



ATHENS UNIVERSITY OF ECONOMICS AND BUSINESS

WORKING PAPER SERIES

15-2013

**RURAL DEVELOPMENT POLICY AND LOCAL GOVERNANCE: IMPLEMENTING
THE LEADER AXIS IN SOUTH-EASTERN PELOPONNESE-GREECE**

Helen Caraveli and Anastassios Chardas

76 Patission Str., Athens 104 34, Greece

Tel. (+30) 210-8203911 - Fax: (+30) 210-8203301

www.econ.aueb.gr

RURAL DEVELOPMENT POLICY AND LOCAL GOVERNANCE: IMPLEMENTING THE LEADER AXIS IN SOUTH-EASTERN PELOPONNESE- GREECE*

By Helen Caraveli and Anastassios Chardas**

Abstract

The new model of agricultural policy in Europe, applied through the Rural Development Programmes (RDPs), has been considered most appropriate for the case of Greece, given the structural problems of this country's farm sector (including the high proportion of mountainous, less favoured areas in its territory) and the need for mild forms of local development, which will ensure maximum use of endogenous resources. An integral part of the rural development policy of the CAP is a decentralized type of governance, based on a 'bottom-up' approach and implemented through the LEADER programs. Within this context, regional and local actors, state, private or representing civil society organizations are assigned a substantial role in designing and implementing RDPs in their localities through the creation of horizontal or vertical synergies. Though the LEADER philosophy can be instrumental in the successful application of RDPs in Greek rural regions, it has been rather little researched and investigated. This paper aims at filling this gap in the literature by examining the possibilities of introducing the bottom up approach in the governance of rural regions in Greece, where the old-type 'sectoral' (vs. the holistic development) approach continues to dominate agricultural policy and where local decisions have traditionally (and certainly in the last 30 years or so) been controlled and directed by the central state. A crucial question is can the LEADER type of governance help in the regeneration of the country-side promoting internal cohesion in Greece? The issues discussed in the paper assume further significance in view of the current financial and economic crisis, and the wave of return migration to rural areas it has led to, which assigns rural regions a substantial role in the overall development process.

Key words: Rural Development Programs, Leader, Bottom-up approach, Regional/local Governance, Greece.

JEL code: R

*This paper was presented at the 53rd ERSA (European Regional Science Association) Congress *Regional Integration: Europe, the Mediterranean and the World Economy*, held in Palermo, Sicily, between the 27th and 31st August 2013.

**Helen Caraveli is assistant professor at the Department of Economics of the Athens University of Economics & Business (AUEB), caraveli@aeub.gr; Anastassios Chardas holds a PhD from Sussex University and is an independent researcher achardas@gmail.com.

1. Introduction

The changing functions of the countryside during the past decades, increasingly characterized by a shift from farm production towards non-farm activities, like agri-tourism and related activities, has dictated new methods of approaching the ‘rural space’ both within academic research and among policy makers (Maravegias and Doukas, 2012; Caraveli and Doukas, 2012). The countryside is no longer identified with purely agricultural activities and the EU’s Common Agricultural Policy (CAP), traditionally providing income support through guaranteed prices, is being gradually replaced by a more integrated approach towards rural areas, characterized by ‘multisectoral’ actions and environmental measures. In this context, farmers are considered producers of public goods, safeguarding the environment and the landscape through their activities.

In financial terms, however, the ‘income support’ part of the CAP, its first Pillar, as it is termed after the reform of the CAP in 2000, remains strong. It is estimated to represent about 30% of the total EU budget in 2013, although it is increasingly implemented through direct income subsidies to farmers, a transitional tool which is to be abolished in the future. On the other hand, rural development policy, the CAP’s second Pillar, which in the past ten years has been substituting its structural policy, will still be absorbing only about 10% of the EU budget and around 23% of the CAP budget in 2013¹ (Dwyer et al., 2007; Burrell, 2009; European Commission, 2009).

The need for rural areas to become competitive and less dependent on outside (i.e. state) financial support – through the shift in the direction of their activities, as described above - has been dictated by a number of factors, both internal to the EU and external to it, representing international conditions and pressures (European Commission, 2011). The former correspond mainly to budgetary problems and the need to adopt a restraint fiscal framework to tackle them, in combination with environmental pressures. The latter involve pressures from the World Trade Organization (WTO) for further liberalization of the international trade for farm products, which point to the need for greater integration

¹ It should be noted that the cost of financing the CAP was reduced from 75% to 44% of the EU budget in the last 20 years, while it is estimated that it will be less than 40% of the budget in 2013 (European Commission, 2011).

of local agricultural communities into the world economy (Caraveli and Doukas, 2012; Caraveli 2013). To the above we must add the adverse impact of the current financial and economic crisis, which has in most cases hit urban areas, leading to some type of return migration (of a limited extend so far) to rural areas. These factors lead to a re-assessment of the farm sector's and the rural areas' role in regional development, and, therefore, in economic, social and territorial cohesion.

Developments at the agricultural policy level are of particular interest to Greece, a country of the southern European periphery with adverse geomorphologic and structural characteristics (i.e. high proportion of mountainous, less favoured, areas – LFAs - and small & fragmented farms), severely hit by the on-going financial and economic crisis whose impact at the regional level has been uneven affecting mainly urban areas and former industrialized regions. The revival of a number of rural areas through the application of RDPs and the rise of local competitiveness can be the answer to the country's developmental stalemate as well as to its internal cohesion problems, given rising regional disparities (Caraveli & Tsionas, 2012).

An integral part of the rural development policy of the CAP is a decentralized type of governance, based on a 'bottom-up' approach and implemented through the LEADER programs. This is because the policy has to be defined in a specific location and therefore it has a strong spatial component (Karanikolas and Hatzipanteli, 2010, p. 213). Within this context, regional and local actors, state or private, are assigned a substantial role in designing and implementing RDPs in their localities through the creation of horizontal or vertical synergies (Ray, 2000). The LEADER institutional and policy architecture can then prove instrumental to the successful application of RDPs in Greek rural regions through its impact on local decision-making or governance. However, the application of this programme has been little researched and investigated. This paper aims at filling this gap in the literature by examining the possibilities of introducing the bottom up approach in the governance of rural regions in Greece, where the old-type 'sectoral' (vs. the holistic development) approach continues to dominate agricultural policy and where local decisions have traditionally (and certainly in the last 30 years or so) been controlled and directed by the central state, while most subnational actors do not have the opportunity to participate in RDPs in their localities. A crucial question is to what extend

the LEADER approach has contributed to enabling regional and local actors around Greece to participate in RDPs on equal terms. The topic presents further interest in the light of discussions for ‘place-based’ development currently taking place in the Commission, which are expected to strengthen the existing policies of promoting endogenous forces in rural and other peripheral areas (Barca, 2009).

