

**UNIVERSITY OF THESSALY**  
**SCHOOL OF ENGINEERING**  
**DEPARTMENT OF PLANNING AND REGIONAL DEVELOPMENT**  
**GRADUATE PROGRAMME IN EUROPEAN REGIONAL DEVELOPMENT STUDIES**

**Msc DISSERTATION**

**THE EUROPEAN UNION'S COMMUNITY INITIATIVE**  
**“LEADER”**  
**THE GREEK CASE**



**MARIA DOUKA**  
**SUPERVISOR: PR. PANTOLEON SKAGIANNIS**

**JANUARY 2011**

## ΣΥΝΤΟΜΗ ΠΕΡΙΛΗΨΗ

Η εργασία αυτή εξετάζει την εφαρμογή της Κοινοτικής Πρωτοβουλίας της Ευρωπαϊκής Ένωσης LEADER στην Ελλάδα. Η Πρωτοβουλία αυτή είναι ένα πρόγραμμα που στηρίζει την ανάπτυξη σε ιδιαίτερα ευαίσθητες αγροτικές περιοχές των ευρωπαϊκών χωρών μελών της Ευρωπαϊκής Ένωσης. Υποστηρίζει δημιουργικά και καινοτόμα σχέδια που μπορούν να συμβάλουν στη μακροπρόθεσμη και αειφόρο ανάπτυξη των περιοχών αυτών. Οι κύριες ενότητες της εργασίας αυτής αναλύουν την πολιτική της αγροτικής επιχειρηματικότητας, προκειμένου να αντιμετωπιστούν οι πραγματικές ανάγκες και οι απαιτήσεις των περιοχών αυτών, τα αποτελέσματα της εφαρμογής των προγραμμάτων LEADER, την αξιολόγησή τους και φυσικά καταλήγει με την υποβολή ορισμένων προτάσεων για την καλύτερη στρατηγική διάρθρωσης της προβληματικής κατάστασης του προσδιορισμού και του σχεδιασμού καινοτόμων σχεδίων για την ανάπτυξη της κοινότητας και την υποστήριξη διαδικασιών λήψης αποφάσεων που σχετίζονται με την εύρυθμη λειτουργία των Προγραμμάτων LEADER.

Λέξεις κλειδιά: Αειφόρος και Ενδογενής Ανάπτυξη, «Εκ των Κάτω Προσέγγιση», Ενεργοποίηση Τοπικών Φορέων.

## ABSTRACT

This paper aims to examine the implementation of the European Union's Community Initiative LEADER in Greece. This is a programme that supports development in particularly vulnerable rural regions of the member-states of the EU. It supports creative and innovative projects that can contribute to long-term and sustainable development in these regions. The main course of action has been the analysis of rural entrepreneurship in order to cope with the real needs and the demands of such regions, the implementation of the LEADER Programmes, the evaluation of their results and finally the development of proposals for a better strategy to be followed. The latter aspire to structure the problematic task of identifying and designing innovative projects for the development of the community and to support decision making processes related to the proper operation of the LEADER Programmes.

Key words: Sustainable and Endogenous Development, "Bottom-up Approach", Activation of Local Actors.

## TABLE OF CONTENTS

<b>ΣΥΝΤΟΜΗ ΠΕΡΙΛΗΨΗ.....</b>	<b>2</b>
<b>ABSTRACT .....</b>	<b>3</b>
<b>FIGURES .....</b>	<b>6</b>
<b>ABBREVIATIONS LIST .....</b>	<b>7</b>
<b>INTRODUCTION .....</b>	<b>8</b>
<b>CHAPTER 1.....</b>	<b>11</b>
<b>THE DEVELOPMENT POLICY FOR MOUNTAINOUS AND RURAL AREAS.....</b>	<b>11</b>
1.1 THE DEVELOPMENT POLICY FOR MOUNTAINOUS AND RURAL AREAS IN EUROPE .....	11
1.1.1 THE RURAL DEVELOPMENT PROGRAM 2007-2013 .....	13
1.2 THE NEED FOR A RURAL DEVELOPMENT POLICY .....	17
<b>CHAPTER 2.....</b>	<b>19</b>
<b>THE EXISTING SITUATION OF THE AGRICULTURAL SECTOR IN GREECE.....</b>	<b>19</b>
2.1 INTRODUCTION.....	19
2.2 ADVANTAGES.....	20
2.3 DISADVANTAGES.....	21
2.4 POTENTIAL OPPORTUNITIES AND THREATS .....	22
2.5 PROBLEMS IN THE DEVELOPMENTAL EFFORTS FOR THE MOUNTAINOUS AND RURAL AREAS.....	24
<b>CHAPTER 3.....</b>	<b>29</b>
<b>ENTREPRENEURSHIP IN MOUNTAINOUS RURAL AREAS ....</b>	<b>29</b>
3.1 INTRODUCTION.....	29
3.2 THE NATURAL ENVIRONMENT .....	29
3.3 THE SOCIAL ENVIRONMENT .....	30
3.4 THE ECONOMIC ENVIRONMENT.....	31
3.5 ANALYSIS OF RURAL ENTREPRENEURSHIP .....	32
3.6 BUSINESS HUMAN CAPITAL AND BUSINESS DEVELOPMENT OF RURAL AREAS .....	36
<b>CHAPTER 4.....</b>	<b>39</b>
<b>THE COMMUNITY INITIATIVE “LEADER” .....</b>	<b>39</b>
4.1 WHAT IS THE COMMUNITY INITIATIVE “LEADER”? .....	39
4.2 BRIEF HISTORICAL OVERVIEW .....	42
<b>CHAPTER 5.....</b>	<b>45</b>
<b>THE LEADER COMMUNITY INITIATIVE IN GREECE.....</b>	<b>45</b>
5.1 IMPLEMENTATION, OPERATION AND OBJECTIVES.....	45
5.2 COMMUNITY INITIATIVE LEADER I .....	48
5.3 COMMUNITY INITIATIVE LEADER II .....	51
5.4 COMMUNITY INITIATIVE LEADER + (PLUS) (2000-2006) .....	53
5.5 COMMUNITY INITIATIVE LEADER 2007-2013 .....	59
<b>CHAPTER 6.....</b>	<b>65</b>

<b>EVALUATION OF THE IMPLEMENTED LEADER PROGRAMMES.....</b>	<b>65</b>
<b>CHAPTER 7.....</b>	<b>74</b>
<b>    PROPOSALS FOR THE INTEGRATED DEVELOPMENT OF MOUNTAINOUS AND RURAL REGIONS IN GREECE.....</b>	<b>74</b>
<b>CONCLUSIONS.....</b>	<b>79</b>
<b>REFERENCES .....</b>	<b>82</b>

## FIGURES

<b>FIGURE 1: A THREE-STEP BUSINESS PROCESS IN A RURAL ENVIRONMENT.....</b>	<b>30</b>
--	-----------

## **ABBREVIATIONS LIST**

**CAP:** Common Agricultural Policy

**EAFRD:** Agricultural Fund for Rural Development

**ICT:** Information and Communication Technologies

**LAG:** Local Action Group

**LEADER:** Liaison Entre Actions de Developpement de l'Economie Rurale

**NAGREF:** National Agricultural Research Foundation

**NSS:** National Statistic Service

**RDP:** Rural Development Programmes

**SETE:** Association of Greek Tourism Enterprises

**SME:** Small and Medium Enterprises

**WTO:** World Trade Organization

## INTRODUCTION

It is a fact that tourism is a key factor in the economic development of a country as a whole and, further, in regional development. In Greece, after consecutive years of crisis, the redefinition of tourism and the enhancement of its competitiveness are prerequisites for the tourist development.

In this framework, the state and the tourist industry should, as soon as possible, not only provide for modern forms of organization and operation in tourist structures, but also significantly enhance the potentiality of the tourist product in the less advantaged regions of Greece.

The mountainous areas around the world are the second most popular tourist destination after the islands. Despite this, the Greek mountainous areas have been a highly neglected area in terms of interest, planning, financing and activities development for years. Apart from the mimic and reproductive forms of the dominant development model of winter tourism, the vast expanses of mountainous regions of Greece continue to experience aging -there is a dramatic decline of the native population-, abandonment, degradation of land and loss of the traditional jobs, namely loss of talent and skills rooted in local cultures. This decline is mainly due to the complete neglect of the State which continues to engage in initiatives of one-dimensional, and mainly urban, economic development.

Over the latest years, however, as a consequence of the prevailing competition of the dominant development model, the potential “growth” of mountainous areas has been explored, and considerable efforts have been made towards the direction of the sustainable and endogenous rural development. Aiming at the strengthening and the development of mountain areas, the Ministry of Rural Development and Food has implemented -and is still implementing- a series of EU programs, the “LEADER” Programmes, which involve agritourism activities on a reduced scale -on family or cooperative basis-, developed in rural areas by people professionally employed in agriculture. The basic purpose of the program is to provide alternatives to the traditional employment of farmers and to improve income and quality of life. Thus, the European Union's LEADER Initiative represents an attempt to generate rural development at local level.



This paper examines the application of the Initiative within Greece. It is argued that the way in which LEADER was initially established may have acted against the successful achievement of endogenous rural development in the sense that endogenous development implies a process of social mobilisation on a local level and requires an organisational structure which brings together varied community interests to pursue agreed objectives, namely a locally agreed strategic planning process and an agreed allocation of resources with the specific purpose of developing local capacity in terms of skills and competencies, which are not easy to achieve in any case. However, the promotion of endogenous economic development and the prospect that such development could be carried out successfully, has, therefore, been a highly attractive message for those attempting to think through new policy initiatives affecting rural areas (Barke, Newton, 1997). Undoubtedly, the comprehensive knowledge of the subject contributes in the proper use of these programs and stimulates the local action initiatives.

This paper also attempts to present the efforts made towards the development of rural or mountainous regions at national level as well as their evaluation based on the systematic research, study, recording and monitoring of the features of today's physical and socioeconomic reality of the aforementioned areas focusing on the objectives and the vision of integrated development. Consequently, its purpose is to study whether the European Union's "LEADER" Programs in Greece have been applicable and helpful, and if they can continue to be applied.

Naturally, it is important to examine the results of the Programs so far, since the study of previous experiences can lead to learning by trial and error. This may motivate the people in charge to make proper use of all opportunities presented to them, to be more active, more energetic and to handle the various programs that could help them in their field of action more accurately. This project is based not only on academic reading, but on practical research as well, employing an empirical and critical approach.

At first, the existing situation of the agricultural sector in Greece is examined, so that we can identify the advantages, the disadvantages, the opportunities and the threats it involves. This will make us understand the real needs of mountainous and rural areas and their potential in endogenous and sustainable development. The problems in the development efforts for these areas are also analysed, so that we will be able to find and recommend alternatives for a new strategy. In another section, the Development Policy for mountainous areas in Europe is analysed, in order to testify whether Greece satisfies

the requirements of the EU Policy in relation to the implementation of the LEADER European Development Programmes. This paper also examines entrepreneurship in mountainous areas, in order to correctly evaluate the measures already applied or planned to be taken for the sake of rural development. Then, a detailed analysis of the origin of the LEADER Programmes follows, focusing on their aim and objectives as well as their implementation in Greece so far. The paper continues with the evaluation of the implemented programs in order to examine whether they managed to achieve their objectives and whether they have contributed to the development of the selected regions. Finally, the dissertation concludes with proposals for an integrated development of mountainous and rural regions in Greece.

## CHAPTER 1

# THE DEVELOPMENT POLICY FOR MOUNTAINOUS AND RURAL AREAS

### 1.1 The Development Policy for Mountainous and Rural Areas in Europe

In this section we will analyse the Development Policy for mountainous areas in Europe, in order to observe, in the next chapters, whether Greece, and specifically the European Development LEADER Programmes, meet with the requirements of the EU Policy.

The European Development Policy for mountain regions is defined primarily by the draft of the European Charter of Mountain Regions (1995), by the draft of the European Chart of Rural Areas (1996) and by the European Intergovernmental Conference on “Sustainable Development of Mountain Areas” (Trento Italy - 1996). Both drafts operate in a non-binding way. They remain though the main vehicle of measures included in the national development policies of the Member States of the Council of Europe. Today the development of a uniform policy for European mountain areas is promoted, but its exact context is still under discussion (Papadimatou, Rokos, 2002). On the draft of the European Charter for rural areas (Council of Europe, Parliament Assembly 1996), it is attempted, as stated in the introduction, “to set a framework for action on rural development in harmony and balance with the management of urban areas, and at the same time to adopt a policy of sustainable resource management in agriculture, forestry, aquaculture and fisheries, which will complement the traditional features with new courses of action (protection of nature and landscapes, production of renewable feedstock for industry and energy, participation in rural tourism and entertainment and others)”. The socio-cultural gap between rural and urban areas may be reduced, while (in accordance with Article 6) the increasing links between residents of urban areas and residents of the province, and the full use of modern information technology in equal conditions of use for urban and rural areas is being encouraged. The European development policy for rural areas therefore aims to approximate the urban living standards and lifestyle for the inhabitants of rural areas.

According to the draft of the European Charter of Mountain Regions (Congress of Local and Regional Authorities of Europe, 1995), Article 5, the overall policy planning measures implemented by each country “should combine resources to promote economic development of the region, depending on the particular characteristics, on means of promoting cultural and social interests of the population and on means of protection and environmental management”. To achieve this, “there should be an increased effectiveness of the various sectoral policies, which are already being practised, to ensure their coordination and their integration in a comprehensive Approach”. Articles 8 to 19, set out the measures that should be implemented in each sector (agriculture, forestry, industry, craftsmanship, services, multi-employment, housing, tourism, infrastructure, energy, education - research, culture and environment).

The European Council identifies, under the Agricultural Fund for Rural Development (EAFRD), the European Union's priorities for rural development and establishes a link with the objectives of the Gothenburg and Lisbon Strategy. It seeks to harmonize the policy for Rural Development with other EU policies, especially policies related to social cohesion and the environment, strengthening the implementation of the new Common Agricultural Policy (CAP) and the restructuring that it entails.

The Lisbon Strategy was adopted in 2000 by European Leaders, following the liberalization and the opening of the borders of the European member states. During the Lisbon European Council (March 2000), the EU set a target for 2010, “to become the most competitive and dynamic knowledgeable economy in the world, with continuous economic growth, with more and better jobs and greater social cohesion”. The objectives which were agreed at the Lisbon European Council and subsequently completed in Gothenburg (June 2001), where a strategy for sustainable development was adopted, are reflected as follows:

- The creation of a European area of knowledge
- Developing a European area of research and innovation
- Creating a friendly environment for new and innovative businesses, particularly SMEs
- Economic reforms for the integration and efficiency of the internal market
- Economic reforms for the integration and efficiency of the internal market
- Creating efficient and integrated financial markets
- The implementation of sound macroeconomic policies
- The emphasis on education and training

- Creating more and better jobs
- The modernization of social policy
- Strengthening social cohesion and combating social exclusion

This strategy has had an interim review in March 2005. The renewed Lisbon strategy has two main objectives: growth and job creation. Member States will participate in this process by drawing up national action plans. In addition, an environmental pillar was added to the Lisbon strategy.

The new CAP introduces some differences in relation to the policies of the previous periods. For the first time the requirement of “cross compliance” was adopted and the so-called “entitlements” releasing payments from production were introduced. In this context, this regulation links the relief payment and Community aid to farmers with the obligation to comply with environmental protection standards, health and welfare conditions, and the practice of agricultural activity in an environmentally friendly way.

In other words, it links the EU aid to the fulfillment of certain conditions in the area of public health, environmental and animal welfare and health of plants, that is “cross-compliance”. So that aid, if not complied with these terms, is subjected to deductions or exclusions. Moreover it provides gradual adjustment to payments in order to secure resources that will finance activities for rural development, by implementing concrete reduction factors from 2005-2012 (modulation).

