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Helen Caraveli

Athens University of Economics and Business
Department of Economics
76 Patission Str., GR10434 Athens, Greece
caraveli@aueb.gr

Endogenous rural development prospects in mountainous areas. The case of mount Parnonas in Greece

Abstract: *The 2007–13 EU rural development framework is expected to reinforce endogenous development forces in European mountainous zones, mainly in peripheral rural areas, by strengthening a number of measures of the 1999 Regulation. This paper attempts to examine the prospects of the second pillar's impact on the mountainous region of Parnonas in southern Greece. This is done by assessing the efficiency of EU structural programmes in the last two programming periods (mainly of LEADER II and LEADER+) in transforming the region's original handicaps (depopulation, lack of infrastructure and human capital development, decline of agricultural activities, degradation of environment and landscape) into opportunities for sustained socio-economic growth (promoting agro-tourism & recreation, high-value farm products suitable for small scale farming and niche markets, traditional crafts). The methodology involves the use of data and other information provided by published reports and experts from the local development company Parnonas, by local people and local authorities. The results indicate that steps towards the adoption of the new model have indeed been taken, but there is still a long way until sustainable development in the region can be achieved.*

Key words: *endogenous rural development; mountainous areas policy; rural tourism; second pillar of the CAP; European rural development model; sustainable development of Parnonas mountain.*

Introduction

Rural regions in the EU are characterized by substantial differences in geographical/physical and demographic characteristics, which are translated into significant inequalities in income levels and socio-economic development. Thus, dynamic rural regions are usually the more efficient lowland regions, which have benefited from CAP price support and include the so-called 'commercial' farms, whereas handicapped rural regions are the less productive and declining mountainous regions – described as Less Favoured Areas (LFAs) in

EU terminology. The latter category of regions, however, often comprises the most attractive locations for urban visitors, i.e. those suitable for the development of the so-called 'rural tourism', an activity that is likely to form increasingly an alternative development strategy for rural areas. Mountainous regions have therefore substantially contributed to the gradual transformation of rural areas from exclusively farm producing areas into locations offering 'entertainment' and 'rural amenities' to urban citizens. These regions are naturally at the core of the EU rural development model adopted in the 1999 CAP reform¹, which is underlined by a 'multifunctional', 'integrated' and 'territorial' (as opposed to a sectoral) approach to rural development, thus offering a new dynamic perspective for rural areas. The new model is based on the development and exploitation of endogenous forces (human and natural), as well as on co-ordinated action between state & local actors/agents. The whole philosophy implies however that agriculture, even though a declining sector, is still the cornerstone of all other activities (Huylensbroeck et al 2006). The main instrument for the implementation of the new rural policy approach is Regulation 1257/99, the so-called Rural Development Regulation (RDR), adopted in the 1999 reforms as the main legal framework for rural development measures in the EU and hailed as the CAP's 'second pillar' (Commission of the EC 1999, Caraveli 2006).

All indications point to a strengthening of this approach in the future. This is expressed in the Commission's proposal for the adoption of a new Rural Development Regulation in the period 2007–13, which will substitute the 1999 Regulation and will place even greater emphasis in local specificities and the potential of 'endogenous forces' in enhancing regional development of LFAs (Commission of the EC 2005).

Greece, due to its mountainous landscape and the large proportion of LFAs (about 85% of total land is classified as LFAs), offers good examples for studying the impact of the new policy model (Caraveli 2000). Rural areas cover 95% of the country's total area and comprise around 40% of its total population. Even though agricultural activities constitute the major activities of these areas, they only correspond to 30% of the overall rural economy, whereas the share of the services sector has risen to 50% of total economic activities in rural territories (Efstratoglou 2006). The agricultural sector's contribution to the economy as a whole has diminished substantially, representing (in 2001) 16% of total employment and around 6% of GDP (*ibid*). This, however, is a relatively high share compared to the EU average, revealing that many regions are still dependent on farm production. So, the decrease in the sector's participation in the economy over the past decades, but also its poor economic performance since 1995 (expressed in the negative growth rates of GAP² and labour productivity)³ concerns mainly the declining mountainous communes. Where these communes are

¹ In the 1997 discussions, within the framework of the Agenda 2000 reform package, the Commission proposed reforms for the CAP, which were agreed at the 1999 Berlin summit (Commission of the EC 2000, Caraveli 2006).

inhabited, there is an adverse age structure, lack of support networks and marginal technical/economic efficiency (ibid). So, there are few possibilities of developing ‘business or profit-oriented farm units’ there. Yet, these localities are wealthy in natural resources & biodiversity, as well as cultural heritage, thus most suitable for the development of alternative, but complementary to farming, activities centered on the preservation of the environment and the landscape.

The new period then may offer a unique opportunity for revival and sustainable development in deserted mountainous Greek regions. To assess the potential to benefit from these opportunities, this paper attempts an assessment of the impact from the application of EU Rural Development policy measures in the two previous programming periods on the Greek mountain of Parnonas. This region was chosen, since, due to its exceptional environmental and ecological value, it can host a number of alternative or complementary to farming activities, and serve as a ‘model location’ for the development of agricultural tourism. The *methodological approach* of the study involves a *theoretical part* (i.e. a description of the rural development policy framework underlying the research) and an *applied part*. The latter consists in: (a) the collection of data and other information from the published reports of the local development company PARNONAS, as well as from discussions with the company’s experts, concerning the application of EU structural programmes for rural development targets; (b) ‘field-work’ on the same topic in the village of Karyes, based on the collection of quantitative and qualitative information from interviewing local agents (investors and state authorities); (c) elaboration and critical evaluation of all the above to assess the impact of EU funding in the region.