The paper is structured as follows. The second section analyses the philosophy of the CAP’s second Pillar, with reference to its application in Greece, focusing on the RDPs’ fourth axis, i.e. the LEADER programme. The third section presents the conditions of regional and local governance in Greece in relation to rural development. The fourth section refers generally to the success of the LEADER programmes’ application in Greece - in particular to their contribution in strengthening local actors’ participation in the implementation of RDPs and, through it, in boosting socio-economic development in the relevant localities. The information provided draws on published reports and opinions of experts and representatives of authority at the national – Ministry of Rural Development and Food (MRDF) - level. The fifth section presents the study’s empirical part, focusing on the region of southeastern Peloponnese – the southern peninsula of Greece – to examine the efficiency and success of the LEADER programmes there. This examination is based on quantitative as well as qualitative information provided in published reports of the Regional Development Company of PARNONAS, the area’s Local Action Group, as well as on interviews with the company’s experts. The last section concludes, by emphasizing the importance of the LEADER approach for the European Rural Development Policy and summarizing the results of the LEADER application in the case-study region. Reference is made to the implications of the continued financial and economic crisis for RDP and decentralization of decision-making in Greece.

2. Rural Development Policy and the LEADER programme – relevance for Greece

Due to its strong territorial character, the LEADER programme, which implements local strategies and synergies in order to promote local initiatives, is of substantial importance to the successful implementation of RD Policy, the CAP’s second Pillar, though it still

constitutes a small proportion of this policy's total budget. The reasoning, philosophy and principles of the second Pillar are the same as those underlying the operation of the Structural Funds, namely multi-annual programming, partnership, co-financing from national resources and concentration of funds in specific priority actions (Dwyer et al., 2007). Indeed, the regulatory characteristics of CAP's RD Policy can hardly be distinguished from those guiding the operation of the Structural Funds (Papadopoulos and Liarikos, 2007, p. 296). These elements clearly highlight the developmental role of the second pillar, based on stirring endogenous resources and production actions related to the farm sector.

According to article 11 of the *Rural Development Regulation (RDR) 1698/2005* – on promoting and supporting rural development from the European Agricultural Fund for Rural Development (EAFRD) – RD Policy for the period 2007-13, is applied through the *Rural Development Programme (RDP) 2007-13*². LEADER represents the fourth axis of the RDP, supporting the other three, namely: promotion of the agricultural and forestry sectors' competitiveness, improvement of the state of the environment and the countryside, improvement of the quality of life and economic differentiation in rural areas (for an analytic presentation of the RDP of the current period, see Caraveli & Doukas, 2012).

The implementation of the LEADER axis is realized through an integrated, 'bottom-up', approach from local partnership schemes among public and private agents (represented by Local Action Groups - LAGs) and actions involving 'integrated' and 'multi-sectoral' rural development measures, concerning mainly Less Favoured Areas (LFAs) in previous periods, but all areas in the current period. In Greece, the former type of areas: have no particular production specialization; they face limited production and product promotion possibilities due to topography and distance from the markets; and are places where organic agriculture, as well as 'quality' products with geographic designation, and rural tourism present an attractive alternative to farming source of income – assuming the areas have not been particularly hit by abandonment and decay (Caraveli, 2006 and 2007). The

² In Greece, the RDP does not form part of the *National Strategic Plan of Rural Development (NSPRD)*, which is part of the *National Strategic Reference Framework (NSRF) 2007-13*, although it follows the strategies inscribed in it. NSRF (ESPA in Greek) represents the Community Support Framework for the current period (2007-13).

LEADER approach concerns also island regions with low standards of living and accessibility problems, due to high transport costs, limited farm production (which only in a few cases is of ‘high quality’), but relatively developed livestock and fisheries, and, quite often, tourist activity. Yet, as mentioned, the fourth axis in the current period is also applied to plain areas, particularly hit by price reductions, from CAP reforms, or areas protected by the NATURA 2000 network (Iliopoulou & Stratakis, 2011). According to experts from a local Development Company (that of Mount Parionas), the purpose of integrating plain areas into the programme was also to enhance its efficiency on mountainous and LFAs at the national level³.

LEADER measures target the support of innovation, through the creation of small & medium enterprises, the encouragement of tourist activities, the promotion of rural heritage, the reform of villages, assistance in networking, etc. The fourth axis is therefore of crucial importance for rural development, yet it absorbs only 5.6% of total public expenditure on RD. Its interventions are similar to those of axis 3, which targets economic, social and cultural upgrading of a number of rural areas, including LFAs, with actions for the promotion of ‘differentiation’ of the rural economy⁴ (e.g. towards rural tourism and small-scale entrepreneurship). Through their combined impact, axes 3 and 4 aim at promoting the endogenous development of the area in which they are implemented and create sufficient developmental spillovers to the whole region. Therefore, the two axes’ importance for regional development is more than significant. Together they absorb 20.2% of public expenditure (national and EU) for rural development.

Axes 3 and 4 then form the basic axes of rural development policy, as they contribute to the reversal of trends towards population shrinkage (Metis et al., 2010; Ministry of Rural Development and Food, 2010 and 2013). Accordingly, the indexes proposed and used for estimating the efficiency of interventions of these two axes (e.g. the creation of new employment positions and the increase in income and value of gross production) are

³ Personal communication with experts from the Regional Development Company PARNONAS, 27/7/2013.

⁴ Within the frame of axis 3, greater emphasis is given to the improvement of accessibility of rural areas to urban centers, as well as to the infrastructure of these areas. In the case of Greece, the interventions of this axis are similar to those of axis 7 of the RDP of the programming period 2000-06 (see Caraveli & Doukas, 2012).

basically the same. There are however major elements in the LEADER approach, which differentiate it from that of Axis 3, namely, partnership, networking and local governance. The latter is of crucial importance and depends on: the quality of partnership relationships; the local population's participation in the designing-programming-implementation of the programme and the mobilization of local endogenous potential; the consolidation of 'multilevel-governance'. Such terms are difficult to assess quantitatively, while they very much depend on the administrative system and the level of development of local economies. Therefore, quality characteristics count more than quantitative ones for assessing LEADER interventions (Metis et al., 2010). In the Greek case, these differences are manifested in the fact that Axis 3 is managed directly by the MRDF (except actions related to the informing and sensitization of rural population), whereas the LEADER Axis by local actors⁵.

3. The framework of sub-national governance in Greece: implications for RD policy

It has been suggested that rural Development Policy can have an impact on a national or local level, only if the institutional framework, the strategies and the tools of the sub-national actors are modified in a way that public policies and the decision making process are adjusted accordingly (Papadopoulos and Liarikos, 2007; Bocker, 2008). In this framework, it is important to investigate the factors which inhibit the abandonment of the 'sectoral' approach in rural space and the shift towards 'holistic' and integrated development strategies for the countryside (Papadopoulos and Liarikos, 2007, p. 298; Louloudis & Maraveyas, 2007).