### **1.1.1 The Rural Development Program 2007-2013**

The Rural Development Program (RDP) 2007-2013 was prepared in accordance with the requirements of Regulation (EC) 1698/2005 on rural development. Under this regulation, the reform of the Common Agricultural Policy (CAP) of June 2003 and April 2004 focused mainly on rural development, incorporating a single means of financing and programming: the European Agricultural Fund for Rural Development (EAFRD). This means, established by Regulation (EC) 1290/2005, aims to strengthen the Union's policy on rural development and to simplify its implementation. It improves significantly the management and control of the new rural development policy for 2007-2013.

The Fund contributes to the improvement of the:

- Competitiveness of the agricultural and forestry sector
- Environment and landscape
- Quality of life in rural areas and encouraging diversification of the rural economy.

The Fund interferes by complementing national, regional and local actions that contribute to the priorities of the Community. The Commission and Member States shall also ensure the consistency and compatibility of the Fund with the other Community support measures.

### **Strategic approach**

Each Member State will draw up a national strategy plan in line with the strategic guidelines adopted by the Community. Each Member State will then submit their national strategy plan to the Commission before presenting their rural development plans. The national strategy plan covers the period from 1 January 2007 to 31 December 2013 and will include ([www.europa.eu](http://www.europa.eu)):

- an assessment of the social, economic and environmental situation and the potential for development,
- the strategy chosen for joint action by the Community and the Member State, in line with the Community strategic guidelines,
- the thematic and territorial priorities,
- a list of the rural development programmes implementing the national strategy plan and an indicative EAFRD allocation for each programme,
- the means to ensure coordination with the other common agricultural policy instruments, the ERDF(European Regional Development Fund), the ESF(European Science Foundation), the CF, the European Fisheries Fund and the European Investment Bank,
- if appropriate, the budget for achieving the Convergence Objective,
- a description of the arrangements and an indication of the amount earmarked for establishing the national rural network which brings together organisations and administrations working in the field of rural development

The implementation of the national strategic plans is carried out through Rural Development Programmes containing a package of measures grouped around four distinct axes:

- “competitiveness of agriculture, food and forestry”, which aims at the human and natural resources
- “land and environmental management”, which provides measures to protect and improve natural resources and agricultural and forestry systems with high natural value and the traditional landscapes of rural areas of Europe,
- “quality of life and diversification of rural economy”, which contributes to the development of rural areas through the provision of services to the population of micro and rural tourism, promotion of cultural heritage to improve the conditions for growth and job creation in all areas
- Axis «Leader», which provides innovative governance options to rural development.

The support under the LEADER axis is provided for implementing local rural development strategies through public-private partnerships, called “Local Action Groups” (LAGs). The strategies, applied in clearly defined rural areas, have to achieve the objectives of one or more of the three previous axes. LAGs are also able to implement in practice transnational cooperation projects and cooperation projects between regions.

**Priorities of the Community on the Rural Development Programming Period 2007-2013** (Council Decision of 20 February 2006 on Community strategic guidelines for rural development)

Community Priority 1: Improving competitiveness of agriculture and forestry sector:

The European agriculture, forestry and food industries have great potential for producing high quality and value-added products. To strengthen and dynamise these sectors, resources must be concentrated on knowledge transfer, modernisation, innovation and quality in the food chain and priority sectors for investment in physical and human capital.

Community Priority 2: Improving the environment and landscape:

To protect and enhance natural resources and landscapes in rural areas in the EU, resources allocated to axis 2 should contribute to biodiversity, conservation and development of agricultural and forestry systems with high natural value and traditional agricultural landscapes, water and climate change.

Community Priority 3: Improving quality of life in rural areas and encouraging diversification of rural economy:

The resources allocated to the diversification of rural economy and quality of life sectors should contribute to overarching priority of the creation of employment opportunities and conditions for growth.

Community Priority 4: Building local capacity for employment and diversification:

The resources allocated to the Leader axis should contribute to improving governance and mobilizing the endogenous development potential of rural areas, combining all three objectives - competitiveness, environment and quality of life/diversification. Integrated approaches involving farmers, foresters and other rural actors can safeguard and enhance local natural and cultural heritage, raise environmental awareness and promote local products, tourism and renewable resources and energy.

Community priority 5: Ensuring consistency in programming:

In preparing their national plans, Member States should ensure the maximization of synergies between the axes and that potential conflicts are avoided. The creation of European and national networks for rural development as a platform for exchange of best practices and experiences between stakeholders on all aspects of planning, management and implementation of policies, could contribute to the implementation of policies and improving governance. Particular emphasis should also be given to information and publicity in the preparation of national strategies to ensure the early involvement of various actors.

Community priority 6: Complementarity between Community instruments:

To ensure synergy between structural, employment and rural development policies, the Member States should ensure complementarity and coherence between actions to be financed by the ERDF, the Cohesion Fund, the ESF and the EFF on a given territory and in a given field of activity. The dividing line and the coordination mechanisms between actions supported by various funds are defined by the national strategic plans.



### The reporting System:

The Community and national strategies will be monitored. The basis for reporting on progress will be the common framework for monitoring and evaluation to be established in cooperation with the Member States. The evaluation will be ongoing and will include, at the program, an ex-ante evaluation, a mid-term evaluation and an ex-post evaluation, and other assessment activities that are conducive to better program management and results.

## **1.2 The Need for a Rural Development Policy**

Given that over the 56% of the population of the 27 Member States of the European Union (EU) reside in rural areas, which cover 91% of the total area (<http://ec.europa.eu/>), the importance of rural development is made obvious. Agriculture and forestry remain vital areas for land use and management of natural resources in the rural areas of the EU, but also as the basis of economic diversification in rural communities in general. Furthermore one of the key features of the Union is the incredible diversity of landscapes of extraordinary beauty - from mountains to the steppes and from great forests to vast plains. For these reasons, the strengthening of rural development is the most immediate priority for the EU.

Nonetheless, many rural areas face major problems, and are disadvantaged in relation to cities: non-competitive agricultural and forestry holdings, low average income per capita, inadequate skills and less-developed services sector. Also, the care for the rural environment often involves a financial toll to be taken. On the other hand, Europe's countryside has much to offer. It is the source of invaluable raw materials, while its value of natural beauty, relaxation and recreation is indisputable. Many people would like to live and work there, if they could have access to adequate services and infrastructure.

So, the objective of the Rural Development Policy of the EU is to solve the problems that rural areas are facing and to exploit their potential in order to achieve important goals for these areas and for the people who live and work there.

**Why there is a common rural development policy?**

Theoretically, each EU member state could decide independently to implement its own rural development policy. However, this would not be effective in practice. Not all EU countries are in the position of applying the appropriate policy. Moreover, many of the issues that rural development policy faces, -such as pollution- are beyond the national and regional borders and affect all residents of Europe, while generally, environmental sustainability has become a common matter of European and international interest. Moreover, the Rural Development Policy is linked to other policies, defined at European level.

For these reasons, the EU has a Common Rural Development Policy, but leaves a substantial control room in Member States and regions. This policy is partly financed by the central budget and partly from the national and regional budgets of the Member States (<http://ec.europa.eu/>).

## CHAPTER 2

### THE EXISTING SITUATION OF THE AGRICULTURAL SECTOR IN GREECE

#### 2.1 Introduction

The primary sector and agriculture in particular, plays an important role in the Greek reality both as an initiator of economic activity and in preserving the social and economic cohesion of large areas of the Greek territory. According to the National Statistic Service (NSS) 2005 data, the agricultural sector throughout the country contributes 8% of the total GDP, employs 19.3% of the economically active population, owns 30.8% of total exports while creating conditions for development in a large number of other economic activities, particularly the manufacturing of food and beverages or textiles or tobacco processing, etc. (Ministry of Agriculture, 2005).

The role of the primary sector in the mountainous and disadvantaged areas is particularly important, given that 61.7% of the totality engaged in the primary sector of the country lives in these areas. Furthermore, in many areas of the country, the agricultural sector contributes over to 50% in GDP and employment (Ministry of Agriculture, 2005). The exploitation of natural and human resources, in an integrated approach tailored to the specific conditions of the intervention areas, as determined by the Community Initiative LEADER, is a prerequisite for viable sustainable development.

Therefore, the developmental reconstruction of mountainous and disadvantaged areas, where the primary sector dominates, is the driving force for any regional development efforts in most Greek areas. Hence, the need for intervention so as to integrate the rural areas in the new models of spatial organization, resulting from geopolitical developments, the integration of Europe, the new standards for economic activity and the new international division of labour, creates a new reality and a new challenge.

Taken the above into consideration, in the following section, we will examine the existing situation of the agricultural sector in Greece by means of a SWOT analysis.

Then we will focus on the existing problems in the Developmental Efforts for the Mountainous and Rural Areas

## **2.2 Advantages**

The pattern of overly intensive agriculture, which has operated effectively for many years in several rural areas of the EU but which, in some cases, has also led to the creation of surpluses and environmental contamination and degradation at the same time, is now abandoned. Its place is taken by a new model, based on the principle of sustainable development, in which the development of the primary sector as the basis for an economic activity and also as a “means” of setting up the rural population plays a significant role. The common agricultural policy of the EU takes into consideration, more than ever, the need for full compatibility with the common EU policy for economic and social cohesion.

At the same time, there is a consumer focus on the agricultural products of high quality produced in certain areas, which (have a special quality and) are produced by specific production methods. It should be noted that the significant quality degradation of conventional agricultural products leads to a change to dietary patterns and increased demand for organic products. Possibly, the structural weaknesses of the less favoured areas (that use traditional production methods), might benefit from applying this model of production of quality products.

Among the advantages of the less favoured areas that can exploit the new model of production, the following are included (Ministry of Agriculture, 2005):

- The availability of natural and often untapped aspects of cultural heritage.
- The low toll on the natural environment by the agricultural activities, and the low conflict of interest for “land use”.
- The favourable conditions for small-scale production of quality products.
- The improvement of the basic infrastructure in the country as a whole and also in mountainous and disadvantaged areas after the application of Rural Development Programmes.
- The existing experience (in some of the less favoured areas) from the implementation of LEADER I, LEADER II and LEADER+ Community Initiatives, and the acceptance of that philosophy of development by the local rural communities.

### 2.3 Disadvantages

The main weaknesses in the development of mountainous and rural areas are mainly due to a combination of structural problems of the local economy, the geological conditions and some organizational and institutional limitations (mainly in terms of non adequate manpower and expertise, and also due to development planning agencies that operate in local level).

The geomorphological features constitute another factor which adversely affects the competitiveness of these areas. The distance from major markets, the mountainous ground, the climatic features are some of the parameters that create problems. Moreover, the distance from urban centres and institutions of innovation technology creates an additional negative growth factor, namely the difficulty of contact with modern technology and new production methods, and the non-inclusion of those in the local economy. The implementation and dissemination of modern technology in order to preserve and enhance the natural environment is also problematic.

In addition, the low productivity of farms, interwoven in many cases with small allotment, hampers the achievement of economies of scale (Ministry of Agriculture, 2005). The large number of old people, who are still engaged in agriculture in mountainous and disadvantaged areas, is also a serious structural problem, while the lack of entrepreneurial spirit in most farmers prevents the further development of farms and their necessary adaptation to new circumstances and conditions specified by the markets.

The demographic problem is also acute in the areas concerned. The age composition of the population in mountain areas appears particularly problematic, not only in relation to the continuation of economic activities in the primary sector, but more generally to maintaining the social and economic cohesion of these regions.

Apart from the aforementioned structural problems of the pure primary production on mountainous and disadvantaged areas, a significant lack of interdisciplinary and intersectoral relations is observed. For example, the lack of infrastructure in the manufacturing and standardization sector of primary production leads to low exploitation of natural resources, to increasing underemployment and reduced competitiveness of the products.

Significant problems also exist in the organization and functioning of the collective unions of farmers in these areas. In fact, the very low activation of new forms of collective organizations, such as producer groups and sectoral organizations, leads,

among other things, to the inability of exploiting the opportunities offered through various programs so as to improve competitiveness, modernize the existing farms and other implications (Papadimatou, Rokos, 2002). These failures are also due to low activation of the public administration in these areas. The weakness in creating new forms of cooperation and strong local partnerships was also profiled during the implementation of the LEADER Programs.

## **2.4 Potential Opportunities and Threats**

This section presents the external factors that are expected to negatively affect both the primary sector and the rural areas in general, which constitute potential threats to the disadvantaged areas.

Such extrinsic factors are the new CAP (Common Agricultural Policy) reform (after 2006) and the continuing removal of protectionism under the conditions created within the guidelines of the World Trade Organization (WTO). In more detail, the decisions of the WTO should lead to further liberalization of the world agricultural trade so that the new CAP reform has as its key policy the reducing of the expenses in order for direct measures to support agricultural prices (intervention prices, export subsidies, etc.) with a concomitant increasing of the direct compensation arrangements for producers.

Also, the EU's enlargement with the new Member States creates both risks and opportunities for the Greek agricultural products. Greece may have a natural comparative advantage in production of certain agricultural products, such as vegetables, but the EU enlargement involves risks for products that the new Members may have competitive advantage, something that could reduce Greek exports to other countries.

Furthermore, the developments in the global economy have indicated that the primary and secondary sector cannot create more jobs, and only the tertiary sector can still continue to create (Thema LTD-Veltion LTD, 2007). In the EU and more generally in the economically developed countries, creating job-posts requires specialized staff, since contemporary positions call for "intensive knowledge". This can suggest that rural areas are about to experience a new wave of young people leaving to seek employment opportunities in urban areas, exacerbating the effects depopulation in rural areas.

Taking all the above into consideration, the new EU approach to rural development and the emphasis on integrated and sustainable development of rural areas seems to be an important opportunity for the development of mountainous and disadvantaged areas.

Opportunities for integrated development of mountainous and disadvantaged areas are also (Ministry of Agriculture, 2005):

- The growing trend of “escape” from urban areas to rural areas.
- The search for new forms of tourism and especially the exploitation of the natural environment as an attraction, through new forms of alternative tourism, either in the form of rural tourism, or in the form ecotourism, adventure tourism and so on.
- The emphasis given on Rural Development Programmes for implementing policies tailored to rural areas.
- The improvement of the accessibility of large “zones” of the Greek countryside in order to create favourable conditions for trade, agri-tourism and cooperation between agencies and services that can become an engine for sustainable development.
- The observed changes in consumption patterns in favour of the demand for quality local products, especially after the food crisis (dioxins), creating increased demand for local production of quality products (biological-organic).
- Finally, the creation of powerful, high-quality corporate bonds will lead to powerful developers able to promote an integrated and sustainable development policy, increasing the efficiency of both EU and national operations. Through the enhancement of intrinsic potential of the less favourable regions, the networking and the collaboration at national and European level will be also promoted, something that will lead to the exchange of expertise, the introduction of modern technologies, and eventually to the lifting of isolation of the mountainous and disadvantaged areas.

## **2.5 Problems in the Developmental Efforts for the Mountainous and Rural Areas**

The mere fact that tourism is the largest economic activity in Greece, contributing the 18.5% of the national GDP with a continually increasing tendency (SETE, 2007), should pose an additional concern on the design, implementation, promotion and organization of the developmental efforts, having each relevant government agencies involved or not. So far, the established, old-fashioned and “dull” model of the “summer, sun, sea”, seems to have outweighed any other efforts of showing the natural, cultural, alternative and “real” beauties of Greece. Hence, on a practical level, the tendency towards forms of mass tourism aiming at specific destinations, leads to the geographical and temporal concentration of tourist flows and tourist businesses and increases environmental pressures.

It is claimed that Greece is characterized by an unsatisfactory level of tourism related services, by deficits in the specialized tourism infrastructure, by deficiencies in legal matters that even lead to the institutionalization of specialized tourist companies (e.g. there is no legal framework covering companies organizing outdoors sports activities), and by many dysfunctions such as uncontrolled landfills, water resource depletion, road congestion, lack of parking spaces, inactive bodies that manage protected areas, to name just a few. These are present in many tourist destinations, in conjunction with consequent environmental degradation.