The second section of the paper analyses the CAP’s second pillar in the current and the next period, by focusing on its implications for mountainous regions. In the third section, the brief presentation of Parnonas region’s physical and socio-economic conditions is followed by a detailed examination of EU funding in the region, through the application of the relevant structural programmes, to assess their impact on local development. In the fourth section the same analysis is focused on the village of Karyes, in order to get more specific results. Finally, the fifth section draws the conclusions on the prospects of EU involvement in ‘reversing trends and shaping new directions’ in the region.

² Gross Agricultural Product.

³ This occurred despite the application of the 1st and 2nd Community Support Frameworks. These adverse developments have been attributed to the reduction in CAP price support, which were not followed by the required structural changes, as well as to the exhaustion of the sector’s production expansion possibilities on the basis of the ‘conventional’ production factors – mechanical equipment, non-farm inputs, etc. (Efstratoglou 2006)

Rural development policy for mountainous regions: New directions and trends

The 2000–06 (third) programming framework introduced a new approach and philosophy to local/rural development policy, based on ‘integrated’ or ‘multi-functional’ actions (as opposed to sectoral measures), targeted to specific localities and ‘zones’, and interaction between internal (endogenous) & external forces. The new ‘holistic’ and ‘region-specific’ approach, expressed in Regulation 1257/99, and already incorporated in the LEADER II philosophy of the second programming period, was believed to be the most suitable for coping with the particular problems of the EU’s handicapped regions, most of which are located in mountains or remote islands. This is so, as it is recognised that sectoral policies (e.g. price support policies) have led many of these regions to marginalisation and decline.

The proposal of funding rural development by a Single Fund (FEADER) in the 2007–13 financial framework (Regulation 1698/05) aims at: (a) a simpler and more coherent approach to rural development programming; (b) increased emphasis in local development strategies, which take into consideration local specificities, and environmental preservation. Target (a) will be achieved by grouping most of the existing rural development measures into three priority axes (improving the competitiveness of agriculture and forestry; land management; diversification and quality of life), which is a step in bringing together a wide range of such measures under a common programming framework; target (b) will be accomplished through a fourth horizontal axis which introduces possibilities for locally based bottom-up approaches to rural development, based on LEADER experiences, as well as by enhancing the obligatory character of a number of environmental measures (Commission of the EC 2005, Caraveli 2006). The new arrangement thus involves one fund, one programming system and one single financial management & control system (Constantinou 2005). It also implies funds for rural development relatively to the third period, especially for Objective 1 regions where the new members belong⁴. Finally, in the new financial framework, strategic guidelines at EU level in combination with an obligatory national strategy plan are required to ensure that rural development money will be used in the most efficient way (Constantinou 2005, Efstratoglou 2006).

The three priority axes mentioned above correspond to the four Guidelines set by the Commission in July 2005: Axis 1 (corresponding to Guideline 1) focuses on knowledge transfers and innovation; Axis 2 (corresponding to Guideline 2) focuses on the preservation of biodiversity and high nature value farming & forestry systems; Axis 3 (corresponding to Guideline 3) points to the creation of employment opportunities; finally, Axis 4, the LEADER-axis (relating to Guideline 4) emphasises the importance of improving local governance and of

⁴ However, such funds are much smaller than anticipated.

mobilising the development potential of rural areas. Axis 2 incorporates for the first time support for actions related to the goals of the Water Framework Directive. Clearly, such actions along with those aiming to combat climate change have an impact on water balance and quality. Furthermore, the ‘meeting standards measure’ under Axis 1 provides a basis for improving the quality of surface and underground water⁵ (Constantinou 2005).

By attaching greater emphasis in endogenous development forces, the forthcoming framework is expected to contribute to redirecting cohesion policy towards economic growth (Lisbon strategy) and sustainable development (Gothenburg strategy), which is the strategy underlying the new programming period.

The ‘strengthened’ rural development model centers on regional/local economic differentiation and innovative action, through the full exploitation of the endogenous potential (in terms of human and natural resources) of each locality – but also through the best possible use of external assistance. In addition, the model: (a) considers agricultural/livestock production as the foundation for all other economic activities, e.g. recreation & tourism, agro-processing and the commercialisation of traditional specialties; (b) requires coordinated action between state & local agents for attaining its targets. These are believed to be the sources for: a revival of socio-economic activity, an increase in regional (and therefore also national) competitiveness and the preservation of natural & cultural landscapes in handicapped rural regions (Kuerova 2002).

