European Countryside | volume 16 | No. 1 | p. 10-25 | DOI: 10.2478/euco-2024-0002

# CHALLENGES AND PROSPECTS FOR THE DETERMINANTS OF SOCIOECONOMIC DEVELOPMENT IN RURAL AREAS: EVIDENCE FROM LITHUANIA

Rita Lankauskienė[1],
Živilė Gedminaitė-Raudonė[2]






[1] Dr. Rita Lankauskienė, Lithuanian Centre for Social Sciences, Institute of Economics and Rural Development, Vilnius, Lithuania, ORCID:0000-0003-3112-5415, e-mail: rita.lankauskiene@ekvi.lt

[2] Dr. Živilė Gedminaitė-Raudonė, Lithuanian Centre for Social Sciences, Institute of Economics and Rural Development, Vilnius Lithuania, ORCID:0000-0001-8437-5368, e-mail: zivile.gedminaite@ekvi.lt

**Received 7 August 2023, Reviewed 26 October 2023, Revised 11 December 2023, Accepted 21 December 2023**

**Abstract:** This article presents the newly introduced model for EU policy-making, based on combined 'bottom-up' and 'place-based' approaches by establishing rural science-society-policy interfaces – Multi-Actor Platforms (MAPs). MAPs are open forums for exchanging relevant ideas in solving region's most urgent place-based challenges, performing co-learning, and acting as knowledge co-creation platforms for the contribution of creating reflective research and policy agendas for the future of Europe's rural areas. The main aim of this paper is to explore the challenges and prospects for the determinants of socioeconomic development (i.e., entrepreneurship, social economy, and sustainable and resilient value chains) in rural areas, based on SHERPA science-society-policy interface co-learning and co-creation results in Lithuanian MAP. Research results show that the combined bottom-up and place-based approaches with the help of regional MAPs as science-society-policy rural interfaces hold high potential to be applied to develop reflective research and policy agendas for the regions in the EU.

**Keywords**: socioeconomic development, science-society-policy interfaces, entrepreneurship, social economy, sustainable and resilient value chains, SHERPA

**Santrauka:** Šiame straipsnyje pristatomas naujai pritaikytas ES politikos formavimo modelis, grindžiamas „iš apačios į viršų" ir „į vietą orientuotu" požiūriu, kuriant kaimo vietovių mokslo, visuomenės ir politikos sąsajas – daugiašales suinteresuotųjų platformas (angl. *Multi-Actor Platforms, MAPs*). *MAP*'ai – tai atviri forumai, kuriuose keičiamasi naujausiomis idėjomis sprendžiant neatidėliotinus regionų vietos iššūkius, vykdomas mokymasis ir bendras žinių kūrimas, padedantis kurti aktualias Europos kaimo vietovių ateities mokslinių tyrimų ir politikos darbotvarkes. Pagrindinis šio straipsnio tikslas – remiantis SHERPA mokslo-visuomenės-politikos grupių dalyvavimu, taikant bendro mokymosi ir žinių kūrimo principus Lietuvos daugiašalėje suinteresuotųjų platformoje, išnagrinėti iššūkius ir perspektyvas, susijusias su socialinę ir ekonominę plėtrą lemiančiais veiksniais (t.y., antrepreneryste, socialine ekonomika ir trumposiomis tvariomis vertės grandinėmis) kaimo vietovėse. Tyrimo rezultatai rodo, kad „iš apačios į viršų" ir „į vietą orientuoti" metodai, pasitelkiant regionines suinteresuotųjų asmenų platformas, apimančias dalyvius iš mokslo, visuomenės ir politikos sričių, turi didelį potencialą apibendrinti naujausias žinias, kuriant reflektyvias mokslinių tyrimų ir politikos darbotvarkes ES regionams.

**Raktiniai žodžiai**: socialinis ir ekonominis vystymasis, mokslo, visuomenės ir politikos sąsajos, antreprenerystė, socialinė ekonomika, trumposios tvarios vertės grandinės, SHERPA

**Highlights**

- The changing structure of production both in urban areas and the countryside differs among the regions in the EU
- Region-specific needs for specific determinants in economic activity and livelihood
- SHERPA methodology introduced

## 1. Introduction

Regions of Europe are facing significant challenges, that are greatly shaping the overall socio-economic development of the last decade (Koźmiński et al., 2020). In light of already spectated scary demographic decline and depopulation of European rural areas (Lutx et al., 2019; Syssner, 2020; De Zordo et al., 2022; Kusio et al., 2022), tremendously spreading digitalization and technological progress (Afonasova et al., 2019), the crises, occurred due to the COVID pandemic (Fana et al., 2020; Altieri & Nicholls, 2020), the war

in Ukraine (Shkarupa et al., 2022), climate change and sustainability (Vasylieva et al., 2019; Hysa et al., 2020), as well as multiple smaller obstacles, continuously raise concerns about the overall restructuring of the socioeconomic system in Europe and worldwide. According to the latest Global Sustainable Development Report (United Nations, 2023), global economic output has become one of the lowest in recent decades. Socioeconomic restructuring is increasingly followed by a changing structure of production both in urban areas and the countryside, which further affects changes in economic activity and livelihood, and finally comes to raising multiple challenges for the overall vitalization of rural areas (Amanor, 2019; Vasylieva et al., 2019; Altieri & Nicholls, 2020; Rao, 2022).

In such vibrant conditions, strengthening the science-society-policy interface becomes grassroots for reflective research and policy agendas (United Nations, 2023), which will drive the development of rural areas in Europe in the long run. Each region holds its specificity to be taken into account when forming the overall future research and policy agendas, affecting socio-economic development in rural areas in Europe. Therefore, a specific approach should be taken to adequately reflect the overall transformation trends of the socio-economic restructuring of regions in Europe, which differ in the level of particular determinants of socio-economic development (Pradhan, 2020; Kusio et al., 2022). For supranational governance, i.e., at the EU level, identifying the region-specific drivers of regions in Europe becomes a primary objective in forming consolidated long-term research and policy agendas and setting the long-term vision for rural areas (Chartier et al., 2021). This can happen effectively using the bottom-up approach and for direct interactive participation of relevant stakeholders with their most recent place-based knowledge of socio-economic development challenges and trends in their regions.

In light of the outlined circumstances, the development of the particular methodology to fulfill the rising needs for supranational governance has been developed and tested by implementing the Horizon 2020 programme project "SHERPA – Sustainable Hub to Engage into Rural Policies with Actors" (further – SHERPA) in the years 2019–2023. SHERPA aimed "to gather knowledge that contributes to the formulation of recommendations for future policies relevant to EU rural areas, by creating a science-society-policy interface, which provides a hub for knowledge and policy" (What is SHERPA, 2023) and has been implemented by 17 partners from 20 EU member states and the United Kingdom. There was a triple contribution expected from SHERPA in setting research and policy agendas in Europe: first, to provide inputs for the design of future research policies and work programmes under Horizon Europe; second, to provide support for the implementation of policies relevant to rural areas in 2021–2027; and, third, support the setting of rural policy direction in the next programming period. To generate the expected contribution, SHERPA partners in member states established 41 science-society-policy rural interfaces in 20 European counties. Rural interfaces operated as Multi Actor Platforms (MAPs) and acted as open bottom-up forums for exchanging relevant ideas in solving the most urgent place-based challenges of regions (SHERPA Rural Interfaces, 2023). MAPs also implemented co-learning and acted as knowledge co-creation platforms to contribute to building reflective research and policy agendas for the future of Europe's rural areas (Chartier et al., 2021). Each year, MAPs in regions identified the most topical place-based challenges from the overall EU overview in a particular field and worked to generate propositions on how to deal with such challenges in their regions. This way, a huge repository (SHERPA Repository, 2023) was created to elucidate the upcoming policy and research agendas for rural areas in the EU.