Another issue to be taken into consideration is that the integrated development of rural areas does not examine education, culture, traditions and other aspects of life of the rural population, but mainly refers to an one-dimensional growth, not only in agriculture but also in entertainment, tourism and all potentially productive resources, which targets the most profitable market with less cost. For example, for the mountainous areas that are already relatively “developed” or can be “developed” with minimal public cost (e.g. due to proximity to main roads, towns, etc.), major tourist investments and increase of the number and capacity of ski resorts are proposed in order to satisfy the increasing needs for entertainment and pleasure of city dwellers during the weekend. And although the natural beauty of the habitat, the rich biodiversity of the environment, human culture, traditions and history seem to be threatened by the fuss to attract seasonal tourism, the framework for alternative forms of tourism seems not to be coordinated, organized or even planned ([www.ntua.gr](http://www.ntua.gr)). Therefore, the current



programs for tourism do not give any real incentive for selecting mountain regions as holiday destinations throughout the year, but rather, favour seasonal practices.

Something that is very disturbing is the fact that, in the attempt to absorb- in a short period of time- all the relevant EU and State funds, there is the threat of taking fragmented, frivolous, speculative and ultimately disastrous actions on the undoubtedly fragile and vulnerable natural and human environment. Trying to reap the maximum benefit on the least possible cost is likely to lead to the uncontrolled construction and concreting of mountain settlements, to the widening and extension of roads through forests and sensitive ecosystems, to the increased demand on irrigation and drainage networks -without planned intervention for protecting the priceless natural waters- and eventually to the social and cultural transformation of the mountain population.

Moreover, the violent or mimetic transformation of former farmers into entrepreneurs, apart from the dangers it holds for the local culture, cannot automatically ensure the viability of their businesses. The extent of the initial capital required, the regular maintenance costs of facilities and staff, the low season and the possibility of having lower earnings than originally expected –possibly because of low purchasing consumer ability due to potential recession- create a huge burden on young entrepreneurs who probably lack the knowledge and mechanisms for promoting goods and services. But even if some of them make a profit soon, they are likely to use it in a consumptive way, possibly not in accordance with the character of the mountainous areas, which in turn would alter the character of the area. And when the character of the area will be altered, visitors may stop going there, because they will not be able to find the tranquillity, the beauty and the uniqueness of the landscape they had in mind.

The situation described above is mostly due to the serious deficiencies still existing in the education, training and information of farmers, something that insipidly inhibits the competitiveness of the agricultural sector. Furthermore, the uncertainty about the future of the agricultural sector, not to mention the low social status that farming entails, have reduced the number of young people turning to farming to the minimum.

Then, it is agricultural research and the dissemination of its results, along with education and general training, that constitute a very important development feature, because they refer to the human factor and the pursuit of competitive advantage. Agricultural research in Greece is mostly done by the National Agricultural Research Foundation (NAGREF), while major research projects are also offered by the national

Universities. In general however, it can be observed that the findings of the projects undertaken are either restricted or not adequately known to the public or the relevant institutions compared to the number of researchers there are in NAGREF and Universities. Not to mention that the practical usefulness and considerations of these projects, the dissemination of their results and their impact are not assessed, while the agro-economical and agro-social research is almost nonexistent, although the NAGREF has a wide network of stations in the country and is oriented to agro-technical investigation.

The dependence of Greek producers on foreign technology centers is also to be taken for granted. Today it is clearer than ever before that there is a kind of gap created in our country by the significant lagging of Greece's domestic technology production for agriculture and by the lack of a mechanism for rational control of the appropriateness of imported technology which at least could meet the real needs of the rural sector. The intensification of production using non-customized technology could lead farming to increased production costs without increasing its productivity, whilst creating additional competitiveness problems. Therefore, the adaptation of the imported technology to the needs of the Greek farm and the domestic technology production should be an important priority for strategic planning

Another very important issue is the lack of competitiveness and the loss of target markets. Despite the fact that Greece has a large agricultural sector, it is daily found that many agricultural products, including fresh, are imported from abroad at prices that displace the domestic ones. The origin of the imported products is not always from the developing countries, where wages of labor and other inputs are low, but also from developed countries. This is due to two reasons: First, the production cost in many other countries is much lower than in Greece, to such an extent that products of those countries remain competitive even after the addition of transport costs and intermediate profits. The second reason is associated with the development of modern retailing. Chain stores- which are networked to many countries and have a large circle of target markets- manage to achieve very low prices, since they can trade very large quantities of products. The above conditions restrict the competitiveness of domestic products, because the prices that are imposed by the imported products make the domestic production unprofitable.

However, the real problem is that there is still no institutional framework for the operation of businesses related to most forms of alternative tourism. All relative

businesses fall into general categories, operating primarily with the standards of mass tourism. The commitments to the environmental protection are minimum, the safety of the visitors, the information on environmental issues and the sensitization of environmental behaviour are at will, while the certification of environmentally friendly companies (ecolabel) is in its infancy. At the same time, in the countries of the abroad- even in some developing ones- the institutional framework exists and businesses are networked, offering options for ecotourism trips and activities to potential visitors.

So, what should also be taken into consideration are the organization and the State mechanism as a whole that play central role in the institutional framework of the agricultural sector, like in any other sector of the economy. The main body of the institutional organization of the agricultural sector is the Ministry of Rural Development and Food and its supervised institutions. In practice, there are significant differences between proclaimed positions and the applied policy. In general, the advisory bodies contribute to a limited extent only by coupling the interests of the involved parts with those of society, while each Minister often takes decisions that interrupt the continuity of government policy, without the necessary prior concern about maintaining the balance of the institutional construction in total. In addition, there are often serious cases of lack of coordination between the Ministry of Rural Development and Food and the Prefectural Authorities.

All the aforementioned confirm the risk for the mountainous areas to be found at an impasse, especially if the residents choose the option of competing “sustainable development”, which is also called spurious and “integrated” (Papadimatou, Rokos, 2002). The “integrated development programs” are also included in the spirit of such an “integrated rural development”, but refer mainly to the problematic mountainous areas. They pursue economic development in all sectors of the local economy (agriculture, livestock, manufacturing, services) so as to achieve a high income flow from tourists looking for “quality”. How will the quality and authenticity of the traditional product be maintained when it begins to be produced en masse? How a minimum already and aged, at the majority, population will suddenly begin to produce quality products and services? The answer to these questions could be given only after a multidisciplinary research work and a long and gradual implementation and monitoring of the development process.

As the State does not support such ventures, it is likely for the selected problematic mountain areas to “grow” exogenously by foreign to the region private

capitals, able to produce “quality” services at luxury hotels and other relative “viable” businesses (Papadimatou, Rokos, 2002), in order to survive in the highly competitive tourist market. The Greek State, complying once again with the world standards, has adopted the policy of one-dimensional -but most corrosive and competitive- tourism development without investigating the particular physical, social, economic and cultural characteristics, nor the scale and the size of the developing region.

## CHAPTER 3

### ENTREPRENEURSHIP IN MOUNTAINOUS RURAL AREAS

#### 3.1 Introduction

It is very important to analyze and understand entrepreneurship in mountainous areas, in order to be able to accurately evaluate the measures already taken, as well as the future ones planned to be taken, as regards rural and further regional development.

The rural area offers innovative and entrepreneurial environment in which entrepreneurs can either grow and prosper, or be confronted with serious difficulties. When the level of entrepreneurship and innovation is high, then a major boost is given to local and regional development. The features of rural areas are considered to be main guides not only for opportunities for local entrepreneurship and innovation, but also for weaknesses in the business up procedure as well. The countryside and the business process form a dense, complex and dynamic network of reciprocal influences. We can bring together the features of rural influence in the business process into three groups: factors revealed by the natural environment, social and economic structures.

#### 3.2 The Natural Environment

Three key features of the natural environment greatly affect entrepreneurship: the location, the natural resources and the landscape. The location refers to the distance from markets and to the access to customers, suppliers, sources of information and institutions (Stathopoulou, 2005). Distance and proximity to major urban centres affect the transport costs of inputs / outputs and simultaneously affect the diffusion of information and of policy tools. The latter is a major drawback, since, by preventing the functioning of urbanization economies of scale and the spread of new technologies, it contributes to non-competitive transaction costs, and then restricts the flow of labour. Consequently, all the above factors affect the interaction between the disadvantaged rural areas and the urban centres, unstabilizing the balance between tradition, modernization and migration. Thus, the isolation of a rural area affects not only the different aspects of innovation, but the business growth and job creation as well. By contrast, the existence of significant natural resources and of hopefully favorable

climatic conditions, combined with the overall landscape affect business by offering opportunities for an environmentally friendly use of these resources. It is common knowledge that distance and isolation have favoured the preservation of the environment, of unique landscapes and of basic traditional production methods.

### **3.3 The Social Environment**

Social capital, the State and cultural heritage are major social factors bearing consecutive influences on entrepreneurship. The modern version of social capital refers to the qualities of political capital and focuses on specific social values and norms that foster collegial behaviour, collaborative networks and political activity (Stathopoulou, 2005). The ‘Social capital’ also provides a useful term for those aspects of society which, while difficult to measure, are determinants of long-term economic success. Social capital is directly linked with both the business operation and the quality of local authorities. The creation of clusters, networking and communication via informal channels and the interfaces between companies and institutions contribute to a trusted information exchange and to the building of social capital (OECD, 2001). Many times, however, less developed rural areas are steeped in cultures where social trust, solidarity rules (i.e. the willingness of people to work for the benefit of others when they feel that in future such acts of altruism will be rewarded), networks of cooperation and political engagement are absent.

It would be an omission not to mention the important role of the government and the State in general. The State can complete and give form to interesting, local and regional, organizations and social groups. It also develops more or less integrated strategies, organizes collective action and establishes alliances and partnerships set to specific targets. Local authorities, representing the cumulative effect of the new forces at local level is a key evidence of what has been discussed till recently in the literature as “institutional capacity” (Healy, 1997), “institutional thickness” (Amin, 1999), “qualities of interaction networks” (Lasko & Kahila, 2001) or “untraded interdependencies” (Storper, 1997).

The latter term implies the idea that the activities of a company should not be viewed individually but as aiming at creating informal or formal networks of diffusing information, at developing relationships across local labour markets and at the formulation of common rules and norms for developing infrastructure and

understanding the processes of knowledge accumulation. Such forces can stimulate entrepreneurship by creating a business environment that encourages innovation, enhances entrepreneurship and alleviates the economic and environmental barriers. By contrast, the absence of such forces can suppress entrepreneurship.

The process of utilizing local opportunities is limited to the usage of local varieties, local materials and specific environmental conditions or even to the input of human resources and knowledge. A possible strategy in the broader market of quality products is to promote products with distinct territorial, local or regional identity (Stathopoulou, 2005). The promotion therefore of such a product can be achieved through the promotion of regional culture icons. Relating products with “culture economies” or local icons such as cultural traditions and heritage, the value of the product is increased because consumers equate specific areas with specific products.

### **3.4 The Economic Environment**

The infrastructure investments, the existence and functioning of business networks and the level of information and communication technologies developed in a given area are some of the socio-economic factors that affect entrepreneurship and are linked largely to the economic aspect of the term. To be more specific, isolation in rural areas and thus the high transportation and transaction costs have traditionally imposed significant barriers on the establishment of competing firms, since access is limited not only to suppliers but to consumers and to new markets alike.

Therefore, firms installed at these locations are less competitive compared with those of suburban or urban areas. The infrastructure may therefore affect the economic efficiency in three ways: 1) by expanding the use of the existing resources 2) by attracting additional resources in rural areas and 3) by making them generally more productive. A satisfactory level of infrastructure can attract new businesses, while the broader level of economic activity can provide employment opportunities and increase the regional product (Stathopoulou, 2005). Entrepreneurs in rural areas believe in investing in the sector of infrastructure as a desirable feature and a substantial need for entrepreneurship.

It is known that companies can overcome some disadvantages by reaching out and using external resources in the network. This concerns mainly SMEs enterprises that are the main form of enterprise in disadvantaged regional and rural areas. A number

of studies suggest that small firms with high networking displace others (Barkham et al, 1996), and also facilitate the development of foreign markets (Johnsen and Johnsen, 1999) and innovation (Dickson and Hadjimanolis, 1998; Freel, 2000). Also, networking helps the survival of enterprises and serves or maintains the long-term goals.

It is also widely accepted that Information and Communication Technologies (ICT) play a key role in supporting SMEs in developing areas. The strategic move towards the Information Society and the parallel use of opportunities provided by information and communication technologies can gradually reduce the boundaries of local markets and subject economic activity to a greater external competition. Therefore, the cognitive ability of rural areas can be increased, as access to information is improving. Moreover, the limited scale and sphere of competence of the local markets are forcing rural entrepreneurs to develop innovative products and effective marketing, to compete with their counterparts in urban areas. By contrast, areas that fail to participate in the adoption and growth of these technologies are at risk of marginalization.

Recent scientific research results highlight the importance of appropriate use of ICT for development of entrepreneurship in rural areas (Stathopoulou, 2005). ICTs can benefit the small entrepreneurs by developing core competencies in cooperation with other small businesses to design products that meet customer preferences in order to compete with larger companies as efficiently as possible. Telecommunications has the potential to provide sophisticated urban type of financial services in rural areas, improve education, integrate the residents with common interests and strengthen entrepreneurship (Marshall, 2001).

### **3.5 Analysis of Rural Entrepreneurship**

Despite the importance attached to the definition of entrepreneurship, scientific efforts made to define rural entrepreneurship and to determine the factors that influence it, are rather difficult. This is mainly due to a number of issues relevant to the diverse forces and the influence of the countryside as a business environment. In rural areas entrepreneurship focuses on creating new employment opportunities through the creation of new business units. Rural entrepreneurship creates a new organization that introduces new products, serves or creates a totally new market or uses an advanced technology in a rural area. This particular definition combines elements of innovation

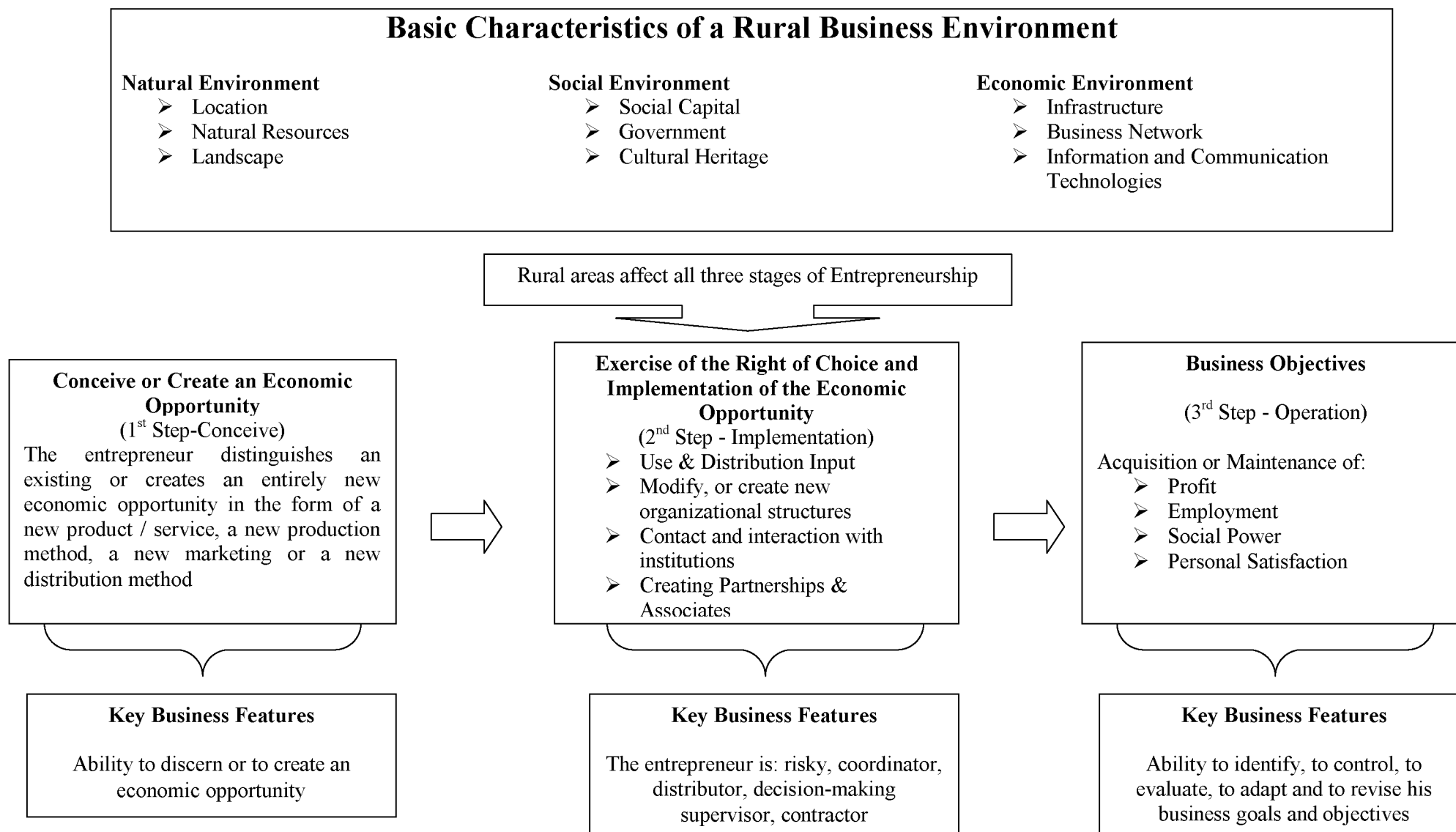


and creativity that are expected to affect the wider community where the business takes place.