The new version of the second pillar is therefore particularly relevant to mountainous regions, where, due to natural handicaps (climate & soil fragility), structural weaknesses (e.g. small-scale farming), and limited market accessibility (because of remoteness and poor infrastructure), conventional agriculture cannot maintain viable farm units (Dax 2001). A lot of these regions are therefore hit by abandonment and socio-economic degradation. Many of their weaknesses, however, can be viewed as strengths under the new philosophy. Mountain regions are considered as “treasure trunks of biological and cultural diversity” (Constantinou 2005). Given “their picturesque landscape, unspoiled natural & man-made environments and rich cultural traditions”, these locations can “offer extraordinary possibilities for recreation and tourism” (ibid). Moreover, their agricultural/livestock production is: first, less intensive and therefore more suitable for organic farming and for small-scale food production, which focuses on regional specialties and niche markets; second, associated with important positive environmental and cultural externalities, which make it important for the development of the other sectors (e.g. recreation & tourism). “In fact the link between primary agricultural production and the provision of public goods is much clearer in the mountains. This in turn, provides an undisputed justification for supporting the sector, for example through Natura 2000 payments and various types of agri-environmental programmes, which are particularly popular among mountain farmers... [It seems quite likely that] ...under the next generation of

⁵ By controlling, for example, the amount of nitrates.

rural development programmes, Member States will need to devote at least 25% for funding land management actions” (Axis 2) in mountain areas (ibid).

Mountainous areas of Greece and other Mediterranean countries are strongly characterised by both the weaknesses and the strengths mentioned above. The promotion of ‘quality’ products and services, with a geographic designation of origin (e.g. traditional products, such as wine, olives, olive oil & cheese), but also ‘quality’ services (mainly agro-tourism with a ‘certificate of quality’), may reveal local comparative advantages that could not only improve the regional or national agricultural balance of trade, but also be the main vehicle for integrating the local economy to the EU or global economy. A number of traditional cultivations now take place in organic farms, which, being more labour-intensive than conventional farms, can contribute to keep in business many farmers that would otherwise not be able to cope with global competition. Supporting such products, then, is seen as an important means for economic differentiation and self-sustained growth (Caraveli 2006, Hassapoyannes et al. 2006).

It should be mentioned that no policy measure relevant to mountainous regions has been adopted since the 1975 Directive on less favoured areas – LFAs⁶ (Dax 2001, Constantinou 2005). The new financial framework will clearly reinforce the elements working in favour of mountain regions, both in relative and in absolute terms. In this framework, agriculture as the most important land user in mountain areas will be additionally supported through increased LFAs payments (including costs related to NATURA 2000 targets). New measures will also be introduced to support agro-forestry systems (forests and farm activities on the same land), as well as for afforestation of non-agricultural land or abandoned farmland. Moreover, Member States will be required to spend at least 10% of the resources for Axis 3 – which is the most relevant to mountain areas – on increased investments in recreation and agro-tourism activities (Constantinou 2005; Hassapoyannes et al. 2006). In the context of this Axis, support will also be granted to conservation and upgrading of the rural heritage and promotion of entrepreneurship, through the use of modern IT technologies and acquisition of skills. Lastly, the Commission has agreed to introduce new mechanisms for the promotion of cooperation between producers in agriculture and forestry, at the primary and secondary level (the processing industry), through the strengthening of producer groups and agricultural cooperatives, to enhance economies of scale and to better exploit market opportunities (Dax 2001, Constantinou 2005, Kuerova 2006).

We now turn to the examination of how EU rural development programmes have been implemented in the region of Parnonas and what are the implications thereof for local development.

⁶ It is believed however that there are possibilities to make use of the partial decoupling (introduced in the 2003 reform) to support mountain products (Constantinou 2005).

Efficiency of EU financial contribution in Parnonas mountain

Eco-geography and socio-economic situation of the region

Parnonas is one of the two biggest mountains of the Peloponnese peninsula (in Southern Greece), extending over the southeastern part of this region (see the two small maps at the end of the document). Its height reaches 1935 m and its climate is typical Mediterranean at the lower zones, but becomes cooler at the higher levels. It is an area of exceptional natural beauty comprising a variety of natural elements: forests, rivers, valleys, gorges, significant flora and fauna, important ecotopes and hydro biotopes, as well as zones of geological interest (Parnonas Development Company 2001). As a result, a large proportion of its surface is termed ‘ecological park’ (see map), to denote the need for preserving its unique natural-ecological, but also cultural (including architectural and archeological) heritage. Vegetation is typical Mediterranean, with a large part of the area being covered with planes, chestnut and walnut trees, coniferous trees and bushes (ibid). Quite naturally, chestnut trees forests constitute not only important natural ecosystems, but also a significant source of income for local inhabitants. The greatest part of chestnut production (around 500 tons annually) is qualified as a biological product under Reg.2092/91. Livestock production has been traditionally another important production activity in the region, suitable to local climate and geography. In lowland areas, vines and olive trees are the dominant cultivations. An increasing part of these cultivations, as well as of livestock production is of the biological type⁷.

Mount Parnonas comprises 52 villages and two prefectures⁸ – Arkadia and Lakonia (see the ‘ecological park’ map: the dotted line is the border between the two prefectures). Approximately half of the villages are located in Arkadia and the other half in Lakonia. A great number of villages are now completely deserted. A socio-economic revival appears to be taking place though, owing greatly to the reconstruction of old traditional houses and other buildings (e.g. old mills) by local inhabitants or the local authorities (with EU financial contribution) or visitors from Sparta, Athens and the US⁹, originating from these villages and aiming at spending their holidays there.