In Greece, such factors amount to the centralised manner in which the public administration operates (Karanikolas and Hatzipanteli, 2010), the bureaucratic structure of the governance process and the prevalence of strong vested interests of a clientelistic type in the farm sector (Papadopoulos and Liarikos, 2007), aiming at the maintenance of the sector's support through subsidies. This implies that the bottom up demands for more active participation on behalf of sub-national authorities have never materialised in the

⁵ Personal communication with experts from the Regional Development Company PARNONAS, 27/7/2013.

country (Chardas, 2012). Instead, the sub-national authorities have always developed vertical, particularistic and clientelistic relationships with the central state rather than horizontal ones based on some form of mutual coordination amongst the sub-national actors. Not surprisingly, a number of OECD studies have described the centralised Greek state as an extraordinary feature of a unitary state that has always stifled any opportunities for bottom up participation of regional and local authorities, a prerequisite for the so-called 'sub-national mobilisation' (Allain-Dupré, 2011; Charbit, 2011). To many analysts and commentators the consolidation of this state of things has been responsible for the country's near bankruptcy and the maintenance of this model cannot lead to its way out of the crisis (see Mandravelis, 2013).

A quantitative illustration of the limited autonomy enjoyed by the sub-national authorities in Greece is provided in a study commissioned by the Assembly of European Regions, examining the database on decentralisation. Two indexes, one concerning political and the other fiscal decentralisation were prepared using both qualitative and quantitative techniques. The results from the country comparison place Greece in the third from the last rank, above Estonia and Bulgaria, substantiating the particularly low levels of autonomy enjoyed by the country's regional authorities. Particularly poor for Greece were the results on administrative decentralisation as well as on the capacities of the sub-national authorities to collect and spend financial resources. Similar results have been recorded for the Greek case by the most authoritative so far study on the measurement of regional authority (Hooghe et al., 2010).

Successive reforms of the public sector in the direction of assigning more responsibilities to the sub-national authorities have been taking place during the last 25 years. These have been motivated by both external factors – primarily the adoption of the EU Cohesion Policy after the early 1990s - and internal considerations. The Structural Funds have offered the Greek state significant stimuli for decentralisation. Nevertheless, the relative empirical research has revealed their low impact on regional and local development in broader institutional terms (Chardas, 2012), concerning mainly their impact on sub-national administrative functions (Andreou, 2010). In particular, the partnership principle which entails many elements of the regulatory and political framework of the LEADER programme has faced serious implementation difficulties in Greece (Chardas, 2013). As a

result, the effects of the partnership principle in the operations of the sub-national or local administrative actors have been particularly poor. Internal difficulties relate with demands from sub-national actors that fitted well with the rhetoric of the Socialist governments which governed the country in all but three years from 1981 until 2004 (Andrikopoulou and Kafkalas, 2004). Yet, according to Karanikolas and Hatzipandeli, in practice, the decentralization process (mainly through institutional reforms taking place since 1994, following the establishment of the 13 administrative regions in 1986) “has turned out to be ineffective”, because of insufficient resources⁶, but also the fact that it was implemented on the basis of “Greek public administration lines: centralization, party polarization, authoritarianism, formalism, bureaucracy, administrative backwardness and irrationalism”... It also reveals the “central administrations’ inability in developmental planning, relegating local programmes to a list of works which lack cohesion and long-term strategic choices” (Karanikolas and Hatzipandeli, 2010, p. 414).

Thus, most authors conclude that territorial reforms have gradually lost their intended meaning. This means that, either the decentralised governance structures have been devoid of any significant responsibilities or tax revenue capacities, or, that they have gradually become riddled with clientelism, and patronage (see for example, Papadopoulos & Liarikos, 2007; Andreou, 2010; Karanikolas and Hatzipandeli, 2010). Moreover, the prevalence of politicised parochial interests, which have been developed between the regional and local populations and party political patrons, have made the sub-national authorities even more dependent –politically and operationally- on the central state (Papadopoulos & Liarikos, 2007, p. 295).

Finally, the latest round of territorial reforms (the so-called Kallikratis scheme) introduced in January 2011, which has redrawn the institutional map regarding regional and local governance in the country⁷, created hopes for a more efficient decentralized administration. Yet, contrary to intentions, the seven decentralised units introduced (see footnote 6) are governed directly by the central state and do not have any bottom up

⁶ Karanikolas and Hatzipanteli note that local authorities (e.g. local municipalities) are in charge of 10.5% of public expenditures in Greece, which is small compared to other EU countries, ranging from 14.8% in Luxemburg to 54.8% in Denmark (Karanikolas and Hatzipanteli, 2010, p. 414).

⁷ This scheme contains 13 regions, 325 municipalities and seven decentralised administrative units. The biggest change that it involved was the scrapping of the prefecture level and the introduction of regional and local elections for the 13 regions and the new municipalities.

democratic legitimacy. Simultaneously, the National Strategic Reference Framework (NSRF) 2007-13, established five Regional Operational Programmes (ROPs). However, this move was not accompanied by any institutional alterations, with the 13 regional Managing Authorities (MAs) and the relevant Monitoring Committees (MCs) still operating as Intermediary Managing Authorities (IMAs), depending on the central government.

Concerning Rural Development, before accession to the EU Greece had no experience in planning and implementation of integrated programmes for local (endogenous) development in rural areas with the active participation of subnational actors (Papadopoulos and Lariikos, 2007). RD policy had always been synonymous with agricultural policy and price support of specific products. The adoption of the Structural Funds' mechanisms in the early 1990s only implied that, in the first two programming periods, any elements of RD policy became incorporated in the so-called "Operational Programs (OPs) for Agriculture". It is only after the introduction of an official RD policy in the CAP since the early 2000s, that these programmes became gradually aligned with the requirements of the CAP's second pillar. This implied the replacement of OPs by the programme "Rural Development-Reconstruction of the Countryside" in the third Community Support Framework (CSF) – period 2000-06 – and the programme "Rural Development" in the current period (2007-13). Yet, according to many researchers, though changes in the titles of OPs substantiate the shift in Greek agricultural policy towards rural development, they mainly reflect the fact that the Greek government internalized the EU requirements in order to receive the relevant funding (see for example, Papadopoulos and Liarikos, 2007, p. 297). What is important is that these changes have only been stylistic and do not reflect alterations in the disbursement of funding which remained heavily focused on agricultural support at the expense of any measures for the diversification of rural production processes (Papadopoulos and Liarikos, 2007; Iliopoulou and Stratakis, 2011). Also, the lack of an overall state strategy for the farm sector which would integrate such price supports in a holistic plan of restructuring local production has exacerbated the situation in rural areas. These conditions explain the non-efficient implementation of RDPs and the lack of flexibility and resilience of rural economies in the changing conditions of global markets.

