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Rural development policies and sub-national governance: The case of the Leader axis in Peloponnesus 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 the country’s territory) and the new wave of return migration to rural areas – as a result of the uneven regional impact that the current crisis and the austerity measures it led to have had for regions exposed to the global vicissitudes (i.e. urban areas and former industrialized regions). 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 (possibly aided by the new administrative division – the Kallicrates), 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 holitistic 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-based type of governance help in the regeneration of the country-side and the promotion of internal cohesion in Greece? The issues discussed in the paper assume further significance in view of the current discussions on ‘place-based’ regional development taking place in the European Commission, but also of the Kallicrates Plan for the restructuring of local governance within the country.
Key words: Rural Development Programs, Leader, bottom-up approach, Regional/local Governance, Greece.

JEL code: R

* The paper will be updated when the empirical part (i.e. the interviews with local actors, delayed due to complications) is completed. Please contact the authors for details.

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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 2013 (Dwyer et al., 2007; Burrel, 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 of local agricultural communities into the world economy (Caraveli and Doukas, 2012).

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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).
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 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 (Rural Development Programs) 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. 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). That being the case, the Leader institutional and policy architecture can prove detrimental in the successful application of RDPs in Greek rural regions through its impact on regional/local governance. However, the Leader 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 holitistic 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 rural development programmes in their localities. A crucial question is to what extend previous Leader programmes contributed to enabling regional and local actors allover Greece to participate in RDPs on equal terms? The topic presents interest both for regional scientists interested in issues of governance at the regional and
local levels as well as agricultural policy researchers, while the conclusions can be useful to the newer (post 2004) EU member states. The issues discussed in the paper assume further significance in view of the current discussions on place-based regional development taking place at the European Commission (following the publication of the Barca report of 2009), as well as of the Kallicrates Plan for the restructuring of subnational administration within the country. As this programme is part of a strategy for administrative decentralization and strengthening of regional/local actors, a first attempt of assessing the impacts from its application in local governance (i.e. in a ‘bottom-up’ mobilization of endogenous forces already involved in the implementation of Leader) and the implementation of RDPs also takes place.

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 examines: in the first place, to what extent the application of the Leader programmes contributed to the reversal of conditions of limited regional and local governance; in the second place, the role of the Kallicrates program in strengthening subnational actors’ participation in RDPs. The answers are based on a case study in selected regions of the Peloponnese – the southern peninsula of Greece – conducted on the basis of questionnaires given to local actors as well as in-depth interviews. The last section concludes, by emphasizing the new trends in rural development policy in Europe, summarizing the results of the empirical investigation and making reference to the implications of the continued financial and economic crisis for regional and local governance in Greece.

2. Rural Development Policy and the Leader program

programme does not belong to the National Strategic Plan of Rural Development (NSPRD) 2007-13, although it follows the strategies inscribed in it. The Leader programme, which implements local strategies and synergies in order to face local problems, 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 reasoning, philosophy and principles of the second Pillar are the same as those underlying the operation of the Structural Funds, namely multiannual 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 second pillar can hardly be distinguished from those guiding the operation of the Structural Funds (Papadopoulos and Liarikos, 2007: 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. The implementation of the Leader axis within this framework is realized through an integrated, ‘bottom-up’, approach from local partnership schemes among public and private agents (Local Action Groups - LAG) and actions involving ‘integrated’ and ‘multi-sectoral’ rural development measures, mainly in Less Favoured Areas (LFAs). These 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. The 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, the Leader axis is also relevant to plain areas, particularly hit by price reductions, from CAP reforms, or areas protected by the NATURA 2000 network (Iliopoulou & Stratakis, 2011).
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, even if it absorbs only 5.6% of total public expenditure. Together with axis 3, which targets economic, social and cultural upgrading of LFAs, with interventions for the promotion of ‘differentiation’ of the rural economy\(^2\) (e.g. towards rural tourism and small-scale entrepreneurship), they form the basic axes of rural development policy, as they contribute to the reversal of trends towards population shrinkage. Through their combined impact they 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. The third and fourth axes together absorb 20.2% of public expenditure (national and EU) for rural development. To conclude, the second pillar of CAP funds programmes of endogenous development based on the assumption that through devolving the governance of the projects endogenous development will follow. The regulatory elements that promote these objectives are similar to the ones instituted by the EU Regional Policy, namely partnership, multi annual programming, concentration and so on.

