the indicators referring to risk of social exclusion of the LAG in Table 2, we can conclude that:

- The amount of funding did not correspond to the unemployment rate. There was no evidence that in regions with higher unemployment rates, more allocated money was used.

- More significant is the correlation between regions and the amount of financing in the case of index of risk of social exclusions and presence (number) of socially excluded localities. It is obvious that greater financial support was allocated to the LAGs in NUTS 3 regions that were identified as socially excluded. This correlation, however, does not apply to LAGs belonging to the level of support of 16.8–35 million CZK and of high index of risk of social exclusion (i.e. smaller projects were not targeted to social inclusions).

- The correlation between financing LAGs and social benefits shows that the higher the financing provided, the higher the amount of social benefits achieved. However, paradoxically, this correlation

does not apply to the LAGs in NUTS 3 regions with the highest amount of social benefits per capita in LAGs (more than 450 CZK) Moravskoslezský and Karlovarský regions).

If we study the correlation between the LAGs territory through the abovementioned 6 indicators, the index of the risk of social exclusion (Table 2) and the information about applicants of the projects under RDP 2007–2013 (Table 1), we can conclude that:

- LAGs with an unemployment rate under 5% indicate higher participation of local actors in projects than other LAGs. Such a finding suggests there is no shift towards urging the local population in regions with higher unemployment to get involved in activities. However, social economy (including social farming) necessitates such active involvement.
- There is no the correlation between the level of social benefits and the type of project applicants. This finding suggests a still underdeveloped social economy.
- The projects of companies and entrepreneurs also do not correlate with the activities of these actors in LAGs identified by any indicators of the threat of social exclusion.

The results indicate that projects under Czech Rural Development Plan projects 2007–2013 implemented by LAGs mismatch the target of actively supporting social inclusion. They do not address social economy or social farming. Such a finding echoes the wording of the main documents (NSRF and RDP 2007–2013),

which oriented activities towards technological solutions rather than to activating people.

### Social exclusion reflection in rural development programmes viewed through a regional perspective (NUTS 3)

In this paper, a LAG territory is identified to be socially excluded when at least one of the communities where a LAG operates was defined as socially excluded in the framework of the Analysis of Socially Excluded Localities in the Czech Republic (Čada 2015). Using this identification, more than 1/3 of the LAGs (36.4%) are affected by social exclusion.

Such typology of LAGs pointing out social exclusion is important for discovering the correlation between the amount of financial support and the share of municipalities, entrepreneurs and nonprofit organizations in designing and submitting projects to answer the question, What are the barriers to developing social economy as a tool mitigating social exclusion? The data about 9 694 projects implemented by LAGs under RDP 2007–2013 under its fourth axis (LEADER) were used once again.

The capacity of actors (municipalities, nonprofit organizations, entrepreneurs, and activities of registered social entrepreneurs) who can implement the projects aiming at reducing social exclusion in communities is identified through four indicators

Table 2. Indicators of risk of social exclusion in local action groups (LAGs)

Region NUTS 3	Number of inhabitants in LAGs	Unemployment in LAGs (%)	Aver. monthly amount of social benefits per all dwellers in LAGs (CZK)	Index of peripherality in LAGs	Number of municipalities listed as socially excluded in LAGs	Proportion of children 0–5 years/100 inhabitants in LAGs aged 15–64 years	Index of social exclusion risk
Středočeský	133 124	6.204	224.145	0.792	5	10.797	0.572
Jihočeský	231 331	6.053	226.761	1.395	5	9.511	0.538
Plzeňský	280 301	5.738	256.753	1.443	7	9.385	0.613
Karlovarský	284 290	7.645	689.663	1.048	4	9.458	0.844
Ústecký	272 835	9.523	821.333	1.137	2	9.190	0.824
Liberecký	325 705	8.422	382.716	0.864	4	10.022	0.656
Královehradecký	292 221	6.249	325.225	0.947	10	9.763	0.563
Pardubický	358 026	6.773	415.716	0.867	5	9.273	0.604
Vysočina	300 417	6.786	287.077	1.184	5	8.653	0.561
Jihomoravský	321 633	8.244	231.830	0.454	1	9.273	0.484
Olomoucký	510 826	7.890	291.669	0.314	9	9.308	0.495
Zlínský	291 574	7.238	275.617	0.253	5	8.713	0.434
Moravskoslezský	382 832	9.517	641.276	0.664	6	8.837	0.741

Source: Author's analysis based on data from database on projects funded by European Social Fund (2017) in the Czech Republic

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in Table 3. They are (1) the proportion of projects implemented by municipalities under RDP 2007–2013 to the total number of municipalities in NUTS 3 regions; (2) the proportion of projects implemented by NGOs to the total number of NGOs registered in NUTS 3 regions; (3) the proportion of projects implemented by entrepreneurs to the total number of registered entrepreneurs in the NUTS 3 regions; (4) the proportion of projects implemented by social entrepreneurs to the total number of registered social entrepreneurs in NUTS 3 regions.