Having presented the general framework in which LEADER programmes are implemented in Greece, the crucial question is what has been their efficiency and success in reversing some of the above embedded characteristics in governance, stimulating at the same time local development. The current economic crisis and its impacts on the implementation of structural programmes is a new factor that has to be taken into account in evaluating the success of these programmes.

4. The experience from LEADER programmes

Information regarding the general success of past LEADER programmes is drawn from personal communication with experts, responsible for the implementation of the programme at the national (MRDF) level, as well as an ex-post evaluation on EU countries.

Generally, experts and representatives of the programme's MAs consider its implementation in the various programming periods successful, as far as its contribution to a more decentralized administration - through the increased participation of LAGs in the design of programmes - is concerned⁸. This success is manifested in: (a) the drawing of private investors, mainly in manufacturing; (b) the promotion of small public works, e.g. rehabilitation of squares, land reclamation, etc.; (c) actions for the support of natural, cultural and architectural inheritance. The above had substantial multiplier effects, contributing to enhancing employment opportunities and thus maintaining the population in the areas concerned. The LEADERs' relatively limited overall impact, on the other hand, is attributed to its small participation in the total RDP's budget⁹.

Greek MAs overall share the views expressed in evaluation reports on a number of EU countries, concerning the efficiency of LEADER programmes. LEADER+, in particular, is believed to have "addressed a large number of needs of rural areas, serving as an important complement to mainstream policies and agencies and contributing to economic diversification, quality of life and preservation and enhancement of the natural & built environment". It has done so, by "promoting sensitivity to local needs and small scale,

⁸ Personal communication with the director of the Leader Division at the Ministry of Rural Development and Food (3/7/2013).

⁹ It is worth noting that LEADER's absorption rate is around 4-5%.

potentials considered unreachable by larger and more traditionally run organizations”. This is what has “distinguished LEADER from other governmental structures...”. Furthermore, “the implementation of the LEADER method promoted multi-sectoral and integrated development and contributed to strengthening the local economy and the social capital in rural areas. Mobilization of entrepreneurs was a key success factor...” (Metis et al., 2010, p. 15).

In mountainous rural areas of Greece – the principal areas of intervention so far - economic diversification meant the shift of activities towards tourism, which in turn implied that “the majority of financial resources were used for the development of the relevant infrastructure - i.e. accommodation, dining and recreation facilities” (ibid, p. 267). The expansion of LEADER to low-land areas in the current period (2007-13) makes harder the measurement of results on a national scale.

Finally, the failure of the various administrative reforms (including the latest one, the Kallicrates) in promoting administrative decentralization did not affect, according to the same sources, LEADER’s outcome – at least as far as private investments are concerned – since this programme is applied at the level of local communities and settlements.

Of course, the negative impact of the current economic crisis on the course of implementation of the RDP’s LEADER approach is already felt primarily in private investments: the number of investments taking place is particularly low (reaching approximately 38% of planned investments by the end of June 2013), despite the many informative demonstrations and invitations by all LAGs. At the same time, many investors, whose plans have been approved, do not proceed to the signing of the contract, due to lack of liquidity and uncertainty about the future. There is, as a result, danger of reduced absorption and loss of available funds, which is likely to affect negatively the budget available for local administration needs - that cannot exceed 20% of each local programme’s budget¹⁰.

¹⁰ Yet, expenses for the functioning of ‘Organizations of Local Administration’ - OTA in Greek – exceed this limit, reaching 57,8% of planned expenses, whereas those for public works do not exceed 5% of the target (Information drawn from discussions with experts responsible for the application of Leader + at the MRDF, 10/7/2013).

5. Case-study: Implementing the LEADER in southeastern Peloponnese

5.1 Socio-economic characteristics of the areas of intervention and policy strategies

We have focused our investigation on the last two LEADER's implementation in southeastern Peloponnese, due to the area's particular characteristics, which point to the need for intervention: a combination of lagged development with abundant natural resources, to which we must add the wealth in architectural-cultural-historical elements¹¹. These characteristics offer possibilities for developing a contemporary and export-oriented agricultural production, together with mild forms of tourist activities (both coastal and mountainous), with an emphasis in alternative, rural or 'eco' tourism which would not upset the natural environment (Caraveli, 2006 & 2007; Regional Development Company PARNONAS, 2010 & 2009-15). The area's low development level is reflected in population shrinkage over the last decades (mainly in its many mountainous/LFAs¹²), low population density (approaching 16 people/km² in some mountainous localities), aging problems - with people over 65 exceeding those under 14 – and very low literacy level. There is furthermore a poor internal and external transportation network, thus poor access to large urban centres (despite the area's proximity to the capital area in terms of klms) and an inefficient water supply system. The geomorphologic characteristics of Parnonas Mountain in particular, the epicentre of the previous LEADER's area of intervention, imply the existence of double residence (i.e. mountain villages in the summer period and plain villages during the winter) not only for stock breeders but for the wider population. Such factors have led to the region's socioeconomic marginalization. The area of intervention of both LEADER programmes is generally agricultural (with variations among compartments), characterized by poor irrigation network, inadequate livestock infrastructure, as well as small and fragmented farm size and an aging population of farm heads. In services, the second largest and rising sector of the local economy, tourist activities prevail, characterized, however, by small size of units and inexperienced personnel, which, added to the poor transportation infrastructure, lead to overall poor

¹¹ These characteristics apply to the whole of the Peloponnese region, for which five LEADER programmes have been approved, namely those for: Northern Peloponnese, Eastern Peloponnese, Messinia (in southern Peloponnese), Olympia and Achaia (in western Peloponnese).

¹² LFAs reached approximately 90% in the area of LEADER + intervention, as compared to a country average of about 85%.

services for tourists. The smallest sector, manufacturing, is also characterized by small size of units and high transport cost of both raw materials and final products, rendering its functioning inefficient.

Large parts of the area have significant ecological value and are classified as 'environmentally protected areas' (largely manifested by the establishment of the 'Ecological Park of Parnonas-Moustos'¹³). 11 localities, covering 16,41 % of the current LEADER's surface, belong to the NATURA 2000 Network. The natural environment is therefore the area's most important comparative advantage and its non-exploitation becomes in itself a major weakness and obstacle in the developmental effort. This is why *eco-development* was the prime target of LEADER+.

While LEADER + (2000-06) limited its intervention to mountainous and LF areas – extending from the county of Arcadia in the north to the county of Lakonia in the south - LEADER (2007-13) has expanded its intervention to plain areas, including the county of Argolida in the north, a low-land area¹⁴. The current LEADER's area of intervention is shown in Map 1 (marked with red colour)¹⁵, along with that of Axis 3 (marked with yellow colour).