The main aim of this paper is to explore the challenges and prospects for the determinants of socioeconomic development in rural areas, based on SHERPA science-society-policy interface co-learning and co-creation results in Lithuanian MAP. Scientific literature and document analysis, generalization, 6- step Delphi method, and descriptive statistical analysis research methods, have been applied to reach the aim.

## 2. Theoretical background

Determinants of socioeconomic development have been broadly addressed in scientific literature and political discourses for a long period, trying to find and reflect the most timely set of determinants that would help compose foresight in particular research and policy areas. At the supranational political level, the European Council approved the Europe 2020 Strategy to increase the global competitiveness of

the European Union, putting the focus on entrepreneurship and innovation as key drivers of socio-economic progress (Pradhan et al., 2020). The EU's Long Term Vision for Rural Areas (LTVRA) up to 2040 put the focus on the ‚active' role to be played by rural communities in socio-economic restructuring, considering particular region-specific areas of interaction, first of all, in the fields of entrepreneurship, social economy, and sustainable and resilient value chains (Chartier et al., 2021).

In the most recent relevant scientific research concerning socio-economic challenges and propositions for innovative solutions to overcome them, a particular study (Kusio et al, 2022) was performed in five European rural regions, i.e., Croatia (Slovania), Germany (Münsterland, Saxony-Anhalt), Poland (Małopolska), and Portugal (Alto Minho), based on the multi-case method. Research findings consider that education of local communities, improvement of economic and digital infrastructure, support and promotion of production of local products, promotion of cooperation between local communities and local producers [building short sustainable and resilient value chains], as well as the stronger orientation of local policy towards financial support for local enterprises and farms, are the core modern solutions dealing with recent challenges of socio-economic development. It is proposed by the study, that developing place-based entrepreneurship strategies for rural areas serves best as a policy instrument to fight the socio-economic development issues in rural areas.

Among the variety of research findings in the field, there is a special focus, given by many studies, on entrepreneurial activity as a core determinant of socioeconomic development (Stoica et al., 2020; Leitão & Capucho, 2021). Analysis of rich empirical data (Leitão and Capucho, 2021, p. 737), i.e., "annual panel data for the 2003–2018 period, with a total sample of 21 countries, analyzed in a two-stage empirical application, including preliminary analysis and a quantile regression model", helped identify, that commercial freedom, innovativeness, inward foreign direct investment, households, non-profit institutions serving households final expenditure, and education play a significantly positive role on entrepreneurial activity. The core obstacles to entrepreneurship are corruption, unemployment, age dependency ratio, and life expectancy at birth. Among the most important implications, research stressed greater government control to be adopted, to foster the quality of nations' institutional environment. It was also found that stimulation for research and development is needed for new ventures and transnational collaboration to accelerate patented activities and make a global impact on socioeconomic development.

Another empirical analysis (Stoica et al., 2020) aimed to find out whether the contribution of entrepreneurship towards economic growth differs due to the development level of a country. Empirical findings, based on the panel data of 17 years (2002–2018) and 22 European countries, classified into two groups, revealed that the three analyzed types of entrepreneurship, i.e., early-stage, opportunity-driven, and necessity-driven, have a greater impact on economic growth for the particular sample of European countries, and some types of entrepreneurship are found more important than others. Across European countries, opportunity-driven and early-stage entrepreneurship are found to be key factors in accelerating economic growth. Transition countries are better accelerated by opportunity-driven entrepreneurship, while innovation-driven countries receive greater growth benefits from necessity-driven entrepreneurship.

The potential of social economy in socio-economic restructuring in rural areas has been newly discovered in light of the tremendous global crisis of the COVID-19 pandemic. One of the recent research highlights (Bucaciuc et al, 2020), that in new economic and social circumstances, related to restrictions for close interaction and traveling, the cultural heritage, held by many rural communities, became a competitive advantage in their socio-economic development, revitalizing the local Social Economy and introducing the new so-called Low Touch Economy and intertwining among them, as presented by a business design and innovation strategy enterprise „Board of Innovation" in Netherlands (Bucaciuc et al, 2020).

The potential of the social economy in dealing with socio-economic restructuring is highlighted as well in the recent study performed in the UK (Curry, 2021). The positive contribution to the social economy in rural areas was found in the potential of community food hubs. By giving an advantage to community food hubs fostering the local social economy, research highlights, that such hubs are community-led organizations, driven by mutual aid and anti-market sovereignty, and also stimulated by volunteering.

Based on existing practices, such exceptionally local place-based initiatives are drivers of local social economy, since they lead to the development of community-supported agriculture, growing groups, community gardens, city farms, and finally address food poverty and conditions of disadvantaged. Community food hubs develop as short local food supply chains and thus improve access to healthier and fresh food, dealing with food waste [as an advantage from the environmental angle of the social economy], thus contributing to building resilient and sustainable value chains. At the same time, it is highlighted, that community food hubs are vulnerable due to dependency on grants and gifts, unstable and unreliable volunteering, lack of skills and competencies, and difficult trade-offs due to environmental goals and economic equity (Curry, 2021).

Socio-economic restructuring, caused by the above-mentioned recent crises, inevitably affected the agrifood value chains. It is addressed in research (Barrett et al., 2022, p. 1317) as „the agri-food value chain revolution", which has been integrated structured, and supported with an empirical narrative of how and why agrifood value chain revolutions occur in developing countries and what impacts and changes they made from socio-economic restructuring point of view. More specifically in this research, special interest is given to short food supply chains, which also correspond to the above outlined benefits in building local place-based social economies in rural areas. Recent scientific studies (Atkočiūniene et al, 2019; Jarzębowski et al., 2020; Atkočiūnienė, 2021; Benedek et al., 2022) highlight how the short food supply chains contribute to resilience and sustainability, as well as food security in rural communities and how economic, social, and environmental benefits are received by local communities due to the reduced number of intermediaries.

The overviewed recent political discourse and scientific findings propose an interacting set of particular determinants, which, by interacting together, play an important role in the socioeconomic restructuring of European rural areas (see Figure 1). Figure 1 demonstrates the nexus between science and policy for society in future research and policy agendas. The science-society-policy interfaces act as „bottom-up" interactors for developing reflective visions and strategies, based on co-learning and co-creation, grounded in „place-based" knowledge from region-specific science, society, and policy stakeholders. The joint interaction in defining the most urgent challenges of the region's socioeconomic development helps define the region-specific prospects to overcome them. The consolidated knowledge, gathered through co-creation in regions goes to the science representatives, who accumulate the patterns of socioeconomic development and discuss them at the EU-level multi-actor platform (EU MAP). The finalized consolidated position paper then goes to the use of the European Commission to prepare research and policy agendas of the particular field (for more details, please visit the site: https://rural-interfaces.eu/rural-interfaces/).

Based on this logic, it is further described in the article, how this cycle was implemented in Lithuania and how results had been reached in Lithuanian MAP (Lithuanian multi-actor platform), which represents the science-society-policy interface at the Lithuania-specific country level. The topic, which arrived from the European Commission for discussion at this particular time (MAP cycle in the year 2022) was related to the issues of entrepreneurship, social economy and sustainable and resilient value chains from the perspectives of challenges and prospects for socioeconomic development in rural areas. Further analysis step-by-step represents the implemented 6-step Delphi process to disclose the Lithuania-specific issues, within the established SHERPA science-society-policy interface in Lithuania, based on co-learning and co-creation activities within Lithuanian MAP "CBioLit".