It is also strongly argued that scientific research should focus on locations and marginalized social groups of rural areas. In this light, the rural entrepreneur is someone who lives in the countryside and the difference between him and a businessman in urban areas is found in the consequences of the particular business process. The complex business process can be simplified to a three-stage sequential process as shown in **Figure 1**.

The planning stage refers to the activities that lead the entrepreneur to discern a current economic opportunity or to create a completely new one. The deployment phase of the company outlines the decision of the entrepreneur to draw the opportunity and implement it. In the third stage, the entrepreneur assesses the profitability of his business, comparing the actual achievements to his personal goals and objectives. It's really remarkable that the conventional business goals and the conventional indicator of efficiency are often at the last place of business objectives (Stathopoulou, 2005).

**Figure1.** A Three-step Business process in a Rural Environment



\*Source: Sofia Stathopoulou (2005): Entrepreneurship In Mountain Areas of South Europe

For the disadvantaged rural areas, the main cause of this “irrational” behaviour should be sought in the fact that installing a new enterprise is the only way in which employment can be offered to members of the family environment of the entrepreneur. What should also be taken under consideration is the increasing number of rural entrepreneurs who choose to follow a lifestyle which allows them not only to survive but also to derive personal satisfaction from their businesses (Stathopoulou, 2005).

The successful completion of each phase depends on the features of entrepreneurs, as well as the physical, social and economic environment within which the business process occurs. This occurs in a dynamic way where business features are both shaped by the external environment, and also affect it. The lower part of **Figure 1** includes the basic business features for each stage separately, while the upper part reflects the influences of a rural business environment. The ability to capture an economic opportunity that may lead to establishing a new firm is heavily influenced by the features of the accumulated human capital (Stathopoulou, 2005). Personal features, social networks, prior knowledge, the social capital and cultural character of the community (Morrison, 2000) are a prerequisite for the successful identification of opportunities. If the entrepreneur decides, in principle, to develop the opportunity that is presented, and then to implement it, one or more of these features can be considered extremely important. During this phase, the entrepreneur may express risky behaviour, strong ability for innovation, leadership characteristics, ability to combine the various factors of production, ability to provide financial resources, immediate decisions, administrative, organizational and supervisory skills ability, to establish productive factors and the ability to distribute them to different uses.

At the third and final stage, the most basic business features are those which allow the owner to control, identify and evaluate the effectiveness of the company, in relation to his/her objectives. It is also noteworthy that during the different phases of entrepreneurship, the entrepreneur's personality and personal relationships are subject to changes as a result of the cognitive processes. On the other hand, these features can make the entrepreneur to revise his/her aspect for his business profitability and to redefine his/her business objectives and goals, as long as necessary. Each stage of the business process is affected by the geography of the area where it takes place, and therefore the process may display many peculiar features (Stathopoulou, 2005).

### **3.6 Business Human Capital and Business Development of Rural Areas**

The processes of accumulating human capital contribute to higher levels of knowledge and give the operator a competitive advantage in establishing and operating a successful business. The business knowledge is divided into four types: “know-what”, “know-why”, “know-how” and “know-who” (Johnson et al, 2002). The “know-what” refers to the knowledge of facts, the “know-why” refers to knowledge of principles, rules and laws of nature, to the human mind and to society, and the “know-how” refers to skills and abilities. Finally, the “know-who” refers to information about who knows what, while it reflects the social ability to cooperate and communicate with other people. The nature and usefulness of the “know-who” depends on the so-called social capital, which entails mutual trust, sincerity and level of networking of individuals, businesses and institutions.

The procedure of accumulation of human capital is distinguished mainly on formal and informal (Stathopoulou, 2005). The first refers to institutionalized education and training while the latter is further divided into cognitive and non-cognitive mechanisms. The formal procedure relating to human capital accumulated through the knowledge of education or training may be accompanied by a business or general work experience. The informal procedure may be cognitive and non-cognitive (Stathopoulou, 2005). In the first case the presence of the entrepreneur is very significant and dynamic. By contrast, in the non-cognitive procedure of informal knowledge accumulation, the entrepreneur plays a purely passive role, and thus he/she just receives and stores information, images and experiences which will develop and be of use in the future.

Accordingly, non-cognitive mechanisms of accumulation of knowledge must be sought in the life of the entrepreneur long before entering the labour market. These mechanisms are likely to be associated with the fact that either the owner of the company was brought up in a business environment where at least one parent was entrepreneur, or he has grown up and lived in the area. Formal procedure precedes business skills, while informal leads to them. Both the formal and informal mechanisms of accumulation of human capital help the entrepreneur to set his/her objectives and standards in a wide range of business activity areas such as funding, organization and management.

Education and training are important variables of venture capital directly related to knowledge, skills, motivation and confidence as well as to the ability to propose solutions to issues of short-term or long-term business planning. Also, the formal

process of accumulation of human resources aims at stimulating creativity, curiosity and high interpersonal skills, while helping to develop innovation and entrepreneurship. Hence, formal education and training give the entrepreneur the “know-what”, “know-why”, “know-how” & “know-who”.

The business work experience is placed at the borders between formal and informal mechanisms and is direct or indirect (Stathopoulou, 2005). The direct one occurs when the person has been actively involved in the process of founding a company and the other one when the person has worked for another employer or has been employed in a family business. The work experience may be of industrial, managerial / organizational or business nature (Stathopoulou, 2005). Industrial experience in a job gives the entrepreneur many advantages, because not only does he have substantial knowledge of the products, of the actors and production methods, of the current regulations, of labour relations, of relationships with customers and suppliers, but also he has the ability to recognize opportunities presented, to evaluate risky situations, and to address them. The organizational / management experience refers to that which is obtained when the person is involved in the management of a company, while the business one refers to that obtained when the person is the founder and the manager of a business unit.

The family business environment facilitates cognitive and non-cognitive processes of human capital accumulation either through the active involvement in a family business, or through the obtaining of valuable information that can be utilized and used in the future. Also, people who have grown up in a family business environment know the difficulties they may face in-depth, and therefore have the ability to select and provide appropriate solutions to problems that may arise. But the real advantage is that it provides access to formal and informal networks of suppliers, customers and financial backers.

The accumulation of human capital is the means to achieve the ultimate goal, which is the establishment of a profitable business. The term “successful (profitable) business” is a fairly controversial issue because of the multidimensional definitions and objectives that have been attributed to entrepreneurship. It is also noteworthy that for small businesses, their performance measurement has proved difficult to be made, and that due to two main reasons. First, the lack of reliable economic indicators makes it difficult to calculate conventional measurements of the business performance. Second, because of the multidimensional nature of the objective business goals, the economic

performance of the business is no longer the sole and primary purpose of the entrepreneur.

## CHAPTER 4

### THE COMMUNITY INITIATIVE “LEADER”

#### 4.1 What is the Community Initiative “LEADER”?

The Community Initiative «LEADER» is a Rural Development Program, launched by the European Commission as an initiative to address the problems of demographic collapse, unemployment and low rural incomes in the more isolated parts of rural Europe. LEADER is a bottom-up method of delivering support for rural development through implementing a local rural development strategy. Support is aimed primarily at small-scale, community driven projects that are pilot and innovative in nature.

The aim of “LEADER” is to increase the capacity of local rural community and business networks to build knowledge and skills, to encourage innovation and co-operation in order to tackle local development objectives as well as to demonstrate that local initiatives can play an important role in the development of rural areas in Europe. At the same time the program struggles to identify those innovative solutions which will both use the very best comparative advantages and local resources in a region, and could also serve as a model to other areas of the European countryside within a Local Action Groups (LAGs) network, through which expertise and experience will be exchanged. Emphasis is given in sectors of development of rural tourism, in the organization and planning of the production, in marketing and processing local farm products and in rational exploitation of local resources.

In simple words, the LEADER Initiative is essentially a mechanism through which communities of rural areas join forces to bring development in their region. The characteristic of this Initiative is that it focuses on specific areas, where the involved actors work together, plan and implement integrated rural development strategies. The multi-sectoral design and implementation of the strategy in a region, which is based on the interaction between actors who take into account the different areas based on the local economy, is one of the features of the LEADER Initiative. That is, the LEADER Initiative brings together various issues, factors and resources of rural areas in a local level.

The LEADER initiative can be characterized as a workshop that encourages the finding and testing of new approaches for integrated and sustainable development. One of the major features of LEADER Initiative is the bottom-up approach. That means that the problems and needs of rural communities, are identified by the residents of each region, and can be approached through solutions proposed by the residents themselves. By making long-term integrated rural development strategies, and by implementing innovative actions, residents of rural areas take their future into their own hands, to deal with economic problems, to upgrade the quality of their life and to protect and enhance the environment and its natural resources. This approach enables local communities to participate more in planning and implementing programs which, ultimately, address the particular needs of their region. This integrated vision and approach to the problems of rural areas, nowadays, is more required than ever.

The LEADER initiative is articulated around the following seven characteristics:

- The implementation of local development strategies in rural areas
- The creation of local partnerships between public and private sectors. These compounds are called Local Action Groups (LAGs).
- The bottom-up decision-making for LAG
- The multidisciplinary design based on the interaction between actors in a region
- The implementation of innovative approaches
- The implementation of cooperation projects and
- The networking of local relationships.

The LEADER Initiative is also characterized by some basic principles:

- The active participation of rural people for whom there are efforts for recovery, sustainable development of their region.
- The resource management initiative created through horizontal partnerships in each region initiative.
- The integrated, multidisciplinary design with parallel interface operations between them.
- The development of partnerships at national or transnational level that contributes to the extroversion of each region and its economy.



- The new approach to rural development, which should be characterized by actions aimed at multiemployment and generate income from multiple complementary alternative employment.
- Activation and investment of local endogenous private savings is a self-sustaining basis for sustainable economic development.

The required local focus on rural development is achieved through the Local Action Groups (LAGs), which were created to plan and oversee the implementation of the strategy for rural development. In LAGs the Community Authorities must be involved, embracing associations of professionals such as Producer Groups, Agricultural Cooperatives and any other representatives of civil society which play important role in the region.

The major actor for the overall supervision and monitoring of the LEADER Initiative at national level is the “Business Service Management Program of Community Initiative LEADER” in the Ministry of Agriculture, which operates as a link between the LAGs and the European Union.

The Local Action Group (LAG) addresses the local population in the area of intervention to call for expressions of interest on the measures, types of transactions and activities that are approved and included in the local program, which gives the greatest possible publicity. Under a call for expressions of interest, LAG has information material which, inter alia, indicates the area of intervention measures, the types of transactions and operations disclosed to their respective budgets, the funding sources, the amount of aid, the categories of potential end-beneficiaries, the conditions of participation of stakeholders, the deadline for submission of proposals, the procedure and criteria for selecting sub-projects with the same severity and inclusion criteria documents -as approved by the Committee on Monitoring-, the implementation process of projects and the grant to their final recipients.

The call is supported by an application portfolio of the relevant final beneficiary, upon which the proposal will be prepared and submitted. The completeness of the content of calls for expressions of interest is the subject of an opinion by the Leader Management Service, prior to publication. Compliance with the disclosure rules gets under scrutiny. In any case that the LAG has available funds for which no valid proposals have been received from potential end-beneficiaries or there has been over

one year since the last call for expressions of interest, it is required to re-send invitations to the local population.

The responsible Authorities for monitoring and supervising the Operational Program of LEADER Community Initiative are:

- For the regularity and efficiency of management and implementation of OP Community Initiative LEADER responsible is the Special Publications of the Ministry of Agriculture, entitled: “Business Service Management Program of Community Initiative LEADER”, which belongs to the Special Secretariat for Planning and Application of C-CSF Ministry of Agriculture.
- To monitor the proper and effective implementation of the Operational Program of Community Initiative LEADER responsible is the Monitoring Committee O.P. of LEADER Community Initiative.
- To ensure funding, responsible is the Directorate of Planning of the Ministry of Rural Development and Food
- For the efficiency and transparency of financial flows responsible is the Special Service of the Ministry of Economy and Finance: “Paying Authority”

(\*Sources: kenakap SA brochures, [www.kenakap.gr](http://www.kenakap.gr), [www.anka.gr](http://www.anka.gr), [www.anfo.gr](http://www.anfo.gr), [www.kosalive.gr](http://www.kosalive.gr), [www.scotland.gov.uk](http://www.scotland.gov.uk))

## 4.2 Brief Historical Overview

The LEADER initiative started under the first reform of the Structural Funds (1989-1993) and came into application by the Commission of the European Communities in 1991 as an initiative in order to address the problems of population collapse, unemployment and low rural incomes in the more isolated rural areas of the European countryside (Barke M., Newton M., 1997).

The name “LEADER” comes from the French words: Liaison Entre Actions de Développement de l'Économie Rurale (Link between Actors for the Development of the Rural Economy), and is regarded as a Link between the different actors in rural areas aiming at rural development. To put it simply, it could be argued that the LEADER initiative is basically a mechanism through which the Local Authorities and private operators in rural areas join forces to bring development in their region.

The LEADER Initiative was to provide for 400 million ecus from EU sources (later increased to 442), to be allocated up to the end of 1994, in order to finance local groups to implement integrated programmes for the development of rural communities (Barke M., Newton M., 1997). Initially it was anticipated that all areas, in order to be eligible for support, should be covered by EU Objectives 1 (underdevelopment areas) and 5b (sensitive rural, areas), and that about 100 agencies in these areas would be chosen by the Commission to receive assistance under the LEADER Initiative (Commission of the EC, 1990b). This number was subsequently increased to 217. The Commission signed an agreement with a national intermediary body in each member state providing for a global grant, financed by all three Structural Funds, to be used for the measures to be financed by LEADER. The national bodies then passed on assistance directly to individual local “agencies”, the Local Rural Development Action Groups (LAGs). Unlike most previous EU initiatives, the LEADER scheme laid great emphasis on the integrated, as opposed to the sectoral, approach to rural development, stressing the need to take into account all aspects of rural society (Barke M., Newton M., 1997). Hence, three key features were identified in promoting the LEADER Initiative:

(i) The involvement and participation of local people and organisations was seen as fundamental to the success of each project.

(ii) New information and communication technologies were to be encouraged, both for the direct benefit of the Local Groups, and to provide the means of rapid linkage between such groups in a given region or country and with the central co-ordinating body in Brussels.