Financial support for the region’s development in the last two programming periods is provided mainly through EU programmes and, partly, by national funds. Public funds co-finance various projects, complementing & mobilizing private funds, with their contribution being around 70% of the project’s total cost. The distribution of funds among sources is available for the two Leader programmes (LEADER II and LEADER+) and presented in Tables 3 and 8, respectively. It can be seen that own (private) participation in total funding as well EU participation in total public funding have increased in LEADER+, with

⁷ Information acquired from interviews.

⁸ Prefectures or ‘Nomoi’ are the second largest administrative divisions after the ‘Regions’.

⁹ These people had moved to the US during the big waves of migration in the early and mid-20th century.

the only structural fund now involved being the EAGGF-Guidance. The role of the local development company, 'Parnonas', in providing information (technical support) and managing the programmes is instrumental.

The distribution of public funds by type of programme in the second and third programming period (of the 2nd & 3rd CSF) is given in Tables 1 and 4, respectively. Clearly, the largest amount of funds comes from the LEADER programmes, which reflects this programme's significance for local development. This is more striking in the second programming period, where 97% of all funds concern the activities of LEADER II (which comprises 6 measures and 80 works – see Table 2).

The bulk of resources of LEADER II (aprox. 37%) were directed towards rural tourism (measure 3 in Table 2), which is clearly the driving force of the region's economy. The majority of the 28 works for the support of rural tourism (about 60% of these works) took place in the most deprived areas of Parnonas and conformed to EU requirements for environmental and historical/architectural preservation. These works concerned the creation/expansion of accommodation & entertainment space, and were supported by another substantial activity, the promotion of local agricultural production (measure 5 in Table 2). This activity, comprising 23 works and accounting for 28% of the programme's total cost, was considered quite significant for agro-tourism. The combined activities led to the expansion of the length of the tourist period and the creation of new (full & part-time) employment positions (see Table 10). The next important activity for the local economy (comprising 14 works and accounting for about 14% of total cost) was the creation/modernization of small businesses, including handicrafts (see Table 2, measure 4, & Table 10). According to experts, this not only had positive impacts on local employment, but also led to a favourable climate for the attraction of new investments. The rest of the measures also supported rural tourism directly or indirectly. Important innovative activities serving this purpose were considered to be those that encouraged collective action for the promotion of biological cultivations: (a) creation of an agricultural cooperative of chestnut producers, based in Karyes, with the support of the 'Parnonas Local Action Group', basically aiming at the product's promotion in the national & international markets as a 'product with a geographic designation of origin'; (b) creation of the 'Lakonia Union of biocultivators'; (c) establishment of the 'Local Agreement for Quality for olives & olive oil in Parnonas' for the improvement of the promotion & distribution of these products; (d) strengthening of an existing bio-agricultural company's activities – established in 1988 – through creation of a processing/packaging unit, mainly for olives and olive oil (Development Company Parnonas 2005b).

The next important programme for the support of rural tourism in the 2nd period was the *Ecological Park of Parnonas* (see Table 1). This programme concerned the management & promotion of mount Parnonas and the wetland of Moustos, parts of which have been proposed for inclusion in the *Natura 2000 Areas*

(according to Directive/EC92/43) given their ecological, but also cultural/historical, importance.

The other two programmes, managed by the Ministry of Employment, aimed at the improvement in the local people's access to the labour market.

LEADER+ is considered to be of greater importance than its predecessor, given its more territorial focus, with its emphasis in specific 'zones' of the most disadvantaged areas. This is reflected in its general and specific targets, as well as the priorities and measures through which they are implemented, presented in Table 5. The distribution of costs by type of measure, given in Table 6, shows that measure 1.2 ('strengthening local investments') absorbs the greatest amount of total priority 1 costs (around 67%). As can be seen in Table 7, actions within this measure are directed toward the support of rural tourism directly or indirectly, e.g. through the promotion of quality products. An important innovative action within this framework is the 'Local Agreement on Quality', signed by the company established to this purpose and local businesses (agro-tourist, farm processing & crafts firms). Its basic aim, just like in the case of LEADER II, is the encouragement of cooperation & networking among firms for the promotion of the region's identity (natural & historical/cultural) and the attraction of quality tourism (Development Company Parnonas 2005a, b). Similarly, all measures and actions of priority 2 are designed for the support of rural tourism, through the strengthening of cooperation among specific EU member-states. The 'Eurovillages Plus' plan, within measure 2.2, is an expanded application of the corresponding plan of LEADER II, aiming at the provision of a high quality agro-tourist 'package' (which includes residence, local gastronomy, local natural/cultural resources).

LEADER+ is complemented and strengthened by the 'integrated rural development programmes' (OPAAX in Greek), which are partly financed by priority 7 of the national operational programme 'rural development reconstruction of the countryside' and partly by the Regional Operational Programmes (ROPs) in Peloponnese (see table 4). Both these programmes (OPAAX & ROPs) have been designed for the protection of economically and socially sensitive areas and the reduction of regional imbalances, and so they are implemented in selected deprived mountainous areas. Most of their actions contribute to the retaining of population through the mobilisation of 'endogenous' resources – i.e. small-scale local investments – aiming at diversifying agricultural production towards new products and agricultural employment towards agro-tourism and manufacturing. These actions include the provision of technical infrastructure and basic social services for rural population, as well as the preservation of the cultural heritage (see Table 9 for a description of the OPAAX measures). Given their territorial focus, these two programmes are also managed by the local authorities of each prefecture or municipality in the region under examination (Caraveli 2006; Development Company Parnonas 2005a, b).