Map 1

LEADER 2007-13: Area of intervention

The LEADER area constitutes 13.88% of the total area of the Peloponnese and 13% of its population. The greatest part of its 106 local compartments (about 61%) consist of mountainous (33%) and LF areas (26,42%), which cover 68,58% of the total area of intervention. 41% of these localities consist of plain areas, where the majority of the population lives (63,63%). The area has still relatively low population density (38,6 inhabitants/km² vs. 83,1 inh./km² for the country total and 41,2 inh./km² for the whole Peloponnese), while the size of the average farm is relatively higher (38.1 hectares) than that of the previous programme's area. Structural changes in the past 20 years or so have

¹³ This is one of the 25 'priority areas for environmental protection' selected on a national level.

¹⁴ It has however left out many mountainous areas of the previous LEADER.

¹⁵ It consists of municipalities of the previous administrative division, the so-called Kapodistrias one.

moreover led to a marginal increase in farm size, which is slightly above the average for the Peloponnese as a whole (37 ha).

The inclusion of low-land, more productive, areas in the current programme, also implies a shift in the emphasis of the main strategic targets of the previous LEADER, shown in Table 1. Thus, while the essence of the strategy remains the same, greater emphasis is given to the rise in productivity through innovative methods (clearly reflected in the programme's title), which would permit the area's socio-economic upgrading and its contribution to the reduction of intra and interregional disparities and cohesion on a country level (Regional Development Company PARNONAS, 2009-15).

TABLE 1
STRATEGIC TARGETS OF LEADER + IN PARNONAS: 2000-6

Strategic targets	Special targets
Integrated (holistic) development with diversification of the productive base, support and protection of natural resources	Diversification of the productive base through the support of services
	Promotion of entrepreneurship of women and young people
	Support of competitiveness of firms through the improvement of their functioning and the quality of their products
	Support of partnership relationships and networking of firms
	Promotion and protection of natural and cultural resources
Support of the identity, cohesion, attractiveness and extraversion of the area through the development of prerequisites for the economic and social convergence	Support of networking and collaborations as well as cooperation on a regional, national and global level
	Creation – strengthening of collective schemes for a local development policy
	Introduction of new technologies in production and developmental planning

Source: Regional Development Company PARNONAS (2010).

5.2 Local representation in the implementation of LEADER programmes – the bottom-up approach

The Regional Development Company PARNONAS, which was our prime source of information in the area under investigation through its published reports and the in-depth discussions with its experts, represents both Local Authorities and the general public (i.e. prospective investors), thus local actors in general. It is an “Organization of Local

Administration”¹⁶ defined as a “Local Agreement of the region’s actors on the strategy and content for integrated development, through a live partnership relationship” (Regional Development Company PARNONAS 2009-15, p. 19). The Company is therefore a LAG whose Board of Directors consists of representatives from the public and private sector¹⁷. The choice of actors involved in the decision-making is the result of an extended public discussion on all matters concerning the intervention area’s development and the planning of the local LEADER, in which all socio-economic partners participated, including LAs. It was decided that actors representing the private sector’s interests or other social groups would participate by at least 50% in decision making, whereas actors representing the public sector’s interests, by at least 30%. In this way, the representation of all production sectors (primary, secondary and tertiary) would be ensured (ibid). It should be further noted, that a proportion of LEADER’s measure 41 in the current period corresponds to public works, which means that the Company chooses along with public actors (representatives of LAs) the type and number of works which will be implemented by the Programme¹⁸.

An underlying assumption of this paper is that this form of representation in a local community’s decision making process corresponds to a true democratic participation, which is able to generate the best possible developmental spillovers. We now turn to the actual results of the LEADER’s implementation in the area.

5.3 Socio-economic results of the LEADER programmes’ implementation

Tables 2 and 3 below show the implementation of local Leader + in detail. Table 2 shows the cost distribution by Axis and Action. The relative importance of Axis 1 in the programme is clear as it absorbs 95.3% of the total budget. Within Axis 1, the support of rural tourism (Action 1.2.1) absorbs the highest proportion of its budget (around 32%), followed by technical support (Action 1.1) and the support of small agricultural and other

¹⁶ OTA in Greek.

¹⁷ In the current LEADER, these representatives are: two municipalities – those of northern Kynouria & Leonidio; the Local Union of municipalities of Argolida; the Regional Development Company of Lakonia; the Chamber of Lakonia; the Local Agreement on Quality; the Union of Agricultural Cooperatives of Lakonia; one cultural actor; and the Women’s Union of the village of Stefania (Regional Development Company PARNONAS 2009-15, p. 19).

¹⁸ Personal communication with experts from the Regional Development Company PARNONAS (29/7, 31/7 and 2/8/2013).

firms (Action 1.2.2), absorbing 27.4% and 21.3%, respectively. Within Axis 2, intra-regional cooperation in Greece is clearly more important than inter-country cooperation in terms of funding. Although there has not yet been an ex-post evaluation of the local Leader +, its overall performance has been considered quite successful, judged by the fact that the 5.4 million euros initially approved by the MRDF rose to 6.4 million euros (see ‘the total cost of the programme’ in Table 2), following the higher than expected participation of private investors¹⁹.

TABLE 2
TOTAL FINANCIAL AND ECONOMIC ELEMENTS OF THE LOCAL
LEADER+ PROGRAMME: 2000-06

Title of sub-work	Initial budget	Final budget	Initial public expenses	Final public expenses
AXIS 1				
Action 1.1 Technical Support	1,103,469.00	1,691,929.32	1,091,469.00	1,679,396.87
Action 1.2.1 Interventions of rural tourism through an integrated approach	3,293,013.05	3,234,947.44	1,934,933.06	1,940,968.47
Action 1.2.2 Small firms of agricultural and other economic sectors	2,467,563.93	2,360,705.00	1,348,225.24	1,308,788.89
Action 1.2.3 Firms boosting collective, sectoral and intersectoral activities using modern technology, know-how and new techniques	352,217.94	307,877.56	263,562.98	230,364.16
Action 1.3.2 Rendering consulting services	45,212.00	27,600.00	45,212.00	27,600.00
Action 1.3.3 Activities promoting publicity	51,917.71	108,738.27	47,632.00	94,715.45
Action 1.4.1 Protection and promotion of natural and cultural heritage	412,196.28	345,854.03	412,196.28	345,854.03
Action 1.4.2 Protection and promotion of architectural and cultural heritage	438,449.60	330,288.32	370,451.06	330,288.32
Action 1.4.3 Actions for the support of cultural exhibitions	266,600.00	243,075.54	199,950.00	182,306.66
TOTAL OF AXIS 1	8,430,639.51	8,651,015.48	5,713,631.61	6,140,282.85
AXIS 2				
Action 2.1 Cooperation between regions of Greece: Cross-local – regional cooperation	161,764.78	324,476.73	129,411.82	259,581.38
Action 2.2 Cooperation between two or more regions out of Greece: Inter-country cooperation	54,648.98	54,061.11	45,672.98	45,202.70
TOTAL OF AXIS 2	216,413.76	378,537.84	175,084.81	304,784.08
TOTAL COST OF THE PROGRAMME	8,647,053.27	9,029,553.32	5,888,716.42	6,445,066.93

Source: Regional Development Company PARNONAS (2010).