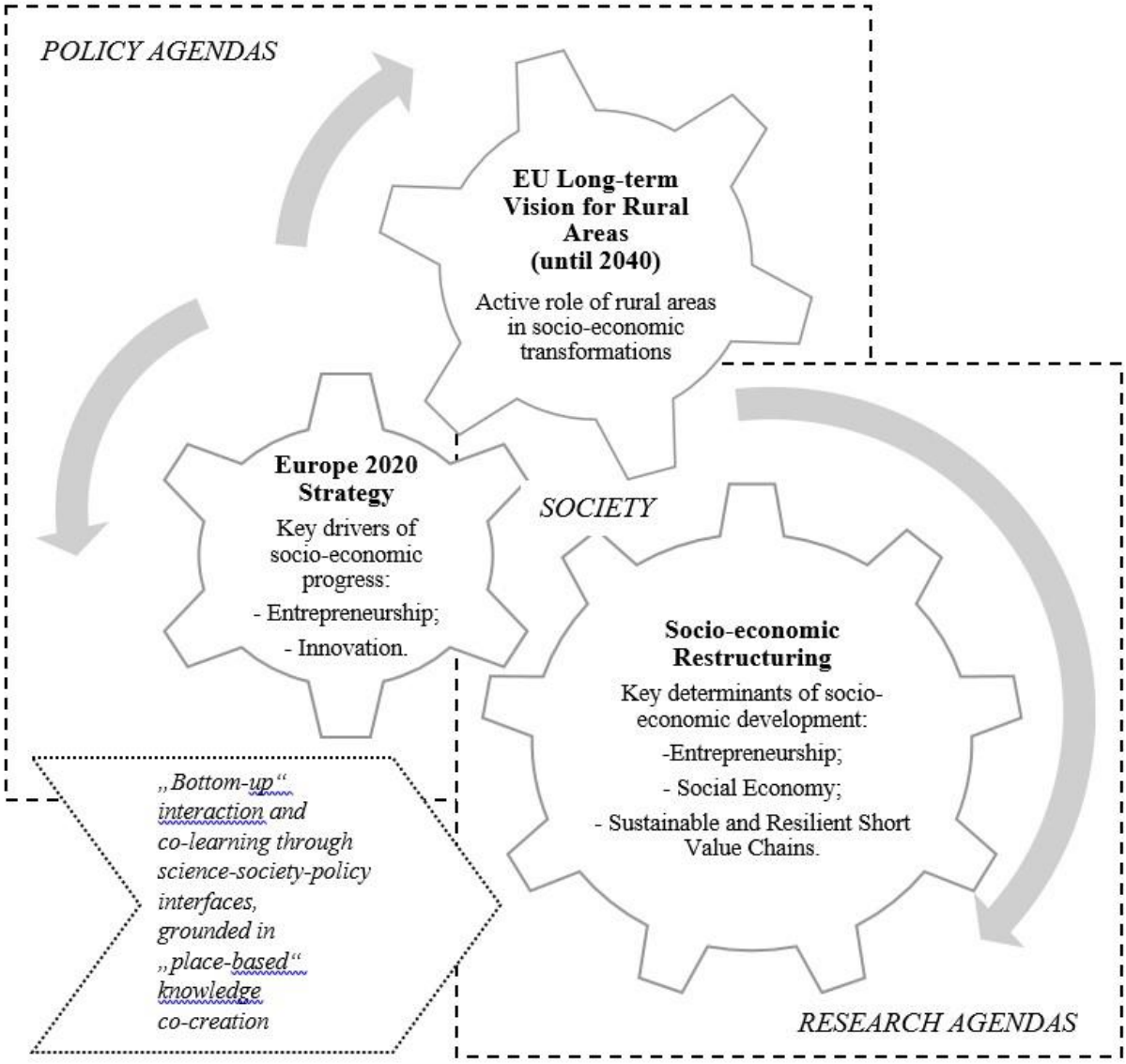



*Fig 1. The Science-Society-Policy cycle for reflective policy and research agendas of socioeconomic restructuring in European rural areas. Source: created by authors*

## 3. Research Methodology

Further research was implemented following the 6-step Delphi method during the period of March-September, 2022 in Lithuanian MAP. The following research steps, based on 6-step Delphi method, were done in the following sequence:

1. Desk research and context analysis (March-April 2022);
2. Expert interview at the Focus group meeting (physical meeting, May 19, 2022);
3. Analysis of interview results and preparation of the survey questionnaire (May-July 2022);
4. Expert survey (August 2022);
5. Analysis and generalization of expert survey results (September 2022);
6. Validation of results at expert consensus meeting (online meeting, September 22, 2022).

The expert group holding appropriate expertise had been composed to perform the in-depth interviews for the Lithuanian case study, concerning the challenges of socio-economic restructuring in Lithuanian rural areas and its impact on the transformations of sustainable and resilient value chains. The first criterion in selecting suitable experts for the topic under examination was based on the Tripple Helix

Approach (Carayannis & Campbell, 2010), which helps define appropriate experts representing three sectors, i.e., science, society (including business), and policy representatives.

The second criterion for expert selection was the Stakeholder Salience Model (Mitchell et al., 2017), which helped reduce the number of selected experts to those who hold the biggest power, urgency, and legitimacy advantages in their role considering the topic and the sector. The rating scale from 0 (weak role), 1 (moderate role), and 2 (important role) were applied to select the most valuable informants. The selected experts were attributed by score 2 considering the important role played by them in their respective sectors.

Finally, the mix of selected features from all three groups of experts composed the expected complementary expertise: the policy sector represented by ministry representatives are with the highest legitimacy attribute; the highest urgency attribute is fulfilled by business and society representatives; and the power attribute varied among all three expert groups. In total, 11 experts took part in research throughout the whole Delphi process: government (2), science (5), business (2), and civil society (2).

The input from experts was used to implement the particular steps as required by the Delphi method (i.e., step 2: Expert interview at the Focus group meeting; step 4: Expert survey, and step 6: Validation of results at expert consensus meeting) while running the science-society-policy interface in Lithuanian MAP "CBioLit – Circular Bioeconomy – Lithuania".

Further in the article, the outcomes of the applied 6-step Delphi method are presented, aiming to identify the challenges and prospects for entrepreneurship, social economy, and sustainable and resilient value chains in rural areas of Lithuania, which were pre-defined as the relevant region-specific drivers of socio-economic development in Lithuania at current times. The first research stage resulted in summarized key scientific evidence for further research steps. Further, during the interviews, the challenges, most urgent needs as well as the desirable future research agendas in the field of entrepreneurship, social economy, and sustainable and resilient value chains had been identified, and further elaborated following the 6- step Delphi methodology till the final result – the prepared Position Paper from Lithuanian MAP "CiBioLit" on the general topic "Sustainable and Resilient Value Chains" (Gedminaitė-Raudonė and Lankauskienė, 2022). The details of the performed in-depth disclosure of the socio-economic restructuring in Lithuania concerning entrepreneurship, social economy, and its impact on sustainable and resilient value chains, that were left behind in the restricted short format of the Position Paper, are presented and discussed in the next chapter of this article.