Community Initiative 'Equal' (Table 4), aimed at the improvement of the local people's access to the labour market and the overall increase in the level of employment, mainly by: (a) providing information on the labour market's conditions; (b) encouraging the creation of small/medium enterprises – e.g. an industrial unit of 'processing of biological livestock products', which was considered an important innovative ('new economy') activity. Two programmes of the Ministry of Environment (also appearing in Table 4) directly support the preservation of natural environment and sustainable development in the region. Their actions are mostly directed in the management of the Parnonas ecological park (which involves the provision of equipment, the creation of paths and signals for visitors, etc.). Lastly, the programme on 'competitiveness' (Table 4) of the Ministry of Development aims at strengthening the 'entrepreneurial spirit' of local firms, by providing information and technical advice (Development Company Parnonas 2005a).

Assessing the impact of public funding in the region

Table 10 presents the quantified results of the three major programmes, LEADER II, LEADER+ and OPAAX. This is just an indication of the impact from the inflow of public funds in the last two programming periods, through the application of EU programmes.

Here it is also seen that the greatest impact in all programmes was exerted on rural tourism, measured by the number of activities directly supporting it (accommodation units & entertainment space). LEADER II appears to have contributed to the creation of a greater number of firms engaged in secondary (agricultural, craft, etc.) activities, many of which are of the traditional type, while an increased interest for environmental preservation seems to characterize the 3rd programming period. LEADER II activities have overall led to the creation of a substantial (by the standards of the region) number of new jobs, preserving, at the same time, a certain number of old jobs.

Even though it is difficult to draw specific conclusions on the three programmes' impact on the regional economy from these results, clear indications are provided on the increased interest for replacing the old rural/economic development model with a new one which: (a) combines primary, secondary & environmental activities in order to promote rural tourism, (b) aims therefore at fully exploiting the area's natural & human potential in order to achieve sustainable development.

A clearer picture of these programmes' impact can be acquired by examining the implications from their implementation for one specific village, Karyes, through information provided by local inhabitants, local authorities, and the local Development Company Parnonas.

The village or Community KARYES: An appraisal of EU financial-technical involvement on local socio-economic development

Karyes was chosen as a case-study village, due to its higher degree of dynamism (in terms of population and economic activity) relative to many other villages of the region. The village has 320 permanent citizens, during winter (not including immigrants from Eastern European countries), but around 1500 inhabitants in peak tourist periods, i.e., the summer or other holiday periods (such as the Greek Easter), which is a clear indication of the village's dependence on tourism. Tourism emerged as *agro-tourism*, from the late 1980s onward and owes a great deal of its growth to EU structural (development) programmes, and of course to the new preferences of city dwellers concerning leisure and entertainment. Three hotels, three taverns and one bakery were created in the 2nd CSF period to serve agricultural tourism. All are classified as 'traditional' and were financed by LEADER II programme. The completion of a fourth traditional hotel, at the total cost of 450 million euros (co-financed by 60% from OPAAX) is also expected within the current year¹⁰. Plans for new accommodation units are being prepared, in response to increased demand for rural or 'alternative' tourism in the area.

This activity, which results from the wider region's rare natural beauty, is supported by a number of other activities, such as cultural activities (i.e. the construction of a local temple of Karyes¹¹, preservation of traditional fiestas, etc.), as well as a number of *primary and secondary activities* (i.e. *agricultural and processing activities*), which promote traditional agricultural products. Such activities are: (a) Biological chestnuts cultivation (taking place since 1995), employing around 40 families, based on a contract with BIO company, within the frame of EU Regulation on biological agriculture. Chestnut production can reach approximately 80-100 tons in 'good years' and around 50 tons in an average year. This activity is followed by the processing (currently only packaging) of chestnuts, which employs about four persons for three months – October, November, and December. One of the actions in the programmes on professional training of the Ministry of Employment, in the 2nd period (see Tables 1 & 2), concerned 'biological chestnut and walnut cultivation in Karyes' and is assessed to have led to a significant increase of these cultivations in the village. (b) Livestock production, employing about 40 families, and supported by the Ministry of Food and Rural Development programmes. Approximately, 10 to 15

¹⁰ Local entrepreneurs or investors consider a number of factors inhibiting the acquisition of EU funds and implementation of the works, and making these processes a 'bureaucratic affair'. Such factors are reported to be: the high cost of developing a plan; difficulties in submitting the plans, due to the number of papers that need to be collected; the very long period required for approving the plans.

¹¹ Karyes or Karyatides are the muses of the Greek Mythology, whose original statues were decorating the Acropolis of Athens, but are now in the British Museum. There are also plans for the construction of a local museum.

livestock producers move to lowland areas from October to May. Only two of the families involved in livestock production are about to start biological production in the next programming period, making use of EU funding. Furthermore, a privately funded cheese-processing unit is in operation since 1975 and has been supported by EU programmes in the last two programming periods. This unit employs four persons seasonally (i.e. in months April, May and June). (c) Honey production, known for its very good quality and occupying around four people, has been supported by LEADER II at the processing stage, i.e. for modernizing its mechanical equipment. Quite often, local people are employed in two or more activities (i.e. agriculture and processing), to secure income stability.