Given the number of municipalities in the Czech Republic and the number of submitted projects, it is obvious that municipal projects measured by the proportion of projects implemented in municipalities to the number of all municipalities in the region is the highest (Table 3). Contrary involvement of nonprofit organizations and social enterprises in project applications measured by the share of projects implemented by the nonprofit organizations or social entrepreneurs on total number of registered nonprofit organizations or social entrepreneurs in the region is the lowest. The proportion of projects submitted to the total number of entrepreneurs is the lowest. Such analysis documents the opportunities under the LEADER approach were mostly used by municipalities (if measured through their proportion to total number of municipalities). However, they are not a key driver of social economy. The fact that the social entrepreneurs did not use

RDP 2007–2013 proportionally to municipalities suggests that social economy is either concentrated in cities or that LAGs were not active in spreading information about the possibilities of LEADER in terms of social inclusion and oriented their activities to a kind of small infrastructural project, as also documented by Boukalová et al. (2016).

Data in Table 3 indicate that Olomoucký kraj is typified by a relatively high proportion of social enterprises, which submitted the project under axis 4 LEADER of RDP 2007–2013, and a high proportion of projects submitted by municipalities, NGOs and entrepreneurs when all the proportions are counted to total numbers of municipalities, NGOs, entrepreneurs and social entrepreneurs in this region. On the other hand, Ústecký kraj and Středočeský kraj are typified by a high proportion of social enterprises submitting projects under axis 4 LEADER of RDP 2007–2013 and, at the same time, a low proportion of municipalities, NGOs, and entrepreneurs who are submitting, if the proportions concern the total number of these categories in the region. In term of NUTS 3 regions with low representation of social enterprises, there is an above-average share of projects submitted by municipalities, NGOs and entrepreneurs only in Karlovarský kraj. For NUTS 3 regions with a high representation of social enterprises, a lower share of projects submitted by municipalities, NGOs and entrepreneurs is found

Table 3. Capacity of actors in project implementation

Region NUTS 3	Proportion of projects of municipalities* to total number of municipalities in LAGs (%)	Proportion of NGO projects* to total number of NGOs in LAGs (%)	Proportion of projects of entrepreneurs* to total number of entrepreneurs in LAGs (%)	Proportion of projects of social entrepreneurs* to total number of social entrepreneurs in LAGs (%)
Středočeský	48.69	1.23	0.36	11.43
Jihočeský	98.56	10.37	0.57	5.71
Plzeňský	68.86	3.46	0.73	4.57
Karlovarský	179.10	4.90	0.72	1.71
Ústecký	43.79	1.70	0.25	10.86
Liberecký	85.58	5.65	0.49	2.86
Královehradecký	90.40	9.41	0.83	6.86
Pardubický	47.45	4.46	0.58	4.57
Vysočina	54.12	4.26	0.64	5.14
Jihomoravský	59.44	4.34	0.44	13.14
Olomoucký	101.74	10.34	1.13	11.43
Zlínský	113.03	12.96	0.73	9.71
Moravskoslezský	107.00	2.91	0.24	12.00

\*Projects under Rural Development Programme 2007–2013 (axis LEADER); LAGs – local action groups

Source: Author's analysis based on data of Ministry of Regional Development



only in Jihomoravský kraj. These findings suggest that in the regions facing long-term social problems, the capacity of municipalities and nonprofit organizations is not utilized enough to address social inclusion. The passivity of municipalities is explained through lack of knowledge and experience. The lower share of active NGOs implies a lack of knowledge, and small-scale NGOs have no great ambition to implement larger projects.

From the regional (NUTS 3) perspective, the low activity of municipalities and NGOs in regions strongly associated with social exclusion (Ústecký kraj and Moravskoslezský kraj) is striking. A low proportion of municipalities with projects under LEADER RDP 2007–2013 to all municipalities (Ústecký kraj) and NGOs with LEADER projects under RDP 2007–2013 to all NGOs (Moravskoslezský kraj) suggests a low utilization of the potential for social inclusion (these two regions use more state paternalist roles instead of activating the population). On the other hand, Olomoucký kraj (not being exposed to social exclusion to such a degree as the previous two regions) utilized the potential provided by RDP 2007–2013 to support socially inclusive activities, echoing new approaches embedded in the neo-endogenous model of rural development.

Table 4 shows the number of projects funded under axis 4 of RDP 2007–2013 and the financial allocation to projects in the planning period 2014–2020

under RDP 2014–2020 measures aiming at social inclusions, together with the index of risk of social exclusion in Table 2.

The study also compared financial support for projects funded by RDP 2007–2013 and money allocated for Local Action Groups within the framework of RDP 2014–2020. Both programming periods were measured through the proportion of the number of inhabitants in NUTS 3 regions and the allocation of money for projects in the region and compared with the index of risk of social exclusion in NUTS 3 regions described in Table 2.