## 4. Research results

The key strategies for the socio-economic restructuring and further development of rural areas in Lithuania are currently focused on the diversification of economic activity. In more detail, it is concerned with the above-discussed determinants of socio-economic restructuring: entrepreneurship, social economy, and sustainable and resilient value chains. Following the generalized SHERPA findings from the previous MAP cycle, implemented in 2021 (Gedminaitė-Raudonė & Lankauskienė, 2021), the selected approach toward socio-economic restructuring in Lithuania will highly depend on the state of common understanding of the critical concepts for rural development, i.e., smart rurality, smart communities, digitalization, bio-economy, sustainable management of resources and food value chains (Gedminaitė-Raudonė & Lankauskienė, 2022).

Smart villages, digitalization, bioeconomy and short supply chains are the keywords defined in the new rural development programme of Lithuania for 2023–2027 (Strategic plan…, 2022). In 2020, the Lithuanian expert team while working within the first MAP, formulated the long-term vision for Lithuanian rural areas until 2040: "Rural areas of Lithuania up to 2040 are rural regions with modern villages in partnership as an attractive place to live and work." (Gedminaitė-Raudonė, Vilkė, 2020).

In 2022, the European Commission suggested a few most urgent issues for the EU in this period to be discussed in regional MAPs:

- employment;
- reskilling and digitisation;
- entrepreneurship;
- short supply chains/sustainable value chains.

Therefore, the next stage was devoted to identifying the most recent challenges, which might shape the socio-economic restructuring and make an impact on the above-defined key determinants of socio-economic development.

### 4.1 Most recent challenges of entrepreneurship, social economy, and sustainable and resilient value chains in Lithuania

The analysis of the current situation of key determinants of socio-economic restructuring (i.e., entrepreneurship, social economy, and value chains) from background information (Statistics Lithuania, 2022) suggests, that the number of farms in Lithuania decreased by almost one quarter over the period 2017–2021, which is considered a rapid decline with continuous impacts. There had been observed changes in the structure of farms: the number of large farms (with more than 100 hectares) increased by 39 percent, whereas the number of small farms (with less than 10 hectares) decreased by 31 percent. In 2017–2021, the number of micro-enterprises in rural areas was steadily growing and increased by 28.8 percent; the number of small enterprises remained stable; however, the number of medium enterprises slightly decreased (by 1.97 percent). Farmers' incomes – a key determinant of their decision to operate in the sector, creating the preconditions for entrepreneurship, sustainable farming, and food security. Since the number of small farms is declining, it is important to ensure the attractiveness of the agricultural sector in terms of income in rural areas. However, it is difficult to do so, since economic performance is not only dependent on unpredictable output prices but also, increasingly, on extreme natural events.

Another important aspect of socio-economic restructuring in rural areas is the changing food consumption trends due to more educated consumers, who are increasingly contributing to changes in the agricultural and food trade flows. These consumers open up new possibilities for local small food producers, accelerate short food supply chains, and thus add to the sustainability and resilience of rural regions, as well as to the creation of a local place-based social economy. New consumer preferences result in the rise of food bought directly from farmers and a new concept of food as a service provided by farmers to consumers. The new initiatives raise in direct sales methods for agricultural and food products: of mobile and stationary farmers' markets, farm shops, direct sales from farms, pre-ordering and delivery systems and other partnerships between producers and consumers (Vidickiene & Gedminaitė-Raudonė, 2016).

The outlined statistics and existing best practices signalize the urgency to innovate in rural areas to meet the new development trends. It is currently recognized in Lithuania, that education, age, and readiness to gain new knowledge are key parameters for successful entrepreneurship in rural areas in times of socioeconomic restructuring.

After the above-outlined background information, the Lithuanian MAP expert team raised a discussion regarding the recent most important challenges concerning entrepreneurship, social economy, and sustainable and resilient value chains in Lithuania (See Figure 2).

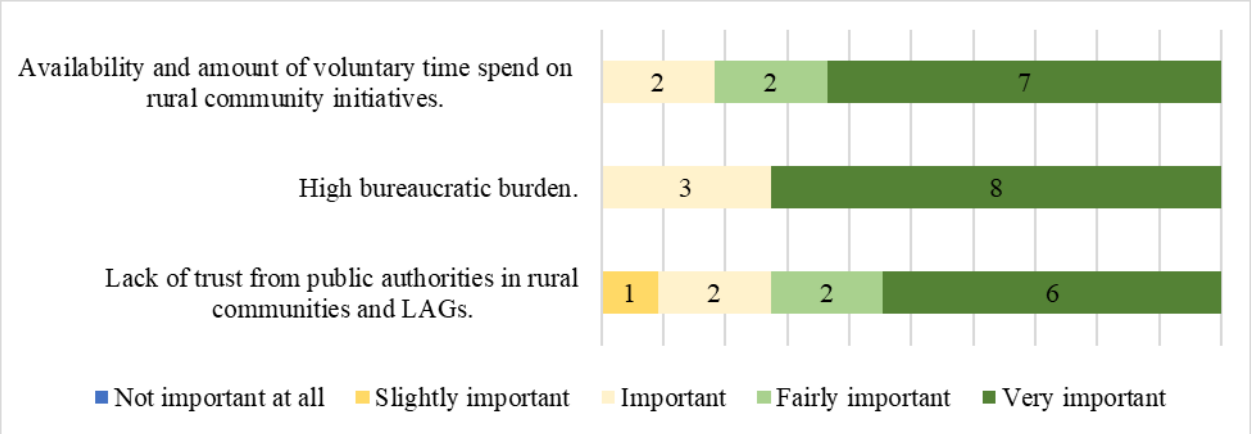



*Fig 2. Challenges concerning entrepreneurship and social economy and sustainable & resilient value chains in Lithuania Source: created by authors*

Among the most important identified challenges are the availability of volunteers and time spent volunteering. It was stressed multiple times, that most initiative leaders of local communities are not the local official paid workers for the community, and therefore they increasingly got tired of volunteering in their spare time, and most often – their financial expenses. It was noted that the system should be transformed to give reimbursement to those who make an actual change in local areas, accelerate the social economy, and keep innovations happening. Not enough financial resources are allocated to project grant schemes to cover the costs of personnel who prepare and implement projects by local action groups in rural areas.

Bureaucratization has been stressed among the most important challenges in rural development. The requirements for local development projects are sometimes far away from reality. For example, the compulsory measure in local development projects is to create a particular amount of workplaces and keep them for at least 5 years, whereas rural areas face other constraints – there is nobody to hire in rural areas.

Finally, experts agreed on the third challenge, that there is a lack of trust from authorities in rural communities in implementing multiple local development actions after socioeconomic restructuring. There is still a live willingness to control every action to be implemented correctly, and this so-called 'micro' public management causes huge time expenses, and further – willingness to lead any innovation to the local community.

Among other challenges in light of the socioeconomic restructuring of rural areas in Lithuania, experts mentioned the shift from non-renewable to renewable resource production and consumption, which is very complicated due to the huge lack of knowledge and non-distributed best practices in the field. Also, equal partnerships in rural change management decisions, and using IT in managing rural transformations were mentioned as the most recent challenges in rural areas of Lithuania nowadays. Aging of rural communities and generational change was stated to be a challenge in turn, while the socioeconomic restructuring social economy perform difficulties in Lithuania's rural areas. The lack of new ideas was also defined as a challenge.

### 4.2 Recent needs of rural communities in Lithuania

Based on the scarcely above-identified challenges, the expert team (11 experts) was much more productive in defining the recent needs of rural communities in Lithuania in the light of socio-economic restructuring, considering entrepreneurship, social economy, and sustainable and resilient value chains as driving determinants (see Figure 3).