Given the region's new socio-economic role, as both an agricultural area and, increasingly, as a leisure location, construction is another dynamic activity, employing about fifteen to twenty persons mainly in the summer period. Immigrants from Eastern European countries are the main source of labour in this activity, just like in agricultural and livestock activities (e.g. picking chestnuts & walnuts and guarding animals). Thus, immigrants contribute significantly to the local economy, constituting about one third of the working force in vital economic activities.

A few traditional crafts are also maintained in the village (i.e. a smithy and a carpentry), owing partly to EU support, occupying a small number of local people. The rest of the population (i.e. the greatest proportion of the local population) are pensioners, a number of whom have returned to their village after retirement. Another important characteristic of the local social structure is the prevalence of young males¹². The apparent lack of young females is considered to be a serious obstacle for the emergence of new families, the main factor that could reverse abandonment trends.

Overall, EU programmes are estimated to contribute to local economic development, by stimulating endogenous development mechanisms, by about 30%.

In the next *programming period, 2007–13*, the following works are expected to take place:

(a) construction of a dam, aimed at the collection of water for irrigation purposes and (b) redistribution of some 500 hectares of fertile land in the outskirts of the village, aimed at inducing a shift from traditional cultivations (e.g. barley, oats, etc.) into dynamic, irrigated, ones (e.g. fruit & vegetables, potatoes, alfalfa and other feed stuff). It is expected that a substantial part of these cultivations will be organic. These works could be financed from any rural development programme (LEADER, OPAAX, ROPs), given that all programmes act in a mutually complementary manner (i.e. actions covered by one are not covered by the other).

¹² This phenomenon characterizes the village's social structure after the latest large migration waves, from the '50s to the '70s.

Conclusions: The contribution of EU structural programmes in reversing trends and shaping new directions – A critical evaluation

The above analysis has shown that public funding, mainly through EU programmes, has contributed quite substantially in maintaining a certain degree of socio-economic activity and dynamism in the region of Parnonas. In quantified terms and drawing from one particular village's experience, that of Karyes, this contribution is around 30% of the local economy's functioning, which is centered on rural tourism and the activities supporting it (the major one being agricultural production).

The most important contribution of EU involvement, however, seems to be the adoption of a new type of rural development model, which conforms to the new EU rural and regional policy directions. Based on a more territorial focus of interventions, with 'integrated actions' in selected local zones, the new model amounts to making the best, so far, possible use of public funds to tackle the region's major 'sustainable' development problems – insufficient use of local resources, limited production differentiation, limited development of the secondary & tertiary sectors, population shrinkage – thus contributing to a 'spread of development to the hinterland' (Development Company Parnonas 2005b). This target should appear strengthened in the 2007–13 programming period, through the new RDR's greater emphasis in the bottom-up and environmental dimensions of the EU rural development model. In this context, the agricultural cooperatives should be recognized as significant local agents in the mobilization of local resources – which also requires the spread of the new rural development 'rhetoric' and terminology – assisting the local Development Company in this task.

Yet, one should not over-estimate EU contribution in 'reversing existing trends and shaping new directions'. An economy's over-dependence on tourism – clearly the driving force of the regional economy of the Parnonas villages – is often believed to make the target of 'sustainable' development difficult to achieve. Demand for tourist services is not sufficient to reverse abandonment trends and re-establish the economic forces that created a dynamic environment in the past. Such forces included agriculture and livestock as the major income sources and the center of all economic activity. In fact, EU programmes, especially LEADER+, have often been criticized for their 'one-dimensional approach', stemming from the greater emphasis in investments on agricultural tourism – relatively to other investments, e.g., in livestock and cheese-processing units, traditionally forming the area's comparative, but also competitive, advantage¹³. But, as neither traditional agricultural & livestock activities, nor rural tourism, are sufficient to induce a complete revival of deserted regions (villages, communities, etc.), a more realistic policy target, which should constitute

¹³ Opinion expressed by the president of the Community of Karyes during the interview.

part of the new rural policy approach, is the creation/development of viable semi-urban centres (e.g. Astros and Leonidio in the Parnonas region)¹⁴. These could serve as significant development poles, to attract people in the countryside. In this way, activities promoting the region's sustainable development (at the primary, secondary or tertiary level) need not necessarily be focused on rural tourism.

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¹⁴ Opinion expressed by the direction of the Parnonas Development Company during an interview.

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Table 1 Financial support in the Region of Paronias: 2nd programming period

Programme	Period	Total Amount Budget	Authority in charge
Community Initiative LEADER II	1996–2001	€ 7,174,869 (97.9%)	Ministry of Agriculture
Ecological Park Paronias-Moustos	1997–2001	€ 99,780 (1.4%)	Operational Programme "Environment"
Community Initiative "Employment" – Priority INTEGRA	1998–1999	€ 19,075 (0.3%)	Ministry of Employment
Programme of professional training for university graduates of Southern Laconia (Programme Kapodistrias)	1998–1999	€ 29,347 (0.4%)	Ministry of Employment

Source: Development Company Paronias, June 2005. Own calculations.