Looking at the relation between financial support for projects funded under axis 4 (LEADER) of RDP 2007–2013 and money allocated for RDP 2014–2020 under priority No. 6, “The promotion of social integration, poverty eradication and economic development” in rural areas in NUTS 3 regions, and the level of index of risk of social exclusion in these regions, we discovered four types of regions where an increase or decrease in financial support allocated echoes the issues of social exclusion (in term of the need to mitigate it) and four regions where this is not the case. Financial allocation relatively increased from the 2007–2013 period to the 2014–2020 period in Liberecký kraj, Karlovarský kraj, and Plzeňský kraj. These are the regions facing social exclusion in some communities. On the other hand, Jihomoravský kraj indicates relatively decreasing financial allocation as

Table 4. Social exclusion indicators facing financial allocation

Region NUTS 3	Number of LAGs in region	Number of projects	Project funding – axis LEADER RDP 2007–2013 (million CZK)	Project funding per capita in region NUTS 3 (CZK)	Financial allocation – priority “Social inclusion” RDP 2014–2020 (million CZK)	Financial allocation per capita 2014–2020	Index of risk of social exclusion
Středočeský	11	944	532.164	3 998	103.960	781	0.572
Jihočeský	12	1184	567.096	2 451	107.590	465	0.538
Plzeňský	8	677	359.996	1 284	89.060	318	0.613
Karlovarský	4	414	253.514	892	61.360	216	0.844
Ústecký	3	299	174.248	639	44.940	165	0.824
Liberecký	6	425	270.376	830	59.610	183	0.656
Královehradecký	12	978	473.339	1 620	122.880	421	0.563
Pardubický	7	502	236.717	661	76.900	215	0.604
Vysočina	9	708	369.326	1 229	91.790	306	0.561
Jihomoravský	10	918	498.232	1 549	70.460	219	0.484
Olomoucký	13	1071	590.939	1 157	99.040	194	0.495
Zlínský	12	905	483.021	1 657	94.680	325	0.434
Moravskoslezský	9	586	406.509	1 062	94.280	246	0.741

LAGs – local action groups; RDP – Rural Development Programme

Source: Author’s analysis based on data of European Social Fund (2017) and Ministry of Regional Development

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a reaction to a relatively lower need to mitigate social exclusion. However, in the cases of Olomoucký kraj, Zlínský kraj, and Kraj Vysočina, where there are significantly lower social exclusion indicators, financial allocation has not been adequately reduced. The most striking (and odd) situation in terms of financial allocation for the 2014–2020 period is in Ústecký kraj. The sum of money allocated for 2014–2020 compared to 2007–2013 to deal with social exclusion through Rural Development Programmes 2014–2020 was reduced; however social exclusion indicators suggest significant endangerment by social exclusion in this region.

Taking into account project funding for 2007–2013 and financial allocation for 2014–2020 if recalculated per capita in regions, it is clear that there is no strong correlation between the total coefficient of socially excluded regions and the rate of project funding in LAGs. In the case of Ústecký kraj, there is not only a reduction in allocated funds between the two planning periods but also almost the smallest share of funds compared to other regions.

## CONCLUSION

Social inclusion is becoming a very important topic in societal discourse, and rural areas are no exception. An understanding of this topic evolves when examining the main documents joining the Czech Republic and the EU. While in the previous programming period, social inclusion was considered in line with the exogenous model of development from a technocratic viewpoint without the involvement of excluded people to participate in issues mitigating social exclusion (socially excluded regions were passive recipients of the state), the last programming period (2007–2020) sets, for the first time, the framework for the support of the active involvement and participation of socially excluded people in various activities (there is a window of opportunity for people to become active participants in shaping their lives towards being included in society). However, among those activities supporting active involvement in mitigating social exclusions, social economy in general and social farming in particular remain unmentioned. Therefore, there is an obvious shift from the responsibility of the state to address social problems to the responsibility of communities and people living in it to address social problems with the help of families and local actors, especially entrepreneurs. However, this shift is to be

found only in Czech-EU documents covering the last programming period. Moreover, social inclusion is not yet presented through innovative ways because well-established practices of employment policy still dominate.

In scrutinizing the project implemented under Rural Development Programme 2007–2013 by LAGs and funded through the LEADER approach (axis 4), the activities of NGOs, which should be a dynamic force for implementing a new understanding of social inclusions resting on the active participation of people in communities (including through social economy or social welfare) are insignificant. It appears the potential of NGOs to develop social economy in rural areas is still not being used, and this is an obstacle to the growth of social economy. If social economy actors who should work on social inclusion in rural areas are to be activated, then NGOs are now actors with non-utilized potential. However, when looking at the activities of the municipalities that submitted projects in proportion to their number, the largest number of projects is the endeavour of NGOs, which must be strengthened by cooperating with municipalities. Another field for the cooperation of NGOs is the private businesses that implement more significant projects in terms of funding. Both forms of cooperation will make room for social economy to develop.

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