3. **Sub-national governance and Rural Development Policy in Greece**

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 (ibid, 298, and Louloudis & Maraveyas, 2007).

\(^2\) 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).
In Greece, such factors can be summarized in the centralised manner in which the public administration operates (Karanikolas and Hatzipanteli, 2010) in combination with the bureaucratic structure of the governance process and the prevalence of strong vested interests of a clientelistic type (Papadopoulos and Liarakos, 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 country (Chardas, 2012a). 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- Durpe, 2011; Charbit, 2011).

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 put Greece third from the last, 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 - as well as internal considerations. The latter relate with demands from sub-national actors that fitted well with the rhetoric of the Socialist
governments that governed the country in all but three years from 1981 until 2004 (Andrikopoulou and Kafkalas, 2004). The relevant literature (see for example, Andreou, 2010; Karanikolas and Hatzipandeli, 2010) has concluded that the territorial reforms have gradually lost their intended meaning. In particular, either the decentralised governance structures were devoid of any significant responsibilities and tax revenue capacities or they gradually became riddled with clientelism, and patronage. Moreover, the prevalence of politicised parochial interests formed 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, 295).

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 administrative actors have been particularly poor.

The latest round of territorial reforms was introduced in January 2011 and has redrawn the institutional map regarding regional and local governance in the country. The so-called Kalikratis plan contains 13 regions, 325 municipalities and seven decentralised administrative units. The biggest change that was introduced was the scrapping of the prefecture level and the introduction of regional and local elections for the 13 regions and the new municipalities. The seven decentralised units are governed directly by the central state and do not have any bottom up democratic legitimacy. Simultaneously, the National Strategic Reference Framework (NSRF) 2007-13, established five Regional Operational Programmes (ROPs). However, this change 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).
Concerning rural development, before accession to the EU Greece had absolutely 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 Larikos, 2007). Rural development policy had always been synonymous with agricultural policy and price support of specific products. After the country’s accession to the EC and the adoption of the Structural Funds’ mechanisms in the early 1990s, any elements of rural development policy became incorporated in the Operational Programs (OPs) for agriculture. These started as OPs for ‘Agriculture’ in the first two programming periods but, since the early 2000s and the adoption of a ‘rural development policy’ by the CAP, these programmes gradually became aligned with the requirements of the agricultural policy’s second pillar. This implied the replacement of OPs by the programme ‘Rural Development-Restructuring of the Countryside’ in the third Community Support Framework (CSF) – for the period 2000-06 – and the program ‘Rural Development’ in the NSRF of the current period (2007-13).

The changes in the titles of OPs substantiate the lack of any nationally designed and implemented policy for rural development and the fact that the Greek government has only internalized the EU requirements in order to receive the relevant funding (Papadopoulos and Liarikos, 2007:297). 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 agricultural situation. These conditions explain the lack of flexibility and resilience of rural economies in the changing conditions of global markets and the non-efficient implementation of structural programmes (through the CSFs and NSRF) for rural development. So far, we have presented the context in which the Leader programme for the region of Peloponnese has been implemented, namely, the centralised functioning of the Greek state and the lack of a ‘rural development’ approach in the implementation of the national agricultural policy. The next section presents the findings of the case study.
4. Implementing the Leader program in the Peloponnese - study design