(iii) A major objective of the LEADER Initiative was to find innovative solutions to rural problems that would serve as a model and complement schemes already in operation under the EU's Community Support Frameworks; in most cases such models would address the urgent problem of the need for diversification in rural economies (Commission of the EC, 1991).

According to the Commission, the Local Groups responsible for the individual projects could be public, private or both. It was stipulated that the Groups should cover a rural area of a population between 5.000 and 100.000 people and be relatively homogeneous in nature (Commission of the EC, 1991). The Groups were to be selected by the Commission, in collaboration with EU member states, according to both general and specific criteria. The former would include a guarantee of solvency, administrative ability, local presence and the participation of leading figures in the local economy; the

latter would include the quality of the local development programme in the form of an annual business plan, the possession of expertise on rural development and the acceptance of the principle of operating as part of a transnational network. Within the framework of promoting endogenous development, it was intended that such Groups, under the auspices of the national co-ordinating body, would enjoy a substantial degree of autonomy in the management of the funds delegated to them (Commission of the EC, 1991).

More specifically, the initiative began in 1991, and was called LEADER I. It aimed at improving the potential growth of rural areas by promoting local initiative and know-how on local development, and knowledge diffusion in other rural areas.

In 1994, the LEADER program continued with LEADER II, which was aimed at collaboration and innovation as an additional dimension of the program.

Then, in 2000 the LEADER initiative was articulated around four themes: the improvement of the quality of life in rural areas, the creation of added value to local products, the use of natural and cultural resources including the Natura Areas 2000, and the use of new knowledge and new technologies in order agricultural products and services in rural areas to become more competitive. The LEADER Initiative was co-funded by the Guidance Section of the Agricultural Guidance and Guarantee Fund.

As a consequence, the implementation of the LEADER Initiative in the European Union resulted to the development and the improvement of economic prosperity in rural areas through pilot implementation of integrated rural development strategies. Therefore, the European Union decided to incorporate the new Regulation on Rural Development being conscious of the beneficial effects brought about by the implementation of the LEADER initiative.

Thus, in the programming period 2007-2013, the LEADER approach has been incorporated in the mainstream rural development policy, as the fourth pillar of the Programmes for Rural Development. The Priority Axis LEADER, like the whole Rural Development Programme, is co-funded by the European Agricultural Fund of Rural Development and by public funds.

## CHAPTER 5

### THE LEADER COMMUNITY INITIATIVE IN GREECE

#### 5.1 Implementation, Operation and Objectives

The LEADER I (1991-1994) Initiative was the beginning of a new approach to the rural development policy of Greece, providing an opportunity for local communities to plan and choose their own way for development. These encouraging results led to a more systematic and integrated planning of LEADER II (1994-1999). The initiative continued during the third programming period, with the LEADER PLUS (+) (2000-2006), following the same logic and philosophy of the previous applications. In the 4th Programming Period though, through the LEADER 2007-2013 approach which is now embodied in the RDP (Rural Development Programme) (Axis 4), local programs of an integrated and multisectoral nature are being applied in rural sub-regions. These programs are implemented by local partnerships of both public and private sector (Local Action Groups - LAGs.) that are active in the area of intervention, using the “bottom-up approach”.

The LEADER approach is implemented in rural areas of the country and especially in mountainous, disadvantaged, islands and lowlands. The selected areas, whose area is estimated to cover about 65% of the overall area of the country, should be coherent and adequately resourced. The population should range between 5.000 and 150.000 inhabitants, while the associated interventions are implemented at municipal districts up to 5.000 residents (<http://kosalive.gr>).

Local programs are designed by the LAGs after consultation with the representative partners in each region, and are characterized by multi-sectoral planning and interaction between actors and projects of the local economy. The programmes are submitted for approval by the relevant LAGs to the Ministry of Rural Development and Food, where they are being evaluated. The selection and evaluation of LAGs and their local programs is open to the relevant rural areas, and set by specific criteria to ensure the competition between the teams that are able to plan and implement local development strategies. Local Action Groups that develop and implement the local development strategy should be representative of public and private actors in their

region of reference. In other words, they constitute a common structure with legal form like Limited Liability Companies or Joint Venture, with illustrative partners Municipalities or Communities, Prefectures or other Local Authorities, Organizations of the wider Public Sector, Cooperatives and Associations, Scientific Bodies, Chambers, Organizations of social and economic interests, banks and financial institutions.

The LEADER program in our country is divided into two general Development Goals. The first objective is “comprehensive, high quality, sustainable rural development through pilot applications” which will be achieved by testing new forms that concern not only the production system in the strict sense but, in addition the culture and the environment drawing strength from the ability of local communities to take responsibility for expanding the growth prospects of the region.

The second objective is to “strengthen the effort to lift the quarantine areas at all levels of economic and social life”, and this will be achieved by developing and networking cooperation at national, European or even wider level for the sharing of expertise and experiences for a better market access to products and services.

The local programs of the LEADER approach include the following measures:

1. Local development strategies
2. Cooperation
3. Operating costs and skills

The interventions on local development strategies aim at:

- Promoting development initiatives designed and implemented at local level.
- Strengthening efforts to diversify the rural economy.
- Improving the quality of life in the countryside.
- Reducing inequalities between residents of rural and urban areas.
- Developing entrepreneurship.
- Creating jobs.
- Ensuring equal opportunities for young women and special groups.
- Use of local products and better market access.
- Protecting and enhancing natural and cultural resources.
- Use of modern technology / know-how to enhance the competitiveness of products and services.

In this framework, investments are integrated, corresponding to other Axes of RDP. These investments concern:

- The support of the competitiveness and increase of the added value of agricultural products.
- Diversification into non-agricultural activities.
- The support of the creation and the development of micro enterprises.
- Encouragement of tourism activities.
- Basic services for the economy and rural population. (It refers to the creation of basic services, including cultural and leisure activities, on a village or group of villages and related small-scale infrastructure such as small land reclamation projects, water management, access to farms, childcare centres, libraries, conservatories, places of cultural activities, cultural events, etc.).
- Renovation and development of villages.
- Maintenance and upgrading of rural heritage.
- Increased assistance on conservation, restoration and enhancement of sites, cultural features and landscapes of the rural countryside, rural heritage museums, etc.

Through the measure on the “Cooperation”, the implementation of a joint action either between regions of the country, or with countries in other member – states or third countries is supported.

Through the measure that refers to “operating costs and skills”, interventions are based on the operation of the LAGs, on skills and animating the region.

Examining the integrated projects under the implementation of LEADER Programs which were operated by the Development Agencies in most prefectures of Greece, we draw the following information for LEADER in Greece as analysed in the sub-chapters below.

## 5.2 Community Initiative LEADER I

The LEADER I in Greece was materialized during 1991 -1994, providing simultaneous sectoral interventions in all the pillars of economic activities in the selected regions in order to properly and effectively address the effects of developmental delay at the so called “deprived areas”. The objectives of the local program were:

- The use of local agricultural and forestry production for the strengthening and creation of artisanal and commercial units, which are essentially designed to meet the consumer demand in the wider region.
- The creation of small cottage industries and small businesses providing services and facilitating their access to information through new information technologies.
- Maintaining and improving the environment and the surrounding area.

The program was rather innovative for that time since it:

- Promoted the local, endogenous development with the support from “local action groups ” (LAG), development actors, which include all the "Social partners" of the region, i.e. municipalities, Communities, Agricultural and Forestry Cooperatives Unions, Development Unions, associations and social institutions. This partnership relationship was expected to strengthen links and cooperation of all local bodies involved in the development process.
- Promoted the design and the implementation of development from the “bottom – up” approach, i.e. the implementation of programs that would stem from proposals by the actors and the residents of an area.
- Facilitated cooperation between the LAG, through the European LEADER Network, aiming at sharing experiences and expertise, at the cooperation in the specific areas of intervention and at the rapid exchange of information.



Several projects were materialized under the Program Measures:

1. Technical support

- Study of the development planning for mountainous regions
- Special thematic study tele-investigation of mountainous areas
- Quantitative research of the potential development of alternative forms of tourism and use of local products.

2. Professional training: training seminars in areas directly connected to the program like:

- Agricultural Tourism
- Wood Working
- Management and Marketing of SMEs
- Iconography
- Beekeeping
- Biological and ecological agriculture
- Home economics
- Exploitation of forest-Wood Processing

3. Agricultural tourism

- Alternative forms of tourism
- Construction and completion of ecotourist accommodation
- Climbing & Paragliding Centres
- Mountain Sports Activity Centres
- Open Air Theatres
- Rehabilitation & maintenance of monasteries, churches and arched bridges
- Ski Centres- Road Accesses
- Renovation & modernization of old mills
- Room booking system
- Tourist Service Centre

## 4. Small business

- Modernization of Iconography & folklore business
- Modernization of manufacturing units (cheese, processing paper, marble and minerals, dried plants)
- Water Bottling Units
- Modernization of Woodworking Units
- Small development programs for development and modernization of small firms, consumption goods and services.

## 5. Spot development-commercialization of agricultural and forestry production

- Exhibition of local agricultural products
- Modernisation of mills
- Production and packaging sweets units
- Rearing trout units
- Study for design, packaging & marketing of honey
- Establishment and modernization of small units of Apiculture
- Production Unit of organic fertilizer from manure

## 6. Other measures

- Documentary profile of the regions
- Publicity-promotion actions
- Study for biological purification of water sow
- Restoration of heritage buildings (castles, monasteries, churches, bridges etc.).

## 7. Organization and operation

- Installation
- Equipment and installation of computer network, costs for the creation of a Database Information
- Operating expenses

### **5.3 Community Initiative LEADER II**

The LEADER II Initiative was materialized during 1994-1999. When the program was being designed and implemented, the basic direction of the development policy of the responsible actors was to define a new profile and a new identity of all productive and social fabric, and to assimilate a single development module in Greece. However, the available funds and the financial support of the various sectoral development initiatives were not enough to realize this goal. The aim was the re-finding of a new role and the redefinition of a new function of the prefectures in the Greek territory.

The policy and the measures taken at that time were as follows:

#### MEASURE 1. “Technical Support”

- 1.1. Operating expenses.
- 1.2. Equipment.
- 1.3. System of Geographic Information Systems (GIS).

#### MEASURE 2. “Professional Training”

- 2.1 Training in tourism
- 2.2 Training in Agriculture and Livestock breeding
- 2.3 Training on small businesses specializing in traditional crafts

#### MEASURE 3. “Agricultural Tourism”

- 3.1 Creating, updating, expanding rural tourism accommodation.
- 3.2 Alternative forms of tourism.
- 3.3 Camping Centres.
- 3.4 Studies, surveys, records of progress undertaken
- 3.5 Promotion, marketing, travel packages, room’s reservation systems, tourist information kiosks.

#### MEASURE 4. “Small Business- Crafts- Services provided in small scale”

- 4.1 New units of cottage industry, handicrafts and folk art items.
- 4.2 New craft – small business.
- 4.3 Modernization – expansion of new craft – small business scale.
- 4.4 Promotion, marketing, exhibitions, showrooms, outlets, service and support centres and networks.

**MEASURE 5. “Utilization and marketing of agricultural and forestry production”**

- 5.1 Actions of type Reg (EEC) 866/90 (milk and dairy products, cereals, fruit and vegetables).
- 5.2 Use of agricultural production.
- 5.3 Use of forest production (logging, wood processing, mills, fuel wood).
- 5.4 Organic farming and products, or products from organic farming.
- 5.5 Create-type farm.
- 5.6 Mills and use of raki and other spirits.
- 5.7 Investments on food production (bread, pastries, pasta, etc.)
- 5.8 Rendering crops and livestock.
- 5.9 Kennels.
- 5.10 Local markets.
- 5.11 Sites for selling traditional local products.

**MEASURE 6. “Maintenance & improvement of the environment and the environmental space”**

- 6.1 Reformation, development and promotion of landscapes, of environment and of entertaining spaces.
- 6.2 Marking of sights, monuments, trails, mapping
- 6.3 Exploiting Mills
- 6.4 Establishment of shelters and nests of wild animals.
- 6.5 Restoration, enhancement and use of historic and traditional settlements
- 6.6 Use of monasteries and churches
- 6.7 Services for visitors
- 6.8 Systems of Environmental Protection (Waste disposal, recycling, etc.)

#### **5.4 Community Initiative LEADER + (PLUS) (2000-2006)**

The LEADER +, as an initiative of the European Union, was essential for the improvement of the quality of life of rural residents, through continuous development. This growth was achieved through activities of residents who used the natural, human and financial resources of their region, highlighted its beauty, discovered new sources of income, and protected natural and cultural heritage. Under the LEADER + rural people participated actively and decided themselves for the development efforts made in their area, created small investments within a very productive spectrum, and put their visions for their area into practice.

The issue of clusters, around which the development strategy was structured and the business plan of the local program was designed, was the “better quality” of all the aspects of socio-economic and cultural life of the residents in the intervention areas. The project aimed to undertake an “ascent quality” in the streets of tradition and authenticity of the mountainous areas, creating a new perspective of development based on experiences and traditions of the past while facing the new and modern way of life for residents and visitors as well. The development strategy of the local program was therefore based on the strengthening of measures of quality across the social - economic and productive activities in the intervention areas.

The implementation area of the local LEADER + Program covered all of the less favoured municipal departments of the county, as defined by Directive 75/268/EEC with its amendments.

The existing socio-economic situation of the region at that time was this of the mountainous agricultural areas, occurring throughout the territory, i.e.:

- Demographic collapse of the mountain zone.
- Marginalization of social and economic network of the rural population, particularly due to the impact of the reform of the CAP (Common Agricultural Policy).
- Technological illiteracy.
- Incomplete and inadequate basic infrastructure of public and private services.
- Difficulty of access to information, to new technologies and consequently to knowledge.
- Cultural decay.
- Deterioration of the environment.

Taken all the above into account, the Community Initiative LEADER + exemplified the commitment of a full range of coordinated interventions to reverse “marginalization” and to promote the “revival” of the rural economy of each region.

Accordingly, several projects were materialized under the LEADER + Initiative in conjunction with its Priority Axes and measures, delineated below:

### **Priority Axis 1**

“Integrated and of pilot nature rural development strategies”

#### MEASURE 1.1: Technical Support of Implementing Agencies - Local Action Groups

- Recruitment and operation of the Local Action Group (LAG).
- Raising awareness of and dissemination of information to the local population.
- Evaluation of the overall program and of the investment projects.
- Equipment and computerization of the Local Action Group (LAG)

#### MEASURE 1.2: Investment aid - Support to entrepreneurship

##### 1. Rural tourism interventions of the integrated approach:

- Create new lodgings and improve bed capacity of the existing ones.
- Restoration of traditional buildings (designated by the Ministry of Culture) and conversion to infrastructure for overnight.
- Children's countryside - camping centers.
- Hosts, service centres and restaurants.
- Creation of companies in the fields of alternative forms of tourism (religious, spa, educational, sports, etc.).
- Creation of local organizing centres for the information and promotion of rural tourism.
- Development of rural tourism services through Internet (room reservations, participation to events, and purchase of local goods).
- Networking and strengthening of collective patterns of professionals related to the quality of rural tourism services.
- Complementary activities (hiking trails, signs, playgrounds, viewing displays of local products, etc.).

- Integrated projects for development of cultural monuments and interconnection with agritourism.

## 2. Small businesses in rural and other sectors of the economy:

- Craft Units (cottage industries, handicrafts, production of traditional arts, etc.).
- Business use of local natural resources.
- Business in processing-standardization of plant production.
- Business in processing-standardization of animal production.
- Business in use of aromatic and medicinal plants in novel applications.
- Business in food production after the first processing.
- Utilization of traditional techniques and facilities (crushers' cellars, wineries).
- Game farms.
- Business in use of soft and renewable energy sources other than primary production.
- Improving business, primarily towards environmental protection.
- Business services in support of social economy and social service.
- Improving business to meet the needs of certification or networking (clusters).