¹⁹ Information drawn from discussions with experts from the Parnonas Development Company (29/7, 31/7 and 2/8/2013).

Table 3 presents the programme's monitoring and assessment of the rate of success in each area, measured by expenses realized as a proportion of planned expenses. This proportion appears to be very high, ranging between 97 % and over 100 % in most cases. The same table also shows the source of financing of each Axis, revealing the high proportion of EU participation in total funding (nearly 78%) through the EAGGF.

TABLE 3
FINANCIAL MONITORING OF THE LOCAL LEADER+ BY ACTION: 2000-06

AXES	Source of Funding	Concentrated data of the programme (total period, 000 euros)		
		Planned expenses	Expenses realized	Expenses realized (%)
AXIS 1: Integrated and of pilot character strategies of rural development	Total	6,300	6,140	97%
	Participation of European Agricultural Guidance and Guarantee Fund (EAGGF)	4,934	4,793	97%
	National Public Expenses	1,366	1,347	99%
	Private Sector Participation	2,572	2,511	98%
AXIS 2: Support of cooperation between rural regions	Total	306	305	100%
	Participation of European Agricultural Guidance and Guarantee Fund (EAGGF)	228	227	100%
	National Public Expenses	78	78	100%
	Private Sector Participation	74	74	100%
Total	Total	6,606	6,445	98%
	Participation of EAGGF	5,162	5,020	97%
	National Public Expenses	1,444	1,425	99%
	Private Sector Participation	2,646	2,585	98%

Source: Regional Development Company PARNONAS (2010).

The degree of success of interventions within the framework of the local Leader+ was quantified with the use of indicators which compared the initial or the intermediate target set in each measure (within Actions and Axes) – i.e. the number of investment plans in *measures 1.2.1, 1.2.2, 1.2.3* etc., within *Action 1.2*, and *measures 2.1, 2.2* within *Action 2, Axis 2*, with the actual number of investments or other actions taking place. A very high ‘rate of achievement’ is observed, which in some cases approaches or even exceeds 100% (Regional Development Company PARNONAS, 2010). The number of clusters created among units was another target that should be estimated. In all measures special indicators assessed: (a) the number of exhibits aimed at informing the local population on investment opportunities, the number of areas where these took place and the number of people participating; (b) the number of employment positions created.

Overall, both Community Initiatives LEADER II and LEADER+ are believed to have given significant boosting in manufacturing in their areas of intervention, by supporting firms to diversify their productive system and increase, as a consequence, the value added of their products. Within the framework of LEADER II, support was provided for the activities of small & medium enterprises, through the creation of new units or the modernization of new ones. The majority of the 34 investment plans implemented, of a total budget of 2,633,555.87 euros, concerned units of food standardization (mainly olives), while some of these plans concerned wood processing units, smithies and olive factories. Similarly, within the framework of LEADER+, all 17 investment plans implemented in the area of intervention, of a total cost 2,511,000 euro (see Table 3), concerned again food standardization units, as well as laboratories of olive and wine analysis, but also folk art workshops (Regional Development Company PARNONAS, 2009-15).

Although the current LEADER is still in process, an indication of its progress and potential success is given in Tables 4 and 5 below. Given that the programme’s total cost (public and private) is 14,383,519.39 euros, with the public sector’s participation reaching 48%, Table 4 shows the allocation of public expenses by measure.

TABLE 4**Brief presentation of the local LEADER: 2007-13. Public expenses approved and accomplished (000 euros)**

	Total	Measure 41 Strategies for local development (Competitiveness and quality of life/differentiation)	Measure 431 (Bottom-up)	Measure 421 Inter-local and inter-state cooperation
Public expenses approved by the MRDF	6,400	5,210	1,042	148.5
Actual public expenses	6,907	5,633	1,125.5	148.5
Absorption	1,010	412.6	579.4	18.7
Absorption rate		8 (%)	55.6 (%)	12.6 (%)

Source: Regional Development Company PARNONAS (2009-2015). Own calculations.

Just like in Leader +, the funds initially approved by the MRDF, 6,400,000 euros, increased to 6,907,000 euros²⁰, denoting the high turn-out of investors. Measure 41, through which private and public investments take place, is by far the most important in financial terms and actions involved. Though the absorption rate is lowest in this measure, more investors are expected to be attracted by the end of the programme. The highest absorption rate is observed in measure 431, whose implementation started in July 2009. This is the typical ‘bottom-up’ measure, since it involves actions for the “information and sensitization of the local population” (including entries in electronic means), as well as the undertaking of studies and special reports, seminars for the LAG’s (PARNONAS Company) executives and so on. The results of this measure are shown in measure 41, the typical ‘investment measure’, through the number of investors that the bottom-up approach has attracted. According to the Company’s experts, more investors were attracted in Axis 4 than in Axis 3, owing to the more personal, direct, relationship among the local population and LAG that the bottom-up approach of LEADER entails –

²⁰ Personal communication with experts from the Regional Development Company PARNONAS (29/7, 31/7 and 2/8/2013).

as opposed to the indirect relationship of potential investors with the MRDF in the 3rd Axis. Measure 421 on the other hand concerns the promotion of the area's local characteristics which are not related to the bottom up philosophy²¹.

Measure 41 comprises sub-measures: 411 (competitiveness), absorbing 29% of total expenses and 33,8% of public expenses; 413 (quality of life improvement/diversification), absorbing 70,9% of total expenses and 66,2% of public expenses. Sub-measure 411 consists of actions "towards raising the value of agricultural and forestry products", through the creation of processing units; sub-measure 413 consists of the "creation, expansion or modernizing of processing or handicraft units, or firms providing services". It also includes public works, which in most cases are covered 100% by public expenses. Investors were mostly attracted in food processing firms and firms adding value after the first processing, i.e. pastry shops etc.- more or less like in previous LEADER programmes. The relative significance of each sub-measure and action and the costs involved (including public sector's participation) are shown in table 5.

²¹ Personal communication with experts from the Information drawn from discussions with experts from the Regional Development Company PARNONAS (29/7, 31/7 and 2/8/2013).