Table 2 LEADER II (Region of Paronias)
Distribution of Funds by type of measure

Measures	Title	Number of works per measure	Distribution (%)
Measure 1	Technical Support	1	11.6
Measure 2	Professional Training	4	1.6
Measure 3	Rural Tourism	28	36.8
Measure 4	Small & Medium Enterprises	14	14.4
Measure 5	Development of Local Agricultural and Forest Production	23	27.6
Measure 6	Maintenance & Improvement of the Environment	8	7.3
Other	Interstate Cooperation	2	0.7
Total		80	100.0

Source: Development Company Paronias, October 2005. Own calculations.

Table 3 Distribution of LEADER II Funds by Source of Financing (%)
(Region of Paronias)

Total Approved Cost			€ 7,174,869
1.	Total public expenditure		66.1%*
1.1.	Total EU Participation		(52.8%)*
1.1.a.	European Regional Development Fund (ERDF)	19%**	(10.0%)*
1.1.b.	European Social Fund (ESF)	2%**	(0.9%)*
1.1.c.	European Agricultural Guidance and Guarantee Fund (EAGGF) – Guidance	79%**	(41.9%)*
1.2.	National Participation		20%*
2.	Own Participation		33.9%*

* Share in total public expenditure.

** Share in total EU funds.

* Share in total approved cost.

Source: Development Company Paronias, October 2005. Own calculations.

Table 4 Distribution of public funds by type of programme in the region of Parnonas: 3rd programming period (2000–2006)

Programme	Total Public Expenditure
Community Initiative LEADER Plus	€ 5,300,000 (36.2%)
(a) Integrated Rural Development Programmes (OPAAX*) – Priority 7 of the Operational Programme "Rural Development Reconstruction of the Country-side"	€4,167,329 (28.5%)
(b) OPAAX of the Regional Operational Programmes in Peloponnisos (R.O.P.) – Measure 2.2.4 [†]	€ 1,039,234 (7.1%)
Community Initiative Equal	€ 158,757 (1.1%)
Programme "Protection of the environment & sustainable development"	€ 56,871 (0.4%)
Operational Programme "Environment 2000–2006"	€ 488,000 (3.3%)
Operational Programme "Competitiveness"	€ 28,500 (0.2%)
Other Works	€ 350,000 (2.4%)
Regional Operational Programmes in Peloponnisos (R.O.P.)	€ 3,052,326 (20.8%)
➤ Measures 5.3, 2.2.5 & 5.11 "Support of Endogenous Human Potential"	€ 1,973,728 (64.7% ^{***})
➤ Measure 5.2 "Local Initiatives on Employment"	€ 924,598 (30.3% ^{***})
➤ Measure 2.1.3 "Protection & Improvement of Forests & areas of exceptional natural beauty"	€ 119,000 (3.9% ^{***})
➤ Measure 2.1.6 "Application of Innovative action in local agricultural production"	€ 35,000 (1.1% ^{***})

* Greek initials.

** In mount Parnonas, the OPAAX was applied in the region of Southern Arkadia, which was one of the 35 regions of the country selected for the application of this programme.

[†] This programme concerns certain municipalities and communities of Parnonas.

^{***} Percentage of the Total Budget for the Regional Operational Programmes in Peloponnisos.

Source: Development Company Parnonas, October 2005. Own calculations.

Table 5

LEADER+: Targets & Priorities		
Strategic Targets	Specific Targets	Priorities
Integrated development with economic differentiation & protection of natural resources	Economic differentiation with the strengthening of the services sector.	<i>Priority 1:</i> "Integrated pilot strategies of rural development". Measures
	Strengthening young people & women's entrepreneurship.	Technical support of local actors (OTA). Strengthening local investments
	Organizational & quality improvements for the support of the local firms' competitiveness.	Supportive actions Protection & promotion of natural and cultural heritage
	Strengthening of partnership relations & networking of local firms.	<i>Priority 2:</i> "Support of cooperation among rural regions". Measures
Support of the region's identity & attractiveness, with the strengthening of factors leading to economic & social cohesion	Support & protection of natural and cultural resources.	2.1 Cooperation among regions of Greece: inter-local and inter-regional cooperation 2.2 inter-state cooperation among regions of two or more EU member-states
	Strengthening of cooperation & networking on a regional, national and global scale.	<i>Priority 3:</i> "Networking". Measures
	Development of collective regional development schemes.	3.1 Operation of the LEADER network 3.2 Operation of the Greek Unit of the "Encouragement of the LEADER network"
	Introduction of new technologies in production and developmental planning.	<i>Priority 4:</i> "Management, monitoring and evaluation of the programme".

Source: Development Company Parnonas, June 2005. Own elaboration.