## 3. Investments that enhance the collective, sectoral and intersectoral action with the use of modern technology, expertise and new techniques:

- Installation quality assurance systems (ISO - HACCP).
- Networking of similar or complementary businesses (Clusters).
- Developing electronic information services for SMEs (e.g. website)
- Developing systems of telecommuting, teleshopping and electronic commerce.
- Development of Development System, quality control and certification marks (PDO, PGI, organic products etc.).

### MEASURE 1.3: Supporting actions

#### 1. Upgrading skills and qualifications of human resources – training:

- Issues concerning the organization and management of tourist facilities for rural tourism and other alternative forms of tourism.
- Organization and management matters of small units in the craft sector, tourism and other services.

- Development and strengthening partnerships.
- Entrepreneurial action for women and youth.
- Training producers and staff on the introduction and implementation of quality assurance of products which are adopted through the intervention of Measure 1.2 of the initiative (ISO, HACCP, argo, etc.).
- Management of natural resources.
- Projection and promotion of cultural resources of the intervention area.

## 2. Counselling:

- Studies on the specialized sectoral strategies of the local program (for example, setting trails for rural tourism, conserve the local architecture, define specific points of intervention in the promotion of natural and urban environment, specialized action plans for training and promotion, etc.).
- Sectoral studies and market surveys to identify prospects for infiltration of local products in wider local markets.
- Technical and feasibility studies related to the marketing of local quality products.
- Studies to design new products according to trend demands.
- Studies on management and exploitation of local natural and cultural resources.
- Studies on the implementation of pilot production products or services in the tertiary sector.
- Preparing applications for recognition of designations of origin, receiving certificates of specific character, as well as the introduction and development of quality systems (ISO, HACCP, argo, etc.).

## 3. Promotion - Projection

- Publication of printed and electronic materials in order to promote the region.
- Design and printing of investment guides for specific sectors of the local economy.
- Creating Web Pages and sites.
- Cover the cost in tourist guides entries.
- Other related activities.



**MEASURE 1.4: Protection, promotion and enhancement of natural and cultural heritage****1. Protection, promotion and enhancement of the natural environment.**

- Benefiting from the promotion and protection of areas with natural beauty, landscapes and Natura areas 2000.
- Environmental Protection Systems.
- Creation, improvement of shelters.
- Access routes, trails, bridges.

**2. Upgrading the residential environment and promotion of the traditional architectural heritage of the countryside.**

- Residential improvement areas (villages, neighbourhoods, etc.) with architectural interest, introduction of an integrated urban development project.
- Emergence of monuments (stone bridges, monasteries) and rural heritage buildings (wind mills, crushers, etc.).
- Rural museums, folklore and cultural heritage museums.
- Marking of sites, monuments, trails.

**3. Strengthen cultural activities and events for the promotion and preservation of the local heritage for:**

- The supply of folklore objects (traditional costumes and instruments).
- The composition, production and material handling publicity and promotional events (brochures, posters, etc.).
- The creation and posting of ads in print and electronic media.
- The lease of premises and equipment for the organization of events.
- The configuration of these sites (movable partitions, furniture, shelving, lighting, etc.).
- The production of exhibition material.

**Priority Axis 2**

“Support for cooperation between rural areas”

MEASURE 2.1: Cooperation between Greek areas. Interterritorial - Interregional Cooperation

- Partnerships on Rural Tourism.
- Cooperation between small rural enterprises and other economic sectors.
- Collaboration on new technologies and know-how.
- Cooperation on environment and cultural heritage.

MEASURE 2.2: Cooperation between regions of two or more countries: transnational cooperation.

- Partnerships on Rural Tourism.
- Cooperation between small rural enterprises and other economic sectors.
- Collaboration on new technologies and know-how.
- Cooperation on environment and cultural heritage.

**Priority Axis 3:**

"Networking"

MEASURE 3.1: Greek LEADER + Network:

- Greek Leader + Network.
- Operating networking expenses.
- Network meetings.

MEASURE 3.2: Encouragement Network Unit LEADER +:

- Dissemination of actions.
- Consulting services to the Local Action Groups, to the Service Management OP and to the Monitoring Committee.
- Database information and telematics system.

### **5.5 Community Initiative LEADER 2007-2013**

The LEADER 2007-2013 Programme started at 2007 and still has not been completed. There has been little information so far about the current projects of the program. By now (June 15<sup>th</sup>, 2010), 17 LEADER contracts have been signed- with some Local Action Groups (LAGs), and more contracts are expected to be signed till the expiration of the program.

The objectives of the running projects are:

1. Maintenance and improvement of the competitiveness of agriculture, forestry and agri-food sector.
2. Environmental protection and sustainable management of natural resources.
3. Improving quality of life in rural areas and encouraging diversification of rural economy.
4. Building local capacity for employment and diversification in rural areas through the LEADER approach.

The rate of support for the program is 50% of eligible costs. The maximum cost of the proposed investment is between 300.000 € and 600.000 €. The LAGs as well as general public institutions could be beneficiaries totalling up to 15% of public expenditure of Local Development Strategies.

The projects undertaken, according to the measures of the Program are:

#### **MEASURE 41: Local Development Strategies**

##### **SUB-MEASURE GROUP 411: Competitiveness**

Sub-measure 123: Increase of the value of agricultural and forestry products.

Increase of the value of agricultural products:

- Modernization and relocation of existing meat processing units.
- Modernization, relocation of cheese dairies - Establishment of cheese dairies, if necessary, because of milk adequacy.
- Establishment, modernization and expansion of small units of production of yoghurts and other fermentable milk products.

- Establishment, modernization and expansion of exploitation units of milk by-products (whey).
- Establishment, modernization and extension of egg packages units.
- Modernization of standardization - processing honey units.
- Establishment, modernization, extension, relocation of production for confectionery products based on honey, snacks, etc.
- Establishment of small honey standardization units in mountainous areas with priority given to biological standardization - processing honey units.
- Establishment, expansion, modernization and relocation of snails processing.
- Warehouses-Dryers: Upgrading of vertical storage space and of horizontal old ones.
- Establishment, modernization, relocation of existing dryers.
- Establishment of horizontal storage in mountainous areas.
- Modernization, relocation, merger of wineries for producing quality wines.
- Establishment of wineries that process grapes from organic farming and integrated management systems, as well as establishment in mountainous areas for processing of local products.
- Modernization, expansion, relocation and establishing of new units dealing with picking, standardization, packaging, maintenance, refrigeration and storage of fresh vegetables and potatoes.
- Establishment of static freezer facilities and construction of low capacity vegetable packing.
- Establishment, modernization, relocation of production units of jams and sweets.
- Modernization, relocation of table olives processing.
- Establishment, modernization and implementation of standardization for flowers.
- Establishment, modernization, expansion, relocation of processing units of aromatic and medicinal plants.
- Establishment, modernization, expansion, relocation of processing units of standardization of seed and planting material.

Increase of the value of forestry products:

- Creation and modernization of processing units and marketing of forestry products

SUB-MEASURE GROUP 413:

Improving quality of life / diversification

A. Measures taken to diversify the rural economy:

Sub-measure 311: Diversification into non-agricultural activities:

- Establishment, expansion, modernization of small-capacity accommodation facilities.
- Establishment, expansion, modernization of catering and entertainment rooms.
- Establishment, expansion, modernization of visited farms.
- Establishment, expansion, modernization of service business, to serve rural tourism (e.g. alternative forms of tourism, special tourism, sports facilities, tasting rooms).
- Establishment, expansion, modernization of units of cottage industry, handicraft, production of traditional arts and craft units.
- Establishment, expansion, modernization of service businesses.
- Establishment, expansion, modernization of food production companies (after the first processing).
- Improving business for renewable energy sources (such as photovoltaics, use of biomass, geothermal energy) for personal consumption.

Sub-measure 312: Support the creation and development of micro enterprises:

- Establishment, expansion and modernization of craft units
- Establishment, expansion and modernization of service companies.
- Establishment, expansion and modernization of food production companies after the first processing.
- Improving business on renewable energy sources for personal consumption.
- Networking of similar or complementary businesses pertaining to all sectors of local economy.

Sub-measure 313: Amelioration of tourist facilities:

a) Intervention of public character:

- Establishment and modernization of local tourist information centres (offices and kiosks for information).
- Marking of sites and monuments.
- Bike paths in areas of rural countryside.
- Projection and promotion of the comparative advantages of the regions in question.

b) Interventions for improving entrepreneurial activity:

- Establishment, expansion and modernization of small-capacity accommodation facilities.
- Establishment, expansion and modernization of catering and entertainment.
- Establishment and modernization of organization offices and promotion of rural tourism.
- Establishment, expansion and modernization of service businesses of tourist importance (alternative forms of tourism, special tourism, sports facilities, tasting facilities, centres for creative work).
- Improving business for renewable energy sources for personal consumption.

B) Measures to improve the quality of life in rural areas:

Sub-measure 321: Basic services for the economy and rural population:

- Small-scale infrastructure projects such as small land reclamation projects, water management, and small farm access.
- Care Centres for pre-school children, public libraries, conservatories, exercise area for cultural activities.
- Supporting cultural activities and events to promote and preserve the local cultural heritage, support cultural organizations for small-scale infrastructure, provision of equipment, musical instruments, costumes.

Sub-measure 322: Renovation and development of villages:

- Improvement and rehabilitation of public areas (such as landscaping, paving, pedestrian walks, lighting, underground cables).
- Rehabilitation of buildings for civic use.

- Restoration of the exterior of buildings with special features of aesthetic and historic value. A key condition for the above actions is the existence of a comprehensive study on the aesthetic and functional upgrades of the construction. In addition, interventions should be implemented according to quality characteristics on the preservation of local architecture and the local natural environment.

\*Note: The measure does not apply to specified traditional villages. Priority will be given to areas which have already completed the major town networks (e.g. water, sanitation).

Sub-measure 323: Maintenance and upgrading of rural heritage:

- The preservation, restoration and enhancement of areas, with priority given to sites of high nature value as determined by expert-studies or contained in Natura areas 2000, such as improving marking trails, technical agriculture operations, small-scale engineering works to protect the soil and actions of environmental awareness.
- The preservation, restoration and enhancement of cultural characteristics of the rural countryside (such as bridges, mills, olive presses, crushers, fountains).
- The preservation, restoration and upgrading of rural landscape (such as restoring environmentally degraded areas, reforestation with native species).
- Intervention in existing buildings for conversion to museums, galleries, exhibition centres, related to folk / rural or cultural heritage.

MEASURE 421: Inter-Territorial and Transnational Cooperation

Sub-measure 421 a. Inter-territorial cooperation:

It involves cooperation within the country for joint action.

Sub-measure 421 b. Interstate cooperation:

It involves the partnership between the regions of the country with areas of other Member States or third countries for joint action.

Any natural or legal person, resident or no of the intervention area of the local LEADER program, may submit an investment proposal for inclusion in the program.

Sub-measure 311: Diversification into non-agricultural activities:

Natural or legal persons engaged in farming as their main or part time job at the time of application can participate.



## CHAPTER 6

### EVALUATION OF THE IMPLEMENTED LEADER PROGRAMMES

The purpose of the evaluation of the LEADER Operational Program is to clarify further the objectives of the program, their correlation with the needs of rural areas as well as the anticipated effects of actions taken and their effectiveness, in order to see whether the program has managed to achieve its objectives and has contributed to the development of the selected regions.

The main goals of the evaluation are to improve the quality, efficiency and effectiveness of the implementation of the LEADER Program. Furthermore, the evaluation procedure values the accordance of the program to the strategic guidelines of the Community sub-article 9 of the Regulation (EC) 1698/2005, the guidelines of the National Strategy for Rural Development and the specific framework for rural development problems in the Member States, taking into consideration the prerequisites of sustainable development and environmental impact, as well as the relevant EU legislation.

The Managing Authority and Monitoring Committee of the RDP use ongoing (formative) evaluation to:

- a) Examine the progress of the Program in relation to its initial objectives through output indicators, results and potential impact indicators,
- b) Improve the quality of the Program and its further implementation,
- c) Consider proposals for substantive changes to the Program,
- d) Prepare mid-term and ex-post evaluation.

According to the Ministry of Agriculture, during the implementation of the LEADER programs, the following projects were carried out:

#### LEADER I

Under the LEADER I Initiative, 25 Programs for integrated rural development were implemented by the relevant Local Action Groups in 27 prefectures. There were implemented a total of 1.732 projects and activities, of which 807 were investments on

agritourism, 154 on vocational training, 1.638 on technical support to rural development, 258 on small companies and craftwork, 264 on exploitation and marketing of agricultural, forestry and fishery production and 86 on the protection and promotion of the environmental and cultural heritage ([www.fao.org](http://www.fao.org)).

## LEADER II

Under the LEADER II initiative, local projects of 49 Local Action Groups (LAGs) and seven thematic programs of Collective Actors were implemented throughout the majority of the country area. In total, it was estimated that the implementation of 3.271 projects and activities related to all parts of the Program took place. Two projects were approved regarding capacity achievement, 3.253 projects were approved regarding the Innovative Programs for Rural Development and 16 projects were approved regarding the Transnational Cooperation (<http://ec.europa.eu>).

According to the results of the evaluation undertaken by the Ministry of Agriculture on the analysis of 45 questionnaires (40 from LAGs and 5 from Collective Actors), 1.530 investment projects were implemented in relation to the Program Measures for rural tourism, the SMEs and the exploitation and marketing of agricultural production, creating approximately 4.600 new beds, 3.053 new jobs and 2.614 seasonal posts. To be more specific, the tourist activities developed by the LAGs, which responded to the assessment survey, were found to be the most important activities in terms of financial resources management and in terms of the broader catalytic role that the development of modern tourism services has played in boosting the potential of the local economies in the Greek countryside (Ministry of Agriculture, 2005).

## LEADER PLUS (+)

As for the LEADER+ Program, the projects implemented have not been measured yet, but there is some information mostly about the results on the employment scale, on the environmental impact and on women and youth entrepreneurship.

As regards employment, the results of the Initiative are related to the creation of 1.350 new permanent jobs, to the creation of 1.165 new seasonal posts of which 1.115 posts were maintained. The indicators of “new permanent jobs” have the highest percentage of over-covering the goal (116.7%). The same goes for the indicators of the “new seasonal jobs” (114.4%), while the indicator of “maintaining jobs” shows

marginal over-covering of the programmatic goal (Ministry of Rural Development and Food, 2009).

As far as the results on the environment are concerned, the implemented projects under the Local Programs umbrella are primarily related to hiking trails / paths and mountain huts that have effectively contributed to the promotion and enhancement of the natural environment through a mild tourist development that promotes alternative forms of tourism. These projects have also contributed indirectly to environmental protection, since they help to control the movement of visitors through the designated trails, thereby minimizing the damage to the natural ecosystem. Moreover, these infrastructure projects do not adversely affect the environment, as they are mild, small interventions for the construction of which natural and environmentally friendly materials, such as stone and wood are used (Ministry of Rural Development and Food, 2009).

Under the LEADER + Community Initiative, although the opportunity to implement projects that would directly contribute to environmental protection is given, the opportunity was left unexploited, since there was not a significant investor interest and not many projects were realised. Also it is noteworthy that through the Local Programs no new, innovative or pilot actions were produced in order protect the natural environment. The projects implemented under the measures aforementioned were not original applications, but had already been used in other areas of interest; just a transfer and imitation rather than innovation.

Hence, the LEADER + Initiative appeared to have significantly contributed mainly to maintaining and improving the quality of the local environment as well as to the maintaining and improving of the quality of historical and cultural resources.

Regarding the results on women and youth entrepreneurship, despite the fact that the promotion of equal opportunities is a key element of the LEADER approach which fully integrates the perspective of the removal of disparities in opportunities for economic and social activity for young people in rural areas, it seems that the impact of the program to strengthening youth and women entrepreneurship in the intervention areas was smaller than expected. More specifically, based on LAGs data, the objective of the Program to implement 700 investment projects by women reached only a 44% completion of the original goal, whereas the aim for the implementation of 900 investment projects by young people reached a 57% of what was anticipated (Ministry of Rural Development and Food, 2009).