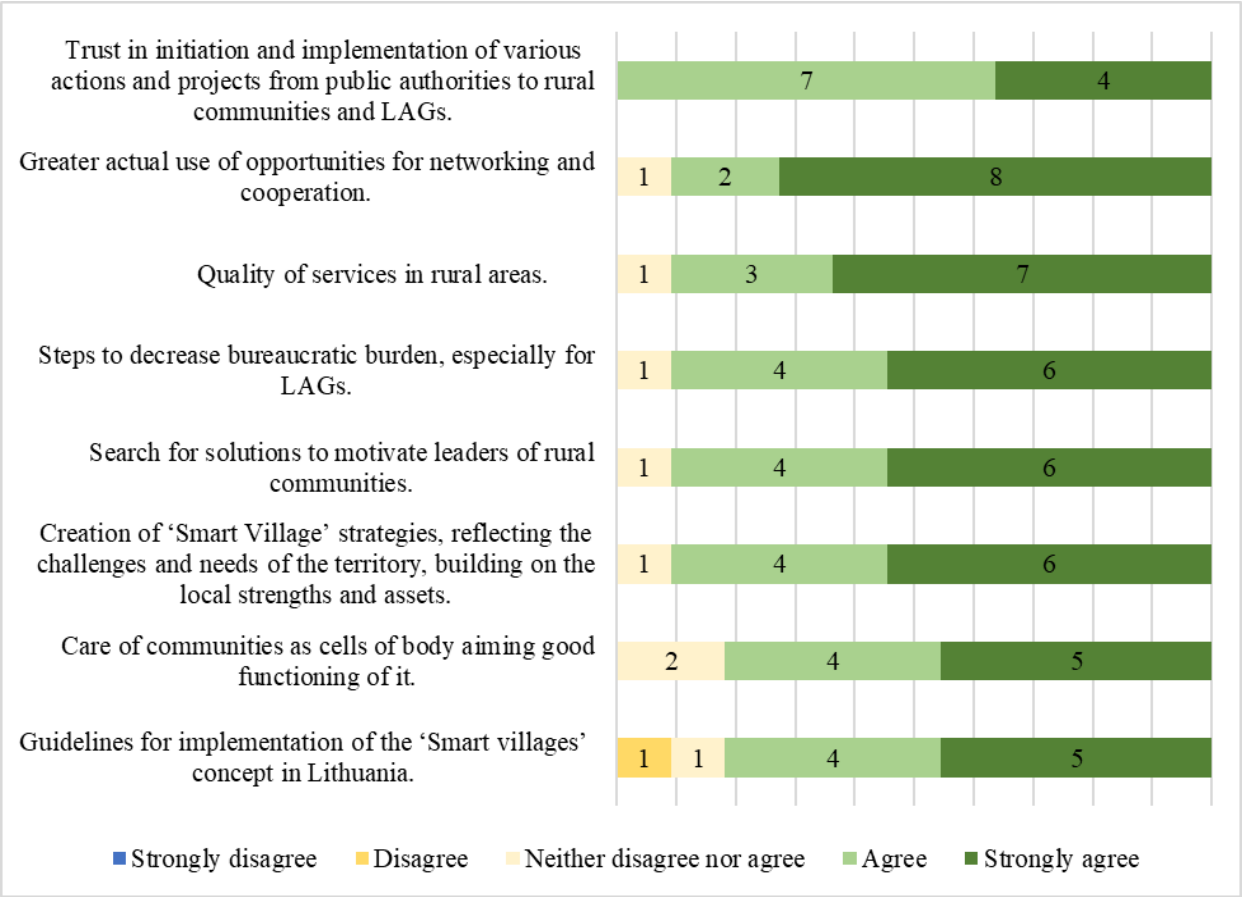



*Fig 3. Needs of Lithuanian rural communities concerning entrepreneurship and social economy and sustainable and resilient value chains Source: created by authors*

The most important need of rural communities in Lithuania, which would help fight the challenges of ongoing socio-economic restructuring is sufficient trust in the initiation and implementation of various innovative ideas and projects. Local leaders are willing to innovate while both local and national public authorities are stacked in the old-fashioned system when only pre-defined fields of intervention are allowed. There is already evidence regarding, those risky innovations taking the best advantage in dealing with challenges after socioeconomic restructuring (e.g., Bucaciuc et al., 2020). The second important need was effective and real use of networking and cooperation. There are still live practices, that officially established networks for fostering rural development do only reports but do not take any real initiatives. Whereas the informal networks are more successful in mobilizing the necessary resources to make real innovations work in rural areas. The third important need was related to the sufficient quality of public services in rural areas, which greatly suffer from recent socioeconomic restructuring (closing of schools, post-offices, hospitals, and other local administrative spots for public services) and cause more downturn of the social economy than vice versa. It is necessary to find other solutions for cost optimization. The role of rural communities in the provision of such public services might be initiated by public authorities as new functions (logistics, administration, management, etc.), and thus add to the development of the social economy in Lithuanian rural areas. Further, experts agreed that there is an urgent need to solve the above-mentioned challenge motivation issue of volunteering to keep the innovative accelerators in place.

It was highlighted that due to the existing confusion of such a new and diverse understanding of the concept of 'smart village', it is necessary to create very reflective place-based modern strategies to implement these innovations in rural areas, necessarily with the participation of local communities. The place-based knowledge co-creation here was stressed of top importance and as a core need. And at the same time, rural communities really need general guidelines, on how to implement the 'smart village' concept in Lithuania, what are the existing best practice examples and where to take a look at them.

In other words, the greatest need is to broaden the knowledge, understanding, and practices of others, on how to deal with this innovative direction of 'smart village' in light of socioeconomic restructuring in rural areas. And finally, experts expressed agreement that a greater case should be organized for rural communities, as they are the live cells of rural areas and formal bureaucratic treatment highly affect their activeness, ambitions, and motivation in innovating rural areas.

Among the other needs, it was mentioned provision of mobile and virtual services. Regarding the quality of services, it was stated, that quality of service in rural areas does not have to mean that all services are located in the countryside, e.g., a hospital or a school, but it must be ensured that rural residents have easy access to quality services in the city. This is where the importance of logistics services comes in. Also it was highlighted that Lithuania is not so rich that every town can have a quality school, highly qualified doctors, etc. Moreover, it is important to consider, that funding for community activities aimed at improving social skills not only of community members but also of other local people behind the line, considering the issues of social inclusion.

### 4.3 Recommendations for future rural policy at local and national levels

To set the reflective policy agendas, the Lithuanian expert group agreed on particular recommendations, that might be used in dealing with the above outlined challenges and needs of rural communities in light of socioeconomic restructuring at local and national levels.

Regarding the local level (see Figure 4), it was first recommended to expand services provision and to provide them not only for local rural residents but also for external visitors. This would bring additional financial resources to the community benefits. Diversification of funding, incorporating other funds (e.g., private, cooperative, or co-creative resources) next to national and EU funding would expand the possibilities to mobilize necessary resources for entrepreneurship, social economy, and sustainable and resilient value chains in rural areas.