The region of Peloponnese is comprised by parts of two administrative and political regions established by the Kallikratis plan: those of Western Greece and the region of Peloponnese. It is primarily agricultural with some areas having agricultural populations as high as 70% (the counties of Arkadia and Lakonia). Tourism-centred activities are the second most important ones in the region, as industry (once flourishing in specific localities) has been particularly hit in the last thirty years, following the country’s overall de-industrialization process. The area of Patras, once enjoying high levels of industrial investment, is now one of the most inaccessible and underdeveloped areas of Greece. While an agricultural area - the main agricultural products being fruits, olive oil and wine - the Peloponnese has generally limited possibilities for regional development, given its poor geomorphological characteristics, expressed in its mountainous nature and the high number of LFAs that it comprises. Such areas, however, offer great opportunities for rural development, as they are often the most attractive locations for urban visitors in terms of natural landscape. They are thus suitable for the development of ‘rural tourism’ and related activities and can play a significant role in the gradual transformation of rural areas from exclusively farm producing areas into locations offering ‘entertainment’ and ‘rural amenities’ to urban citizens. In this respect, they are most suitable to the development and exploitation of endogenous forces (human and natural), through the promotion of local governance and bottom-up approaches underlying the ‘multifunctional’, ‘integrated’ and ‘territorial’ European model of agriculture adopted in the decade of 2000. The region of the Peloponnese enjoys more over a significant comparative advantage in terms of accessibility and transportation costs, due to its proximity to the Attica, the capital region.

The current socioeconomic profile of the region makes evident the need for developmental support in specific areas where agricultural, but also tourism, activities prevail. To this purpose, five Leader programmes have been approved for the area. These are the programmes of: Northern Peloponnese, Parnonas (in south-eastern Peloponnese), Messinia (in southern Peloponnese), Olympia and Achaia (in western Peloponnese). We have disseminated questionnaires to each of the Local Action Groups (LAGs) responsible for these Leader programmes. The questionnaires will be followed
by in depth open ended interview held with both elected officials representing their areas in the LAGs and administrative staff working in each LAG. The choice of the interviewees reflects the aims of the research that we are conducting. We are, in particular, interested in two areas of research: firstly in issues of subnational participation in the context of Leader and, at the same time, in issues of institutional and administrative capacities in the relevant Development Agencies. Through following this line of inquiry we aim to identify the extent to which the Leader programmes applied in the specific areas have achieved their aims of promoting endogenous development, capable of creating spill-over effects in the whole region of Peloponnese. The key interviewees have been identified and the interviews will take place shortly.

5. 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. This implies increased significance, both politically and financially, in the years to come for the decentralized type of governance promoted through the Leader programme. A further underlying assumption is that discussions for ‘place-based’ development currently taking place in the Commission will strengthen the existing policies of promoting the endogenous forces and characteristics of rural and broadly regional areas. The Leader’s chances of success in promoting localized endogenous development and bottom-up approaches is examined in a case-study conducted in selected areas of the Peloponnese, in southern Greece, through the dissemination of questionnaires in local actors, followed by in-depth interviews, or simple discussions. Despite some positive impacts in a number of cases, a general conclusion is that there has not been much progress in the desired direction, neither through the application of the Leader programmes or from the latest administrative reform, the Kallicrates. This means that the centralized and clientelist type of governance in Greece and the ‘sectoral’ approach and philosophy concerning the farm sector remain as strong as ever. Some additional factors, relating to the country’s general economic and political situation, should be taken into consideration in evaluating the above conclusion. 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, and has led to a limited return migration to peripheral areas, could provide a unique opportunity for reversing abandonment trends in many LF rural areas, thus for mobilizing endogenous resources. On the other hand, the crisis has resulted in a 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 the ESPA programme. Such factors contribute to a further strengthening of the centralized model of governance. At the same time, political stability within the country, an absolute requirement for the country’s continued European orientation is not at all a given situation, but is rather under continuous threat. This poses even further strain on regional and decentralized development.

References