Although the objectives and the specialization of the Local Programs include, as a key element, the elimination of disparities in both population groups, the degree of mobilization of these groups, in both the designing of programs and their implementation, present differences from region to region, as a result, in many cases, not only of the demographic composition, but also of the particular social, cultural characteristics and attitudes prevailing in these regions. Furthermore, significant differences appear between the degree of responsiveness of women and youth in making use of the opportunities to participate in the projects of the program.

### LEADER 2007-2013

About LEADER 2007-2013, we can draw some information from the mid-term evaluation chart which was last updated in December 2010.

Regarding the financial information, the indicative allocation funds are presented in the table below (Ministry of Rural Development and Food, 2010)

<b>INDICATIVE ALLOCATION OF FUNDS</b>				
RDP-Axis	Community Participation	Public Expenditure	Private Participation	Total Cost
RDP 2007-2013	3.906.228.424,00 €	5.298.310.547,00 €	1.582.050.000,00 €	6.880.360.574,00 €
LEADER	224.570.000,00 €	294.697.261,00 €	182.500.000,00 €	477.197.261,00 €

*\* Note that the program is being revised, which soon will result in a change of its financial assets*

Of the total appropriation of public expenditure of the €5.3 billion fund of the RDP until now:

1. The 65% of program funds, totaling € 3.440 million, has been activated by making Invitations and Calls.
  - On Axis 4 a call for the exploitation of the 100% of the available credits has been made.

*\* Please note that some of the Calls for Proposals have been suspended temporarily.*

2. The 55% of credits, totaling € 2,940 million, has been integrated in “LEADER” following Integration Acts.
  - Axis 4 has launched a 3% of the credits available so far
3. The 24% of credits, totaling € 1.275 million, has been absorbed, until October 15<sup>th</sup>- the expiry date of the financial year 2010- after the corresponding submission of the Statement of Expenditure to the Public Fund.
  - A 10% of the Axis 1 credit, 56% of the Axis 2 credit, and even fewer percentages as regards other Axes has been absorbed.

The course of the implementation of “LEADER 2007-2013” is being monitored by the Special Service for the Implementation of RDP.

In two open competitions that were conducted, forty-three (43) Local Action Groups (LAGs) were selected and corresponding local programs were approved (with the No 5957/2-7-2010 & 155/5-2-2010 decisions of the Minister of Rural Development and Food). So far 41 contracts have been signed between the Ministry of Rural Development and Food and the corresponding LAGs for the implementation of the local programs approved. As regards the Measure 41 on “Local Development Strategies”, thirty-one (31) calls for expression of interest -from LAGs to potential beneficiaries- were published with a total public expenditure of € 141 million. Of the aforementioned calls, only five (5) proposals, totaling € 24 million, have been completed, while submitted proposals are currently being evaluated.

The implementation of Measure 421 “Inter-territorial and transnational cooperation” has not started yet since priority was given in selecting projects and beneficiaries under Measure 41 by the LAGs.

As regards Measure 431 on “Running costs, skills acquisition, animation” there have been granted advances in thirty-two (32) LAGs, totaling € 6,6 million. By the end of 2010 there will be granted further advances of € 2,2 million in the eleven (11) remaining LAGs.

It should be noted that to achieve this goal, there was a massive mobilization and effort by all stakeholders, mainly from the Special Management and Implementation Services of RDP 2007-2013, from the Paying Agency (OPEKEPE), from Regional Divisions of Agricultural Development Associations and from regional branches of the Paying Agency. It should be therefore stressed that the effort of all stakeholders

continues with a view to achieving the highest possible absorptions and corresponding inflows of EU funds in our country.

The expected results for LEADER 2007-2013, as they are put as a priority level, should be (Thema LTD. - Veltion LTD, 2007):

- The increase in non-agricultural GVA in supported businesses by 21.435.153,00 Euros,
- The creation of 7.496 gross jobs,
- The increased number of tourists by 800.000 people in areas where interventions will be implemented,
- The gain of improved services addressing 1.600.000 people in rural areas where interventions will be implemented.

In total, at the RDP 2007-2013 level, the main effects are expected to be as follows (Thema LTD. - Veltion LTD, 2007):

- Achieving economic growth, which is estimated as the change of the net value, amounts to 616.782.906 units of Purchasing Power,
- The creation of 3.645 net new jobs of full-time employment,
- The change in labor productivity, which is estimated as the change in gross added value per full-time job employment amounts to 14.448,00 Euros.

## **CONCLUSIONS**

As noted in an initial level, the RDP has taken decisively into account the European policy options and guidelines, as well as the overall national policy, and has integrated settings, both in terms of strategic priorities and of a lower operational level. In particular, common strategic objectives of both Community and national policy options are competitiveness, sustainable growth, full employment, raising the quality of life, balanced regional development and social cohesion. Thus, the strategic priorities of the RDP (Axis) reflect or rather embody, literally, these options.

Of course, it would be an omission to overlook the problems presented during the implementation of the Programs. It is a fact that the LEADER Community Initiative in our country finances rural development programs. The question is whether these programs are integrated.

In few cases someone can discern certain characteristics peculiar to an integrated development plan, whereas there were also significant deficiencies in the implementation of the LEADER Initiative. The LEADER I was characterized by only 16.5% of absorption rate while the LEADER II bore almost similar results. But these resources, at the vast majority, did not go to real rural development, but rather to other, sometimes irrelevant, uses. An important obstacle to the development efforts is the inability of local action groups. There is a serious recruitment problem in these groups, which prevents the proper design and implementation of integrated development programs. Moreover, the phenomenon of partisanship and patronage relations at local level is often observed.

A crucial factor that impedes the implementation of local development programs of an integrated nature is the vertical and sectorized way of organization of the public services as well as the physical distances between the responsible authorities, even in regional or prefectural councils. Also, the weaknesses of regional and departmental administrations - local councils which organize the procedures for developing and implementing an integrated local development program should not be underestimated, because of lack of competence and qualified or specialized staff. Of course, there is a widespread perception that the integrated rural development policy is a highly difficult case, undermined by the inevitable practice of sectoral politics.

But despite the appearance of these problems, the majority of the LAGs believe that none of the projects would have been materialized if it had not been for the granted subsidies of the Local Programmes LEADER. Moreover, the positive contribution of the programs can be traced primarily to the mobilization and the encouraging of the local population, by providing other types of actions on subjects that have more to do with the locals and their creating a different environment for boosting local participation in shaping the economic fabric of their region (Stergiou L., 2010 – Interview).

On a deeper study of the applied projects, some very important conclusions are drawn. At an initial stage, the measures taken meet with the identifiable problems, since each one of the latter relates -directly or indirectly- to the weaknesses of rural and mountainous areas, as we analysed in a former chapter.

A particularly important finding is that a large number of measures were to address significant problems such as the difficulty of integrating new technology and innovation in the local economy, weak partnership or structural problems faced by local

rural economies and the strengthening of the role of large urban centres (Ministry of Agriculture, 2005).

A small number of measures was directed to solve important issues such as structural problems (acute demographic problem, older heads of farms and low productivity), lack of standardization infrastructure and agro products processing and lifting the isolation of the mountainous and disadvantaged areas. In contrast to the numbers of measures, particularly high levels of funds were earmarked to solve the revealing “isolation” of the less favoured areas, as well as addressing the difficulty of integrating new technology and innovation in the local economy (Ministry of Agriculture, 2005).

Very substantial sums were also directed to address problems such as the severe demographic problem of the less favoured areas, the training of human resources of these areas, the lack of infrastructure for processing and standardization, as well as the early treatment of potential weaknesses such as the removal of protectionism, the future EU enlargement and urban development. Finally, significant proportions of funds were also earmarked for solving problems such as partnership and the low activation of the local population for the establishment of new forms of collective organizations (Ministry of Agriculture, 2005).

So, what we can conclude is that the strategy of the LEADER Program is in full correspondence with the objectives and standards for integrated strategies for sustainable development as set out in the EU statement of values, and the application of the program on less favoured areas is accurate.

The strategic organisation of the programme in each period seeks to support the developer actors and the regions that have the motivation and the capacity to implement an integrated and pilot development policy. Particularly, it seeks to improve the competitiveness of rural areas through the diversification of the economic base, and through providing services related to improving the quality of life for residents and reducing inequalities between urban and rural areas. The program is also characterized by the relevance of the objectives in relation to the recognized problems, by an internal consistency between the objectives of the program and the high complementarity and cooperation with other EU and national programs currently underway.

Finally, the program places particular importance -within the evaluation criteria- in the selection of projects and the implementation actors, aiming at the selection of a



strong partnership that can respond to the programs and can also require a minimum recruitment capable of controlling, technically supporting and managing such programs.

Summing up we could say that the LEADER programs boosted the rural economy and helped rural areas to grow. At times, they may have not achieved their initial objectives completely, or sometimes they may have over-covered them, but as we have seen, it is mainly due to the decreased initiative on the part of residents. The important thing is that these programs have given a breath of life to the mountainous and rural areas, and that they continue to encourage the interested parts towards this direction.

## CHAPTER 7

### PROPOSALS FOR THE INTEGRATED DEVELOPMENT OF MOUNTAINOUS AND RURAL REGIONS IN GREECE

Although the development problems of mountain areas have been identified, and considerable efforts have been made to cope with them- mostly through Rural Development Programs- the results, in many cases, were not the expected and desired ones. Therefore, we should seek into deeper and more effective strategies to be followed, always according to the specific and customised problems of each region separately.

At first, mountain communities that display declining of older population, reduced incomes, abandonment and land degradation, environmental and other problems should be identified with the help of local councils and independent research institutions. It is also very important to explore the possibility of the “bottom-up” integrated development approach in accordance with the local characteristics of the physical and socioeconomic reality of each region.

If the local population of a rural area is steadily reduced, a program of grants and incentives could be designed for young people, who might decide to settle in mountainous areas, under the terms and conditions of developing economic and social activities which respect the local population, the natural environment and the cultural values. Also, small workshops, teaching traditional techniques such as drawing, design, construction and maintenance of natural stone bioclimatic buildings, farming techniques as well as various traditional arts (wood carving, pottery, painting, etc.) or focusing on new, useful tools such as use of computers, foreign languages and other could be established on mountainous centres (Papadimatou, Rokos, 2002). Although relevant governmental efforts have already been made, the potentialities that may exist inside and outside the current context should be explored. For this reason, all the criteria and all the indicators of an integrated development should be investigated, where the necessary actions should involve systematic, accurate and comprehensive exploration, mapping and monitoring of human and natural resources of the local environment, inventory listing and interdisciplinary studies on their exploitation with the help and contribution of indigenous knowledge, so that the lives of mountain people will be

“liveable”, using the local residents’ skills and not only to satisfy the needs of city dwellers.

In this direction, initiatives should be developed to attract entrepreneurial people from other areas to set up businesses on less privileged areas, using marketing and promotion of rural regions to a targeted entrepreneurial audience and taking advantage of the local contacts there may exist. Local people currently living outside of their birthplace, but who maintain family linkages, are the most appropriate to undertake such initiatives because they will find it easier to recognise the quality of life and business opportunities that these regions have to offer (e.g. lower living costs, access to grants, natural beauty) and may also have social reasons to return. Returning totally or partially when able, they can offer their knowledge and their imagination, using the acquired education and scientific knowledge, taking initiatives in proposing, supporting economically and / or participating in actions that have been studied, discussed about with experts, and organized in conjunction with local associations and councils.

This does not mean that there is no interaction between mountainous and urban population. Nowadays, more than ever before, the urban population feels the need to experience truly authentic (and therefore quality) things, tastes and experiences, being tired and resentful of the fast-food, the psychological and physical congestion of the cities, lack of communication, solidarity, cohesion and love and thus being equally able to help with the conscious choice to support procedures for integrated development of mountain areas. However, at times people from the cities can act as a negative equivalent to the positive initiatives for locally integrated development of mountain areas, by shifting consumer and cultural patterns on mountainous regions.

Mountainous areas, with the authenticity of the natural and human environment, potentially provide infinite possibilities of development, since they have not suffered the devastating and irreversible consequences of the urban development. A prerequisite is to enable people living or originating from the mountainous regions to participate with all their creative forces in the development, and to implement projects consistent with the fragility of the local -physical and human- mountainous environment. In a proper model of integrated development, the ensuring of immediate economic prosperity which is compatible with the natural and socio-economic environment should be considered a prerequisite tool for promoting symmetry in cultural, political, social and technical/technological development.

In addition, the local culture, -religion, festivals, customs and traditions - inherent in this lifestyle, can become springboard for products and services of real quality, made with love, not under the target of maximizing profit and minimizing the cost, something that only makes them cheap, folk souvenirs. The in-depth study of local traditional practices can provide unique ideas to using available resources such as medicinal plants, natural cosmetics, dried food and natural drinking beverages, manure, local seeds, etc. The desired results can only arise after serious, comprehensive, systematic, interdisciplinary and empirical observation followed by the study, investigation, recording, monitoring and evaluation of physical and human assets pertaining land use in each region combined with the multidimensional relationships and interdependency interactions and trends of changes through time.

Focusing on the integrated development of mountain regions, traditional knowledge and technology should be interwoven, based on the capabilities of modern technology in the field of producing and processing local quality products. Similar procedures should revive traditional constructions, such as buildings, homes, schools, churches, monasteries, natural springs, watermills and existing small industries. The establishment and further development of external R&D (Research and Development) services could help SMEs in rural areas to innovate. It might be, however, that a rural district perceives itself as too small to create the innovation support infrastructures necessary for SMEs by itself. In this case, collaboration with neighbouring districts or thematically related higher education institutions should be sought. But of course, the local residents who have chosen to live on mountainous areas, should also be able to explore the potential of self-development in science and technology (exploiting the use of telemedicine, tele-education etc), so as to gain access to social and educational services not otherwise available to remote areas.

Of particular importance is the promotion and advertising of local products and services in each region. The locals produce quality products at every stage, because, first of all, they consume them themselves, and secondly they provide them to buyers because they prefer them to the low quality products of mass production (which may be contaminated or genetically modified etc.). There are also the guests who visit the remote places with a willingness to learn about the location and not to “conquer” and exploit it. So, the promotion of these products and services could be made via the Internet, which can ensure the ability to communicate information quickly, directly and cost effectively. Also, folk and cultural associations that are located in cities could

undertake the promotion of rural products and services in the cities, forming distribution networks (formal or informal) together with local associations (Papadimatou, Rokos, 2002). One example is the distribution of Cretan food to the mainland. It can be observed that the Cretans sell their produce to corner shops in many Athens neighbourhoods.

In addition, the country's research institutions, and particularly those found in proximity to the regions in question, can and should sustain the efforts made, providing information, knowledge, methodology for development as well as the appropriate technology for problem solving, ensuring an immediate interactive and creative relationship between the residents of mountainous areas and scientific and research organizations. In this framework, the opportunities provided by National and EU funding programs can be used creatively to achieve sustainable development in fact and not only nominally. All this, of course, requires a conscious choice on behalf of the people involved, who should critically reflect in advance about the impact of their actions on the environment that hosts them so as to live peacefully and harmoniously in nature in the future.

And still there are many other issues for a new entrepreneur who wants to start or expand his/her businesses that should be taken into consideration. For instance, one should bear in mind if he/she is treated with suspicion or if the effort is not valued by the community and accordingly she/he should think about either abandoning his venture or moving elsewhere. Rural entrepreneurship has to be embraced by community leaders as an effective alternative to attracting companies to relocate from other places. Furthermore, more should be done to encourage innovation in agricultural and food industries. The aim should be to bring in ways that increase efficiency and reduce transaction costs while maintaining or improving quality of the rural entrepreneur's work. Relationships and networks will be critical in ensuring that integrated and comprehensive support is available for the aforementioned entrepreneurs with the motivation to create jobs and wealth in rural communities. Particular attention will have to be paid on regulatory frameworks and the time it takes to obtain regulatory approvals.