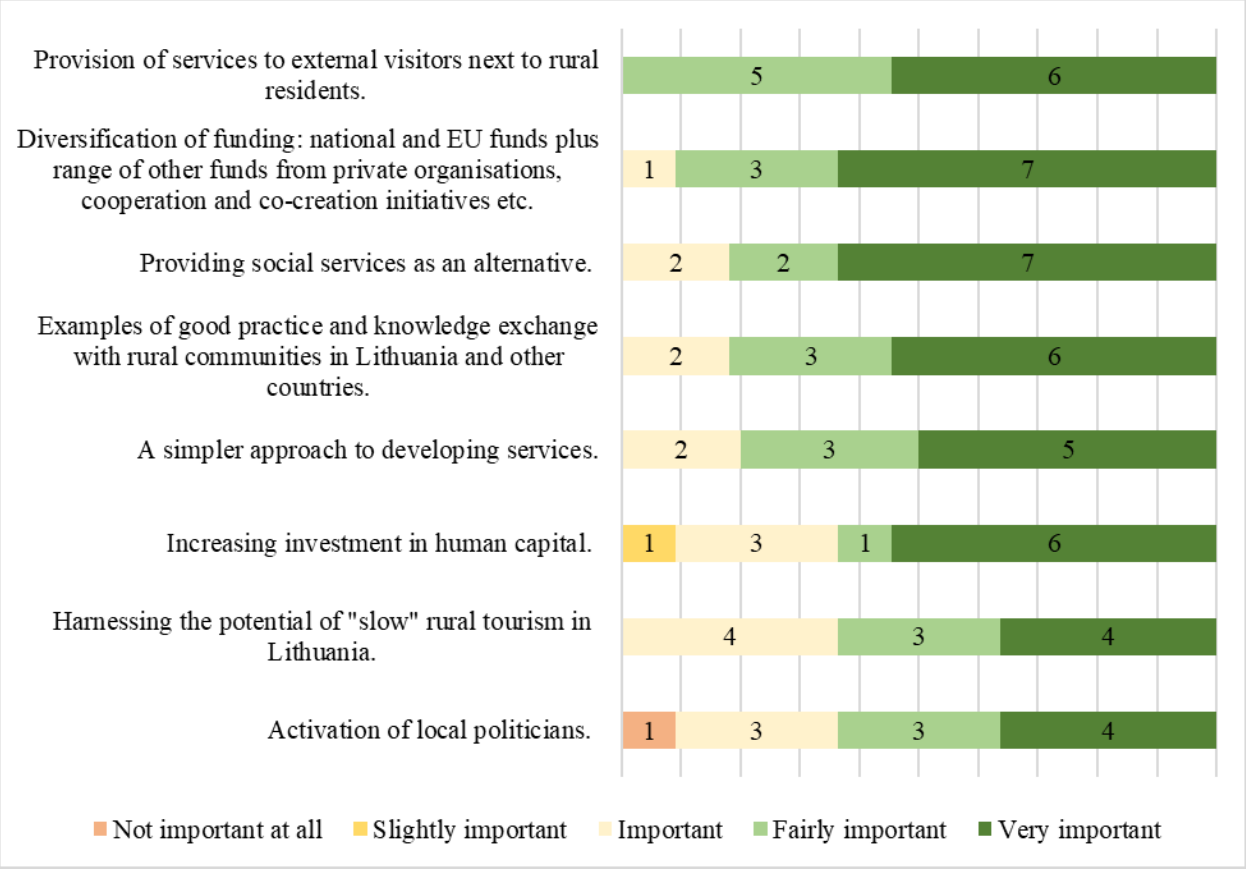



*Fig 4. Future Lithuanian rural policy prospects at the local level. Source: created by authors*

The provision of social services as alternative services would accelerate the social economy. It was stressed that the importance of spreading knowledge and information regarding the existing best practices or innovative solutions regarding particular issues, as a way of dealing with socioeconomic restructuring in Lithuania and abroad. And this deals as well with investment in human capital, which might be accelerated at a local level. People in rural areas greatly lack the knowledge and skills to take part in effective co-creation in innovations for rural communities. It was also stressed that a too complicated approach is taken by local authorities to service provision restrictions, and this hinders the real existing potential of entrepreneurship and innovation in rural areas of Lithuania. Moreover, it is important to remember the uniqueness of the regions in Lithuania, which still hold the habits of small-scale agriculture and cultural heritage habits, and this might be promoted as 'slow rural tourism' at the local level, and at the same time accelerate social economy development. All of this would work better if local politicians were active, and the 'red tape' was cut to ensure trust in local communities.

The national-level advice for fostering future rural development in Lithuania, considering the earlier presented challenges and needs of rural communities, accumulated by the expert team (see Figure 5) firstly focuses on a changing approach to national-level coordination of community projects. It is expected that in future, the greater focus will be given to the project idea instead of the fulfilled measures, pre-defined in the standardized form, since the result in dealing with issues of socio-economic restructuring is much more important than the process of supervising the correct implementation itself.

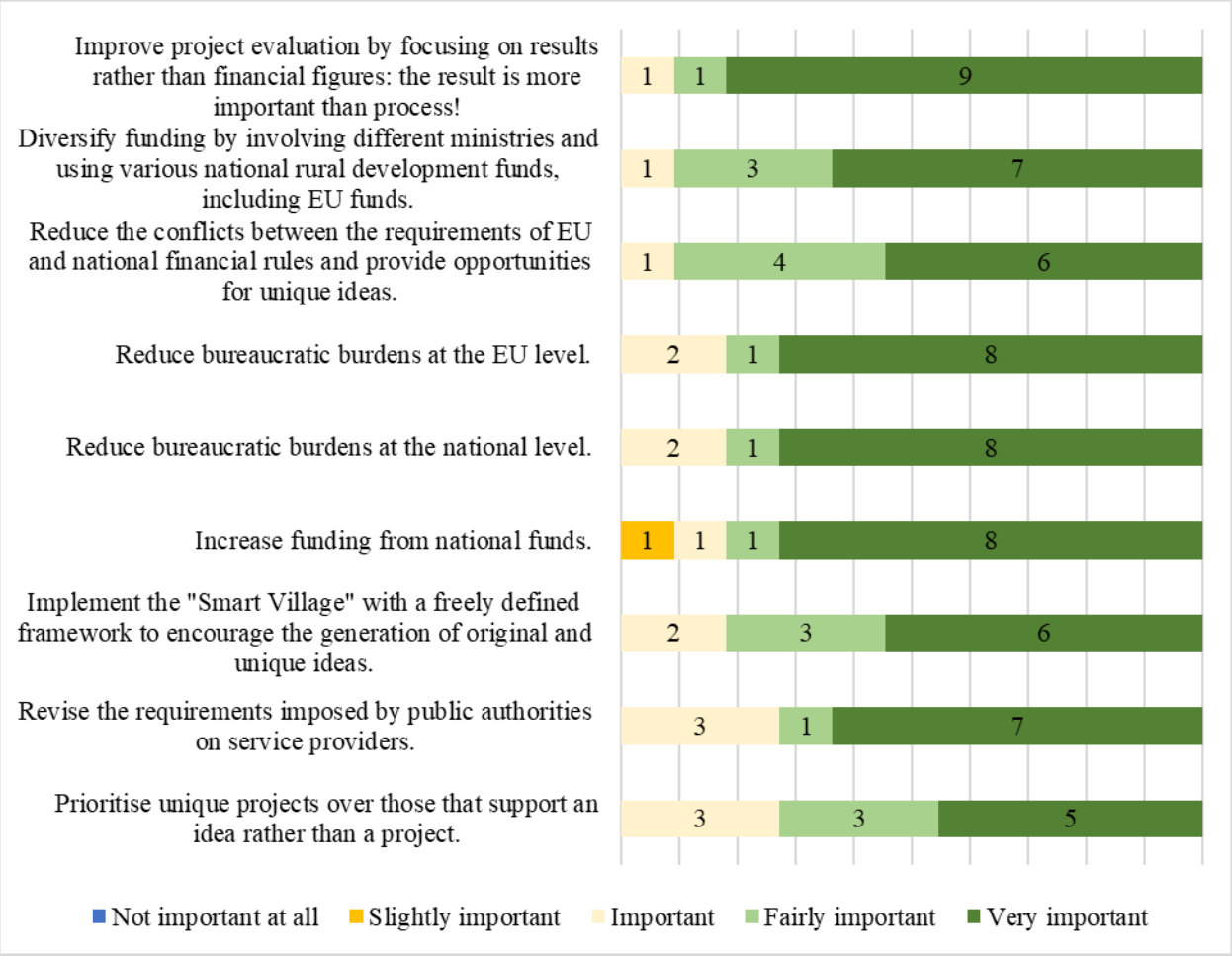



*Fig 5. Future Lithuanian rural policy prospects at the national level. Source: created by authors*