TABLE 5

**Number of investors and total cost (private and public) by measure in the local
LEADER: 2007-13**

	Number of investments	Total cost (000 euros)	Public expenditure (000 euros)	Percentage (%)
Measure 41: Strategies of local development		13,110	5,633	43
Measure 411: Competitiveness		3,810	1,905	50
411a: Increase in the value of agricultural and forestry products	9	3,810	1,905	50
Measure 413: Quality of life/diversification		9,300	3,728	40
413a: Diversification towards non- agricultural activities		627	314	50
413b: Creation and expansion of restaurants etc.	9	1080	540	50
413c: Creation, expansion and modernizing of firms providing services	9	1,238	619	50
413d: Creation, expansion d modernizing of food processing firms (2 nd stage)	2	287.3	143.6	50
413e: Promotion of tourist activities	3 municipalities	1,647	860	52.2
413f: Basic services for local population*	7 municipalities	1,526	763	50
413g: public works* for the promotion of natural environment and cultural heritage	10	1,138	978.4	85.9
Measure 421: Inter- local and inter-state cooperation		148.5	148.5	100

Source: Regional Development Company PARNONAS S.A. (2009-2015). Involves own calculations.

* Includes small-scale infrastructural works (e.g. land improvement), support of cultural exhibits and exhibits for the maintenance of local/rural inheritance, etc.

6. Conclusions and further considerations

This paper emphasizes the shift in emphasis from the ‘sectoral’ approach to ‘integrated actions’ in rural areas, within the framework of the CAP’s second Pillar and the RDPs. The latter fund programmes which directly or indirectly promote development based on endogenous (territorial) natural and human resources and the devolving of governance to actors at local level. This implies increased significance, both politically and financially, in the years to come for the decentralized type of governance promoted through the LEADER programme.

The LEADER’s chances of success in promoting localized endogenous development and bottom-up approaches is examined in a case-study conducted in southeastern Peloponnese (the southern peninsula of Greece), based on published documents and personal communication with local actors, represented by the Regional Development Company of Parnonas Mountain. It is generally recognized that the economic model applied to the area, an integral part of the national model, has failed in generating growth, through mild forms of socio-economic development which make best use of the area’s comparative advantages – the core of the European RD model and the LEADER’s philosophy. Yet, the investigation shows that there has been some progress in the desired direction through the implementation of LEADER+ (2000-06), while the course of the current LEADER (2007-2013) gives positive signs regarding development generation. These findings provide indications for a reversal of the persisting centralized and clientelist type of governance in Greece and the ‘sectoral’ approach and philosophy concerning the farm sector. Opposite signs are however given by the deserted villages in the area of intervention, whose exclusion from the development process leads to the conclusion that the programme’s success was limited to certain localities, without a spread-effect to the wider area. One explanation is of course the small proportion that LEADER occupies in the total funding of the RDP.

The current economic and financial crisis, which has hit mainly urban centers and industrialized areas, due to their higher degree of integration in the global economy, has mobilized people towards new alternative forms of employment, leading them in slow

paces to peripheral/rural areas, often coinciding with their places of origin. This could provide a unique opportunity for reversing abandonment trends in many LF rural areas, through mobilizing endogenous resources. On the other hand, the crisis has contributed to the weakening of possibilities for a bottom-up type of governance and endogenous development, due to the reductions in public investments in infrastructure that it has brought about and the stagnancy in the implementation of regional programmes. Such factors contribute to a further strengthening of the centralized model of governance.

References

- Allain-Dupré, D. (2011) Multi-level Governance of public investment: lessons from the crisis, *OECD Regional Development Working Papers* 2011/05.
- Andreou, G. (2010) The domestic effects of EU Cohesion policy in Greece: islands of Europeanisation in a sea of traditional practices, *Southeast European and Black Sea Studies* 10:1, 13-27.
- Andrikopoulou, E. and Kafkalas, G. (2004) Greek regional policy and the process of Europeanization, 1961-2000. In: Dimitrakopoulos, D. and Passas, A. (eds.) *Greece in the European Union*, London: Routledge.
- Assembly of European Regions in cooperation with BAK Basel Economics (2009) *From subsidiarity to success: the impact of decentralization on economic growth*, Brussels.
- Barca, F (2009) *An Agenda for a reformed Cohesion Policy: A place-based approach to meeting European Union challenges and expectations*, Brussels: European Commission.
- Bocker, M. (2008) Regional governance and rural development in Germany: the implementation of LEADER+, *Sociologia Ruralis*, 28:4, 372-388.
- Burrell, A. (2009) The CAP: Looking back, looking ahead, *Journal of European Integration*, 31:3, 271-289.
- Caraveli, H. (2006) Endogenous rural development prospects in mountainous areas: The case of mount Parnonas in Greece”, in Zbigniew Florianczyk and Konrad Czapiewski (eds), *Endogenous factors stimulating rural development*, EUROPEAN

RURAL DEVELOPMENT NETWORK, Rural areas and development vol. 4, Institute of Agricultural and Food Economics-National Research Institute & Institute of Geography and Spatial Organization-Polish Academy of Sciences, Warsaw 2006.

Caraveli, H. (2007) Local governance as an engine for rural development in mountainous areas: the case of Greece. Paper presented at the 47th Congress of the European Regional Science Association (ERSA) on “Local Governance and Sustainable Development”, Paris/Cergy-Pontoise, France, 29/8/07-2/9/07.

Caraveli, H. and J. Doukas (2012a) Rural Development Policy: an alternative development strategy for the case of Greece (in Greek), *Region and Periphery*, 2, 21-36. In Greek.

Caraveli, H. and E. Tsionas (2012b) Economic restructuring, crises and the regions: the political economy of regional inequalities in Greece, GreeSE Paper no. 61 *Hellenic Observatory Papers on Greece and Southeast Europe*, August 2012.

Caraveli, H. (2013) The Regional dimension of agricultural policy: The case of Greece, in *Value Chains for Sustainable Development – Cases from across the world*, C.S. Sundaresan (editor), Regal Publications, New Delhi, India 2013.

Chardas, A. (2012) State capacity and ‘embeddedness’ in the context of the EU’s Regional Policy: the case of Greece and the third Community Support Framework (CSF), *Southeast European and Black Sea Studies*, 12:2, 221-242.

Chardas, A. (2013) The interplay between austerity, domestic territorial reform and the European Union Cohesion Policy: Multi-level governance and the application of the partnership principle in Greece. *European Urban and Regional Studies*, forthcoming in 2013.

Charbit, C. (2011) Governance of public policies in decentralised contexts: the multi-level approach, *OECD Regional Development Working Papers* 2011/04.

Dwyer, J., Ward, N., Love, P., Baldock, D. (2007) European rural development under the Common Agricultural Policy’s ‘second pillar’: institutional conservatism and innovation, *Regional Studies*, 41:7, 873-888.