Of course, nothing among all these mentioned above can operate properly- and we cannot talk for integrated and sustainable development-, if people will not be educated towards these directions. Environmental education should be taught at all educational levels and be designed so as students be apt to compare -among others-the problems created by urbanization, the depopulation of mountainous regions, the

intensification of crop, the environmental pollution, the depletion of natural resources and unregulated construction throughout Greece. Particular attention should be paid to preserving the uniqueness of the mountainous, natural and cultural environment and to respecting the importance of people who live there. Because only after the involvement of the residents and of the potential visitors in mountainous areas, can a framework for alternative tourism and ecotourism gradually be created there.

Lifelong learning is also very important for people of mountainous areas, because it can provide them with solutions and advice on social economic and environmental issues, it can encourage the continuation of traditional occupations, and it can also integrate -into their daily life- tools (such as technology, information and internet, work online, certified products etc) that will improve their lives. Specialized (field) education and career counselling are also significant in creating and growing businesses to attract young people in rural communities. New possibilities for dependent employment in trade, agriculture, forestry and other professions open up, whilst the potential employees should consider how they can create their own businesses, particularly when they are not getting adequate rewards from their current employment and do not want to move away to the cities for better prospects. This can only happen if entrepreneurship education will be embedded into the school and college curricula and into workforce training programs. Educational material, for students and for older candidates, should include specific case studies and practical examples from Greece and the world.

Following all these measures, it is very likely that the RDP and the various strategies will be implemented much more efficiently, and that the mountainous and rural regions will reach long term sustainable development.

## CONCLUSIONS

The agricultural sector has always been very important for the wider community on a social, economic and cultural level. Especially today, -in a time of high unemployment, social dislocation and environmental risk-, its social importance far exceeds the shrinking sizes of its participation in the national economy and employment. And this is because the agricultural sector is a key area of production not only for material but also for intangible goods, which are crucial for the socio-economic and cultural continuity of rural areas and not only. Recognizing the multiple importance of the agricultural sector, every plan for the future must be initiated taking into account the following fact: agriculture, because of its diversity and complexity, should formulate priorities and policy directions in a way that allows the sector to respond to modern “demands” of the broader society, beyond any market and short-term formality requirements and policies.

As already mentioned, in recent years, significant developments in the rural development policy and regional policy have been made, providing significant implications for the disadvantaged and remote areas in Greece and Europe in general. However, the recognition of the value of these areas on an environmental, cultural and economic level has put the people in charge for the endogenous and sustainable development in these areas on alert.

Today, a beautiful environment only and just some employment opportunities without a good social life and easy access to public services and new technologies is not enough for rural areas. Nor is it useful to have new technology, if people can not be employed bearing profit, because of lack of the necessary infrastructure and training. Furthermore, the mere fact of adding value to local products is not sufficient to bring growth to the region if increased emphasis is not given on marketing. So, ways for an integrated approach to problems and opportunities of each region must be found, in order for the countryside to become more competitive and reverse the reality of its abandonment.

In order for rural areas to experience long-term development, a deeper examination of the business environment in such areas is needed. To understand the definition of entrepreneurship and to achieve not only a well planned but also an integrated realisation of competitive business policies in mountainous/rural areas,

scientific research must examine and analyze the broader economic, social and institutional environment in which the entrepreneur operates. It is therefore obvious that the fundamental understanding of the business process will lead to a proper planning and a successful implementation of business strategies in mountainous and rural areas.

The LEADER programme in its first phase was inspired by and intended to promote endogenous rural development. The extent to which this has been accomplished may be seriously questioned and, in terms of its key objective of stimulating endogenous development, the programme appears to have been found very demanding on several levels. But it is very important to note that these programs pay special attention and priority to the vulnerable social groups (youth and women), and to eco-tourism which offers alternative forms of tourism for the protection of the environment and for preserving its natural beauty. Besides, the fact that the LEADER 2007-2013 Initiative is a continuation of the former LEADER + (2000-2006), LEADER II (1997-1999) and LEADER I (1992-1996), is something that demonstrates among others the successful implementation of these initiatives.

However these programmes, despite the financial support of the local communities themselves, at most times were unable to sensitize and connect the visitors or the residents, on most cases, with the need to protect the special natural and cultural environment, and with the participation in tourist activities. But this happens, among others, because of lack of organization, of communication and education of local people and potential visitors, because of the long delay of the institutionalization and implementation of programs for the management of protected areas, and because of the off-handed design of the development projects for alternative tourism.

Thus, the development of ecotourism in mountainous areas should be leaving behind the occasional operations, actions and works of one-dimensional and gruelling “exploitation” of the comparative advantages of natural and socio-economic realities of the mountain region and should instead, seeking to revive and to pursuit the total quality in every phase of the development process (Rokos, 2000). But in order to gradually change the tourist framework in the mountainous areas, the residents of these areas, should raise their awareness themselves in order to actively participate in planning and implementing actions compatible with the natural and cultural environment in which they live. It is local people who should decide about the future of the mountainous region, the areas of business they want to practice and uphold, and if ecotourism is one of the directions they choose, then they should activate the “bottom-up” approach to do



so. Indeed, as argued in this paper, if the design does not include the participation of local people, then eco-tourism will not succeed and further it may have detrimental effects on local communities (Ziffer, 1989). But how can we ensure that regional development and local communities benefit from tourism development and that the development helps to protect and conserve the natural and cultural wealth in the mountain areas, without compromising them (Kloiber, 2007)?

Concluding we could say that no matter how many considerable efforts may be done on behalf of the State and of each relevant actor there will be no progress without the involvement and the activation of Local Authorities and especially of each region's residents.

## REFERENCES

- Amin, A., (1999): “An Institutional Perspective on Regional Development”. *International Journal of Urban and Regional Research* 23, pp.365-378.
- Barke M., Newton M., (1997): “The EU LEADER Initiative and Endogenous Rural Development: the Application of the Programme in Two Rural Areas of Andalusia, Southern Spain”. *Journal of Rural Studies*, Vol. 13, No 3, pp. 319-341, 1997.
- Barkham, R., Gudgin, G., Hart, M. and Havney, E. (1996): *The Determinants of Small Firm Growth: An Inter-regional Study in the U.K., 1986-90*. London: Jessica Kingsley.
- Commission of the EC (1991): “*Notice from the Commission to Member States laying down Guidelines for Integrated Grants for which Member States are invited to submit Proposals in the Framework of the Community Initiative for Rural Development*”. Brussels.
- Commission of the EC (1990b) *The Community Initiative for Rural Development: LEADER*, Brussels, Information Memo, 25 July 1990.
- Dickson, K.E. and Hadjimanolis, A. (1998): “Innovation and Networking amongst Small Manufacturing Firms in Cyprus”, *International Journal of Entrepreneurial Behaviour and Research* 4(1), pp. 5-17.
- Freel, M. (2000): “External Linkages and Product Innovation in Small Manufacturing Firms”, *Entrepreneurship and Regional Development* 12, pp. 245-266.
- GG B 355/30.3.2010, No. 401, Implementation Framework for of Axis 4: “LEADER Approach” Rural Development Programme in Greece 2007 -2013 (RDP). Athens, March 10, 2010. (In Greek)
- Healey, P., (1997): *Collaborative Planning: Shaping Places in Fragmented Societies*. Basingstoke: McMillan Press Ltd.
- Johnsen, R. and Johnsen, T. (1999). “International Market Development through Networks”, *International Journal of Entrepreneurial Behaviour and Research* 5(6), pp. 297-312.
- Johnson, B., Lorenz, E. and Lundvall, B-A. (2002): “Why all this Fuss about Codified and Tacit Knowledge?”, *Industrial and Corporate Change* 11, pp. 245-262.

- Kloiber, J., (2007): *Mountain Eco Tourism. A case study of the High Pamir Mountain*. Modul “Ecotourism and Outdoor Recreation”. MA Sustainable Tourism Management, Eberswable University of Applied Science.
- Lasko, T. and Kahila, P. (2001). “Governance”, Conceptual Paper Deliverable No. 4. AsPIRE QLK5-2000-00783.
- Mitilinaiou, E. (2008): “The LEADER Initiative in the new programming period 2007 – 2013. New Challenges and Opportunities for Rural Development”. Otto printing, Nicosia, June. (In Greek)
- Ministry of Agriculture, (2005): Operational Programme of the Community Initiative LEADER plus 2000-2006 (ex ante evaluation), (In Greek).
- Ministry of Rural Development and Food, (2009): Rural Development Programme of Greece 2007-2013, July, 2009. (In Greek)
- Ministry of Rural Development and Food, (2010): Administrative Section of Community Resources and Infrastructure, Special Management Service of RDP 2007-2013. File of the fifth meeting of the Monitoring Committee of the RDP 2007-2013 - Progress of implementation of the RDP (2010, December 9<sup>th</sup>) (In Greek)
- Marshall, T. (2001): “Planning, Governance and Spatial Strategy”, *Local Government Studies* 27, pp. 137-140.
- Morrison, A. (2000). “Entrepreneurship: What triggers it?”, *International Journal of Entrepreneurial Behaviour and Research* 6(2), pp. 59-71.
- OECD, (2001): *The Well-being of Nations – The Role of Human and Social Capital*. Paris: OECD.
- Official Journal of the European Union, (2003)- COUNCIL REGULATION (EC) No 1782/2003 of 29 September 2003
- Official Journal of the European Union, (2005) - COUNCIL REGULATION (EC) No 1698/2005 of 20 September 2005
- Rokos, D. (edited) (1995): *Science and Environment at the end of the century. Problems and Prospects*. Athens: Alternative Publications. (In Greek)
- Rokos, D., (2000): *Basic Requirements for an Integrated Project of a “worth living” Development. The Case of a Greek region. From theory to practice*. (In Greek)
- Rokos, D. (edited) (2001): *Technology, Culture and Decentralization. An attempt at an integrated theory, approach and analysis of multivariate relationships, interdependencies and interactions at levels of politics and society, in*

- Technology, Culture and Decentralization*. Athens: Alternative Publications. (In Greek)
- Papadimatou, A., Rokos, D., (2002): “*Liveable*” and “*Worth-living*” *Integrated Development of mountainous areas of Greece and round the World*. (In Greek)
- Stathopoulou, S., (2005): “Entrepreneurship in Mountain Areas of South Europe”. Patra: University of Patra. (In Greek)
- Storper, M. (1997): *Territorial Development in a Global Economy*. New York: Guilford Press.
- Thema Ltd-Veltion Ltd, (2007): “Ex Ant Evaluation of Rural Development Programme 2007-2013”. (In Greek)
- Ziffer, K., 1989: “*Ecotourism: The uneasy alliance*”. Working Paper Series. Washington, DC: Conservation International.

Anka S.A.: Implementation results of the local “Leader +” Program of mountainous areas of Karditsa, Fthiotida and south Larissa, (brochure)

Kenakap S.A.: The LEADER I Programme, (brochure)

Kenakap S.A.: The LEADER II Programme, (brochure)

Kenakap S.A.: The LEADER plus 2000-2006 Programme, (brochure)

Kenakap S.A.: Implementation Results of the LEADER plus Programme, (brochure)

Kenakap S.A.: The LEADER 2007-2013 Programme, (brochure)

Kenakap S.A.: Rural Entrepreneurship in Pindos, (brochure)

[http://www.anfo.gr/index.php?option=com\\_content&task=view&id=80&Itemid=101](http://www.anfo.gr/index.php?option=com_content&task=view&id=80&Itemid=101)  
(LEADER Programme) (Accessible at 2010-09-13)

<http://www.scotland.gov.uk/Topics/farmingrural/SRDP/LEADER>  
(Leader) (Accessible at 2010-15-03)

[http://kosalive.gr/index.php?option=com\\_content&view=article&id=514:--leader--&catid=37:-econo-&Itemid=55](http://kosalive.gr/index.php?option=com_content&view=article&id=514:--leader--&catid=37:-econo-&Itemid=55)  
(LEADER and OPAAX Programmes) (Accessible at 2010-25-08)

[http://ec.europa.eu/agriculture/rurdev/index\\_el.htm](http://ec.europa.eu/agriculture/rurdev/index_el.htm) (Rural Development Policy 2007-2013) (Accessible at 2010-13-09)

[http://europa.eu/legislation\\_summaries/regional\\_policy/provisions\\_and\\_instruments/g2\\_4208\\_el.htm](http://europa.eu/legislation_summaries/regional_policy/provisions_and_instruments/g2_4208_el.htm)  
(LEADER +) (Accessible at 2010-13-09)

[http://ec.europa.eu/agriculture/eval/reports/leader2/sum\\_el.pdf](http://ec.europa.eu/agriculture/eval/reports/leader2/sum_el.pdf)

(Sum-el.pdf) (Accessible at 2010-13-09)

<http://www.agrotikianaptixi.gr/index.php?obj=3bf4050d7551499c>

(Rural Development of Greece 2007-2013) (Accessible at 2010-13-09)

<http://www.ntua.gr/MIRC/db/epirus>

(Tourism Problems-Needs, Ecotourism) (Accessible at 2010-10-08)

<http://www.kenakap.gr/>

(Kenakap SA) (Accessible at 2010-13-09)

<http://www.ankavala.gr/leader/>

(Development Agency of Kavala) (Accessible at 2010-13-09)

[http://www.anka.gr/portal/index.php?option=com\\_content&view=article&id=172&Itemid=31&lang=el](http://www.anka.gr/portal/index.php?option=com_content&view=article&id=172&Itemid=31&lang=el)

(The Programme) (Accessible at 2010-13-09)

<http://www.fthianap.gr/article.php?c=14&a=62>

(Development Agency of Fthiotida) (Accessible at 2010-13-09)

<http://www.ankoleader.gr/>

(Axis 4 - Implementation of the LEADER approach) (Accessible at 2010-13-09)

[http://www.moa.gov.cy/moa/da/da.nsf/All/E8279E6A45BCA488C22574BA00472C3D/\\$file/leader120808TELIKO.pdf?OpenElement](http://www.moa.gov.cy/moa/da/da.nsf/All/E8279E6A45BCA488C22574BA00472C3D/$file/leader120808TELIKO.pdf?OpenElement)

(LEADER final.pdf) (Accessible at 2010-23-08)

[http://www.ead.com.cy/index.php?option=com\\_content&view=category&layout=blog&id=43](http://www.ead.com.cy/index.php?option=com_content&view=category&layout=blog&id=43)

(LEADER) (Accessible at 2010-09-09)

[http://www.minagric.gr/greek/3.3\\_Leader.html](http://www.minagric.gr/greek/3.3_Leader.html) (Community Initiative LEADER+)

(Accessible at 2010-09-09)

<http://www.fao.org/sard/static/leader/gr/biblio/value.pdf>

(Evaluation.pdf) (Accessible at 2010-13-09)

[http://www.oecd.org/document/55/0,3746,en\\_21571361\\_38013663\\_38040311\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/55/0,3746,en_21571361_38013663_38040311_1_1_1_1,00.html)

(Rural Entrepreneurship) (Accessible at 2011-01-25)

<http://www.media.uoa.gr/isiodos/docs/1enothta.pdf>

(The Agricultural in Greece) (Accessible at 2011-01-25)

<http://www.agrotikianaptixi.gr/index.php?obj=ad59725c2849487f>

(Rural Development in Greece 2007-2013) (Accessible at 2011-01-25)

[http://europa.eu/legislation\\_summaries/agriculture/general\\_framework/l60032\\_el.htm](http://europa.eu/legislation_summaries/agriculture/general_framework/l60032_el.htm)

(European Agricultural Fund for Rural Development) (Accessible at 2011-01-25)

[http://europa.eu/legislation\\_summaries/agriculture/general\\_framework/l60042\\_el.htm](http://europa.eu/legislation_summaries/agriculture/general_framework/l60042_el.htm)

(Community strategic guidelines for rural development) (Accessible at 2011-01-25)

Stergiou L. (2010): Interview in his office in the Development Agency of Trikala, Kenakap S.A., at the 18<sup>th</sup> of March.