Diversification of funding, by involving multiple stakeholders, not solely the Ministry of Agriculture of the Republic of Lithuania, is also expected in the future to successfully deal with the questions of changing entrepreneurship and social economy operation patterns, as well as benefiting from sustainable and resilient value chains. For example, social concerns of rural regions are hardly covered by measures,

proposed by the Ministry of Agriculture; innovations might happen not only in the hard agricultural mechanization and digitalization progress but also in social and environmental spheres, etc. There still exist conflicts between the rules developed by EU and translated by the National bodies to implementers in rural areas. This should be necessarily solved, in line with reducing bureaucratic burdens. National funds might also be better exploited for revitalizing rural areas. And building new generation smart villages, able to deal with socioeconomic restructuring outputs should also be released to take the best place-based knowledge, and experience and create the most suitable innovative solutions. National public authorities should necessarily revise the overweighted requirements for simple services, as common abroad. And finally, uniqueness and originality must be given priority in allocating funding for projects devoted to developing entrepreneurial, social economy-based projects contributing to sustainable and resilient activities of communities. Improvement of project evaluation in urgent demand giving a special focus on how the project is planned to be implemented, e.g., in collaboration with multiple partners, involving, empowering rural populations, etc.

## 5. Conclusions

The significant challenges, faced by regions in Europe in the recent decade, signalize the urgent need for taking into account the most recent region-specific determinants, which would help draw foresight for future research and policy agendas. The ongoing vibrant socioeconomic restructuring, which is very painful for European rural areas, is about missing the pre-defined effect of the Common Agricultural Policy of Europe, which worked quite well for a certain period. Currently, in searching for new tools for future research and policy agendas, the revision throughout the actual development challenges and needs throughout Europe step into an advanced level by adapting the newly developed logic of supranational policy-making, based on science-society-policy interfaces. The latter becomes a grassroots for reflective research and policy agendas, which is promising to drive the development of rural areas in Europe in the long run.

Empirical evidence suggests that the proposed combining bottom-up and place-based policy-making logic might be successfully adapted to any field of development due to its uniqueness. The science-policy-society interface in the form of a multi-actor stakeholder platform (MAP) might be composed to accumulate the necessary complementary expertise considering the particular policy issue on demand. By taking into account region-specific drivers of regions in Europe, it serves well in forming consolidated long-term research and policy agendas and helps set the long-term development visions, based on the most recent challenges and needs instead of retrospective projecting. Despite its effectiveness, the organization of such a policy formation cycle is time and resource-consuming and can hardly be implemented without huge public resources, such as the Horizon programme.

Future research agendas, based on the results from the Lithuanian science-society-policy interface workout, address the time-consuming requirements for the preparation of national rural development programmes, too static (sometimes – outdated and irrelevant, e.g., No. of established workplaces) use of a set of indicators in planning and monitoring documents, the stringent rules for project implementation for rural actors. All of this results in a lack of cooperation and trust between politicians, academics, and the public. So the research would greatly help by proposing the options of finding a "happy medium" between sufficient requirements and room for collaboration, co-creation, and innovation. Another observed blind spot for research is the ‘cost’ of volunteering, by disclosing, how much volunteering costs for an NGO to receive a 1-euro donation. One more interesting proposition is the mentoring activity for rural communities. It is often considered that rural communities hold a lot of innovative ideas, but they lack knowledge from different fields of business, marketing, etc. The role of a mentor and mentoring effect while working with local action groups, small farmers, local active communities, local cooperatives and others, in finding solutions to deal with socioeconomic transformation determinants’ issues of entrepreneurship, social economy, and sustainable and resilient value chains, would be worth examining in future research.

[1] Afonasova, M. A., Panfilova, E. E., Galichkina, M. A. & Ślusarczyk, B. (2019). Digitalization in economy and innovation: The effect on social and economic processes. *Polish Journal of Management Studies*, *19*(2), 22–32. DOI: 10.17512/pjms.2019.19.2.02.

[2] Altieri, M. A. & Nicholls, C. I. (2020). Agroecology and the reconstruction of a post-COVID-19 agriculture. *The Journal of Peasant Studies*, *47*(5), 881–898. DOI: 10.1080/03066150.2020.1782891.

[3] Amanor, K. S. (2019). Global value chains and agribusiness in Africa: Upgrading or capturing smallholder production? *Agrarian South: Journal of Political Economy*, *8*(1–2), 30–63. DOI: 10.1177/2277976019838144.

[4] Atkočiūnienė, V. (2021). Strengthening the sustainability of the local food system by choosing eco-localization scenario. In Černiauskienė, J., ed., *Proceedings of the International Scientific Conference "Rural Development"* (pp. 316–320). Akademija: Vytautas Magnus University. DOI: 10.15544/RD2021.055.

[5] Atkočiūnienė, V., Vaznonienė, G., Kiaušienė, I. & Pakeltienė, R. (2019). Assumptions for short food supply chains organisation. *Management Theory and Studies for Rural Business and Infrastructure Development*, *41*(4), 547–560. DOI: 10.15544/mts.2019.45.

[6] Barrett, C. B., Reardon, T., Swinnen, J. & Zilberman, D. (2022). Agri-food value chain revolutions in low-and middle-income countries. *Journal of Economic Literature*, *60*(4), 1316–1377. DOI: 10.1257/jel.20201539.

[7] Benedek, Z., Baráth, L., Fertő, I., Merino-Gaibor, E., Molnár, A., Orbán, É. & Nemes, G. (2022). Survival strategies of producers involved in short food supply chains following the outbreak of COVID-19 pandemic: A Hungarian case-study. *Sociologia Ruralis*, *62*(1), 68–90. DOI: 10.1111/soru.12358.

[8] Bucaciuc, A., Prelicean, G. & Chașovschi, C. (2020). Low touch economy and social economy in rural heritage rich communities impacted by COVID-19 Crisis. In Nastase, C., ed., *The 16th Economic International Conference NCOE 4.0* (pp. 398–409). Iasi: LUMEN Publishing House. DOI: 10.18662/lumproc/ncoe4.0.2020/36.

[9] Carayannis, E. G. & Campbell, D. F. (2010). Triple Helix, Quadruple Helix and Quintuple Helix and how do knowledge, innovation and the environment relate to each other? A proposed framework for a trans-disciplinary analysis of sustainable development and social ecology. *International Journal of Social Ecology and Sustainable Development*, *1*(1), 41–69. DOI: 10.4018/jsesd.2010010105.