Table 6 LEADER+ in Parnonas:
Distribution of Costs by type of measure

Measures	Title	Total cost	Distribution (%)
Measure 1.1	Technical Support of local actors	€ 1,120,442	15.5
Measure 1.2	Strengthening local investments	€ 4,759,749	65.9
Measure 1.3	Supportive actions	€ 283,404	3.9
Measure 1.4	Protection & promotion of natural and cultural heritage	€ 1,058,857	14.7
Total of Priority 1		€ 7,222,453	100.0
Measure 2.1	Cooperation among regions of Greece: inter-local and inter-regional cooperation	€ 150	60.0
Measure 2.2	Cooperation among regions of two or more EU member-states: Inter-state cooperation	€ 100	40.0
Total of Priority 2		€ 250	100.0

Source: Development Company Parnonas, June 2005. Own calculations.

Table 7 LEADER+ 2000–2006 in Parnonas region: Description of measures (Authority in charge: Ministry of Rural Development & Food)

TYPES OF MEASURES	
1.2	Actions for the support of entrepreneurship: encouraging local investments.
	➤ 1.2.1 Interventions for the support of rural tourism with an integrated approach.
	➤ 1.2.2 Strengthening small & medium enterprises of the agricultural and other sectors (e.g., processing units of plant and livestock production; traditional craft units; enterprises for the provision of social services).
➤ 1.2.3 Investments for the support of collective sectoral & intersectoral action through the use of new technology & know-how (e.g., installation of quality insurance systems – ISO, HACCP; development of quality brand names for biological products or quality products with geographic designation; encouraging the clustering of similar enterprises; development of telemarketing systems).	
1.3	Actions for the support of local training and creation of expertise.
1.4	Actions for the protection and promotion of the natural environment.
	➤ 1.4.1. Protection of the natural environment and the landscape of areas with exceptional natural beauty (Natura 2000 areas).
	➤ 1.4.2. & 1.4.3. Maintenance and promotion of the local cultural heritage (e.g. monuments and historic buildings).
2.1	Inter-regional cooperation in Greece (e.g. in the area of agro-tourism and the promotion of the region's identity).
2.2	Inter-state cooperation (between Greece and one or more member-states) in the areas of
	➤ (a) agro-tourism (Eurovillages Plus; European Geology and Nature Parks as regional brand name for high quality products)
	➤ (b) the management of Parks in Southern Europe.

Source: Development Company Parnonas, October 2005. Own elaboration.

Table 8 Distribution of LEADER+ Funds by Source of Financing (%) (Region of Parnonas)

Total Approved Cost		€ 7,472,454
1.	Total public expenditure	€ 5,300,000 70.9%*
1.1.	Total EU Participation (European Agricultural Guidance and Guarantee Fund – Guidance)	75.6%** € 4,007,427 (53.6%*)
1.2.	National Participation (Ministry of Rural Development & Food)	27.0%** € 1,433,273 (19.2%*)
2.	Own Participation	€ 2,172,454 29.1%*

*Share in total approved cost.

**Share in total public expenditure.

Source: Development Company Parnonas, October 2005. Own calculations.

Table 9 Structure of Integrated Rural Development Programmes (OPAAX – Priority 7) in Peloponnisos: 3rd CSF (Authority in charge: Ministry of Rural Development & Food)

TYPES OF MEASURES	
7.1	Land improvement
7.2	Creation of services for the management of farms
7.3	Marketing of quality products
7.4	Basic services for the rural economy and population
7.5	Renovation & development of rural villages: protection & preservation of rural heritage
7.6	Differentiation of rural activities: creativity alternative sources of income (rural tourism, crafts)
7.7	Management of water resources
7.8	Improving infrastructure for agricultural production (irrigation works, electricity, improvement of roads, energy)
7.9	Strengthening tourist & craft activities
7.10	Protection of the natural environment
7.11	Improving the competitiveness of farms
7.12	Investments for improving products the competitiveness of farms processing & marketing units

Source: Development Company Parnonas, 2005.

Table 10 Indicative results from the application of LEADER+ and OPAAX in the local economy of Parnonas region

Type of activity	Cumulative results	LEADER II	LEADER +	OPAAX
Impact on local employment conditions	New employment positions.	208	n.a.	n.a.
	Employment positions maintained.	41		
Activities for the support of rural tourism	Number of new accommodation units and restored old ones (of modern or traditional architectural character).	19	2	19
Creation of Entertainment Space (cafes, taverns & restaurants)	Number of new units and upgraded old units (of traditional architectural character and style).	8	14	4
Support of cultural & environmental heritage	Maintenance of historical- traditional buildings (number of buildings).	2	2	7
	Creation of centres for environmental & cultural training, parks, footpaths, signaling of 'natura 2000' areas, folklore museums and other activities of ecotourism (number of works).	7	9	9
Support of various entrepreneurial activities	Creation of new productive units: traditional bakeries & pastry-shops, processing & packaging units of table olives, olive oil, wine & cheese – including organic products, honey-processing units, modern network for wine distribution, other handicraft units (number of units),	16	3	5
	Expansion-modernization of existing units: mechanical equipment or modernization of smithies, traditional handicrafts, wood factories, oil-mills, pastry & bakery workshops, honey-processing units, windmills & watermills (number of units).	18	5	6
Application of "Local Agreement on Quality for the promotion of local products" in the whole area of intervention (<i>Activity of Leader II and Leader Plus Programmes</i>).				
Installation of ISO systems in one village (<i>Activity of Leader Plus Programme</i>).				

Notes: n.a. = not available

Source: Development Company Parnonas, October 2005 & April 2006. Own elaboration.