- European Commission-Agriculture and Rural Development (2009) *Agricultural Policy Perspectives – Briefs*, Brief no.1, December.
- European Commission-Agriculture and Rural Development (2011) European Network for Rural Development, *A Short Guide to the European Commission's proposal for EU rural development after 2013*.
- Hooghe, L. Marks, G. and Shakel, A. (2010) *The rise of regional authority: a comparative study of 42 democracies*, London: Routledge.
- Iliopoulou, P. and P. Stratakis (2011) Agricultural Policies for Rural Development in Europe: the Case of Greece, in *Agricultural Policies: New Developments*, Nova Science Publishers, Inc., 213-241.
- Karanikolas, P. and Hatzipanteli, S. (2010) The decentralization process of rural development policy in Greece, *European Planning Studies*, 18:3, 411-434.
- Louloudis, L. and N. Maraveyas (2007) Farmers, state and power in Greece 1981-1996, in Kassimis, H. and L. Louloudis (edts), *Country Land: the Greek Rural Society at the end of the 20th Century*, National Centre of Social Research, Plethron, 217-236 (in Greek).
- Mandravelis, P. (2013) Think different, *Kathimerini* newspaper (in Greek), 21/7.
- Maravegias, N. and J. Doukas (2012) A strategy for rural development in Greece: the case of island areas (in Greek), *Region and Periphery*, 1, 37-56.
- Metis GnbH and subcontractors AEIDL and CEU (2010) Ex-post evaluation of Leader +, European Commission.
- Ministry of Rural Development and Food (2003) *Report on the intermediate evaluation of the Leader + programme*. Administrative sector for the management of the Operational Programme Community Initiative Leader +, October. In Greek.
- Ministry of Rural Development and Food (2010) *Revised Report of Intermediate Evaluation of the Rural Development Programme of Greece 2007-13*. Administrative sector of EU funds and infrastructure – Special Unit for the management of the programme “Rural Development of Greece 2007-13”, October.

Ministry of Rural Development and Food (2013) *Report from experts on the parallel evaluation of the Rural Development Programme measures which contribute to the improvement of the quality of life in rural areas and the Leader measures.*

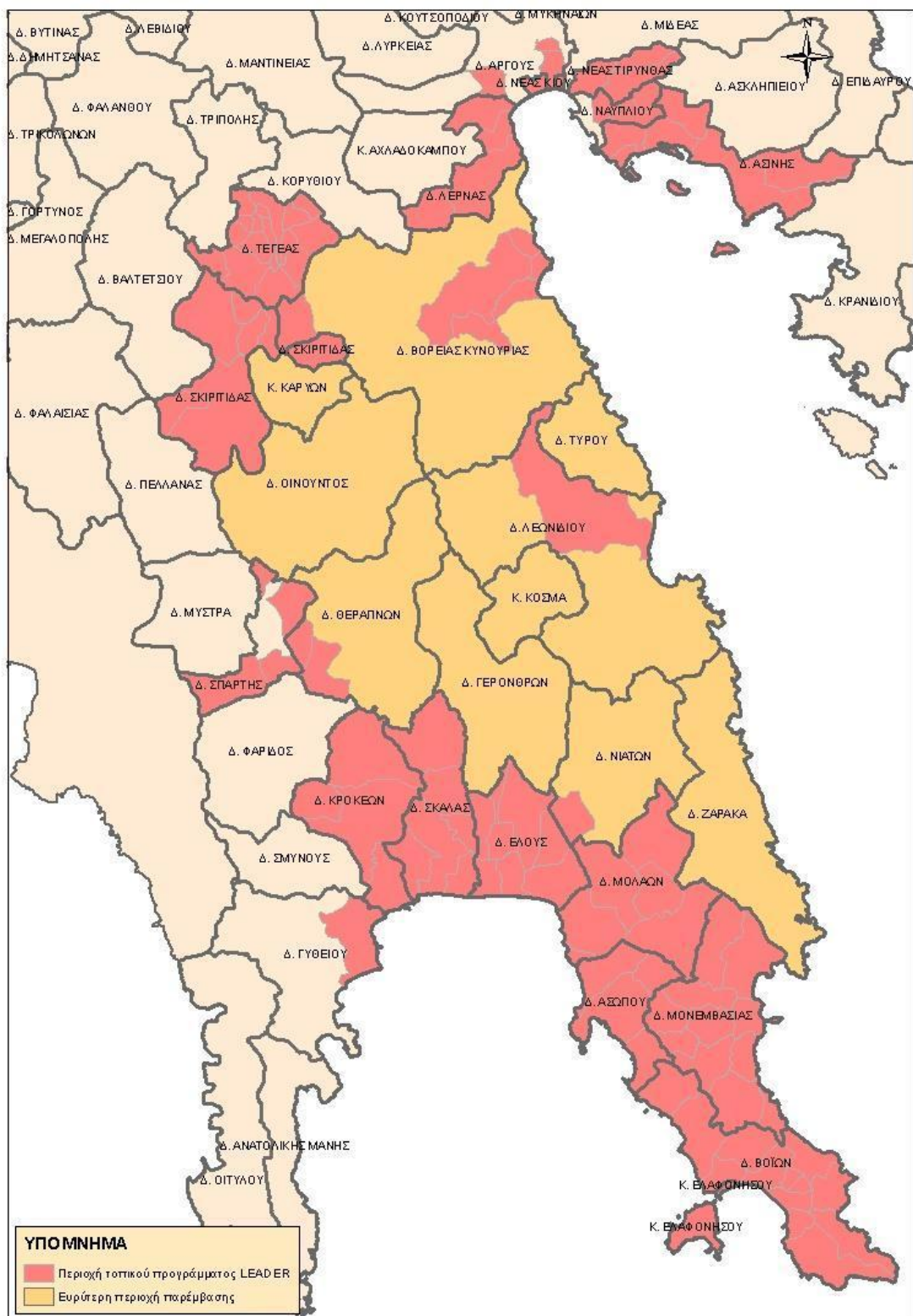
Administrative sector of EU funds and infrastructure – Special Unit for the management of the *Rural Development Programme of Greece 2007-13*, March. In Greek.

Papadopoulos, A. and C. Liarikos (2007) Dissecting changing rural development networks, *Environment and Planning C: Government and Policy*, 25, 291-313.

Ray, C. (2000) The EU Leader programme: rural development laboratory, *Sociologia Ruralis*, 40: 2, 163-171.

Regional Development Company PARNONAS S.A. (2010) *Local Programme of Community Initiative LEADER + 2000-2006: Eco-development of south-eastern Peloponnese*, Astros Kynourias. In Greek.

Regional Development Company PARNONAS S.A. (2009-2015) *Local Programme LEADER Approach – Axis 4 of RDP 2007-2013: Eastern Peloponnese – From eco-development to innovation* (programme in progress), Leonidion, Kynourias. In Greek.



Source: Regional Development Company PARNONAS.