[10] Curry, N. R. (2021). The rural social economy, community food hubs and the market. *Local Economy*, *36*(7–8), 569–588. DOI: 10.1177/02690942211070798.

[11] De Zordo, S., Marre, D. & Smietana, M. (2022). Demographic Anxieties in the Age of 'Fertility Decline'. *Medical Anthropology*, *41*(6–7), 591–599. DOI: 10.1080/01459740.2020.2099851.

[12] Fana, M., Tolan, S., Torrejón, S., Brancati, C. U. & Fernández-Macías, E. (2020). *The COVID confinement measures and EU labour markets*. Luxembourg: Publications office of the European Union. DOI: 10.2760/079230.

[13] Garina, E. P., Andryashina, N. S., Kuznetsov, V. P., Romanovskaya, E. V. & Muzayev, M. Z. (2020). Formation of the determinants of socio-economic development of territories. In Popkova, E. G. & Sergi, B. S., eds., *The 21st Century from the Positions of Modern Science: Intellectual, Digital and Innovative Aspects* (pp. 170–178). Cham: Springer. DOI: 10.1007/978-3-030-32015-7.

[14] Hysa, E., Kruja, A., Rehman, N. U. & Laurenti, R. (2020). Circular economy innovation and environmental sustainability impact on economic growth: An integrated model for sustainable development. *Sustainability*, *12*(12), Art. 4831. DOI: 10.3390/su12124831.

[15] Jarzębowski, S., Bourlakis, M. & Bezat-Jarzębowska, A. (2020). Short food supply chains (SFSC) as local and sustainable systems. *Sustainability*, *12*(11), Art. 4715. DOI: 10.3390/su12114715.

[16] Koźmiński, A. K., Noga, A., Piotrowska, K. & Zagórski, K. (2020). *The Balanced Development Index for Europe's OECD Countries, 1999–2017*. Cham: Springer. DOI: 10.1007/978-3-030-39240-6.

[17] Kusio, T., Kudełko, J., Borges, A., Delic, A. & Stroila, I. (2022). Are there any differences in rural development challenges within European countries? Social and economic contexts from EU rural leaders. *International Food and Agribusiness Management Review*, *25*(5), 737–756. DOI: 10.22434/IFAMR2021.0147.

[18] Leitão, J. & Capucho, J. (2021). Institutional, economic, and socio-economic determinants of the entrepreneurial activity of nations. *Administrative Sciences*, *11*(1), Art. 26. DOI: 10.3390/admsci11010026.

[19] Long, H. (2020). Land use transitions and rural restructuring in China. In Long, H., ed., *Land use transitions and rural restructuring in China* (pp. 3–29). Springer: Singapore. DOI: 10.1007/978-981-15-4924-3.

[20] Lutz, W., Amran, G., Bélanger, A., Conte, A., Gailey, N., Ghio, D., Grapsa, E., Jensen, K., Loichinger, E., Marois, G., Muttarak, R., Potancokova, M., Sabourin, P. & Stonawski, M. (2019). *Demographic scenarios for the EU: Migration, population and education*. Luxembourg: Publications Office of the European Union. DOI: 10.2760/751889.

[21] Mitchell, R. K., Lee, J. H. & Agle, B. R. (2017). Stakeholder prioritization work: The role of stakeholder salience in stakeholder research. *Stakeholder Management*. 1, 123–157. DOI: 10.1108/S2514-175920170000006.

[22] Pradhan, R. P., Arvin, M. B., Nair, M. & Bennett, S. E. (2020). The dynamics among entrepreneurship, innovation, and economic growth in the Eurozone countries. *Journal of Policy Modeling*, *42*(5), 1106–1122. DOI: 10.1016/j.jpolmod.2020.01.004.

[23] Rao, J. (2022). Comprehensive land consolidation as a development policy for rural vitalisation: Rural In Situ Urbanisation through semi socio-economic restructuring in Huai Town. *Journal of Rural Studies*, *93*, 386–397. DOI: 10.1016/j.jrurstud.2020.09.009.

[24] Shkarupa, O., Karintseva, O. & Kharchenko, M. (2022). Economic Restructuring of Ukraine National Economy on the Base of EU Experience. In Bhandari, M. P. & Hanna, S., eds., *Reducing Inequalities Towards Sustainable Development Goals* (pp. 161–184). Gistrup: River Publishers.

[25] Stoica, O., Roman, A. & Rusu, V. D. (2020). The nexus between entrepreneurship and economic growth: A comparative analysis on groups of countries. *Sustainability*, *12*(3), Art. 1186. DOI: 10.3390/su12031186.

[26] Syssner, J. (2020). *Pathways to demographic adaptation: Perspectives on policy and planning in depopulating areas in Northern Europe*. Cham: Springer Nature. DOI: 10.1007/978-3-030-34046-9.

[27] Vasylieva, T., Lyulyov, O., Bilan, Y. & Streimikiene, D. (2019). Sustainable economic development and greenhouse gas emissions: The dynamic impact of renewable energy consumption, GDP, and corruption. *Energies*, *12*(17), Art. 3289. DOI: 10.3390/en12173289.

## Other sources

[28] Bognar, J. & Schwarz, G. (2023). Sustainable & Resilient Value Chains. SHERPA Position Paper. DOI: 10.5281/zenodo.7899941.

[29] Chartier, O., Salle, E., Irvine, K., Kull, M., Miller, D., Nieto, E., Vestergård, L. O., Potters, J. and Slätmo, E., Zomer, B., Iadecola, F. (2021). Long-Term Vision for Rural Areas: Contribution from SHERPA science-society-policy platforms. SHERPA Position Paper. DOI: 10.5281/zenodo.4557440.

[30] Gedminaitė-Raudonė, Z., Lankauskienė, R. (2021). MAP Position Paper (Lithuania) – Change in production and diversification of the rural economy. DOI: 10.5281/zenodo.5920891.

[31] Gedminaitė-Raudonė, Z., Lankauskienė, R. (2022). MAP Position Paper (Lithuania) – Towards sustainable and resilient value chains. DOI: 10.5281/zenodo.7234271.

[32] Gedminaite-Raudone, Z., Vilke, R. (2020). Long-term vision for rural areas: contribution from 20 science-society-policy platforms. MAP Position paper of Lithuania. Vilnius: Lithuanian Centre for Social Sciences.

[33] Global Sustainable Development Report (2023). [Advance, unedited]. Available at: https://sdgs.un.org/sites/default/files/2023-06/Advance unedited GSDR 14June2023.pdf.

[34] SHERPA Repository (2023). Available at: https://sherpa-repository.eu/home.

[35] SHERPA Rural Interfaces (2023). Available at: https://rural-interfaces.eu/rural-interfaces/.

[36] Statistics Lithuania (2022). Available at: <https://www.stat.gov.lt/en>.

[37] Strategic plan 2023–2027 for Agriculture and Rural Development of Lithuania (2022). Ministry of Agriculture of the Republic of Lithuania. Available at: <https://zum.lrv.lt/uploads/zum/documents/files/LT_versija/Veiklos_sritys/Bendroji_zemes_ukio_politika/Strateginio%20plano%20projektas.pdf>.

[38] Vidickienė, D. & Gedminaitė-Raudonė, Ž. (2016). Report on Consumer Behaviour and the Food Supply Chain [In Lithuanian, unpublished report]. Vilnius: Lithuanian Institute of Agrarian Economics

[39] What is SHERPA? (2023). Project website. Available at: https://rural-interfaces.eu/what-is-sherpa/.