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Leader Approach Performance Assessment in a Greek Rural Region

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Abstract

Rural Development policies and measures has since long been a primary aim for public policies in the EU and Greece, such that is the LEADER programme. The assessment of the performance of this policy for supporting an integrated development in a rural region in Greece is the main objective of the current study. Specifically, it is aimed to assess potential economy-wide impacts in the regional economy and capture impacts on the local output, employment and household income, employing regional Input-Output modeling. Results indicate that important impacts can be induced in the regional economy for specific sectors, despite the overall poor performance of the programme for the whole economy. The programme's performance is highly affected by the small budget and its distribution to the economy's sectors'.

Keywords: Rural Development, LEADER, regional I-O modeling, impact analysis, Greece

1.Introduction

The LEADER initiative was a road map for the local programmes for rural areas development and a key tool of the bottom-up approach. The initiative started with LEADER I (1991-1993) and II (1994-1999) and during the 3rd programming period 2000-2006 evolved into LEADER + so as to ultimately be incorporated as a separate axis in the Rural Development Programme (RDP) during the 4th programming period.

This strategy relies on local features and needs for a homogeneous rural micro-region; these needs and peculiarities are converting into local development plans from Local Action Groups (LAG) that include representative local public actors and individuals (Ray, 2000; Scott, 2004). The programmes are of integrated, multisectoral and innovative nature and as they are locally implemented, they aim at the collaboration and networking among areas by exchanging expertise and knowledge (EC, 2006). From the LEADER strategy, occurred benefits may concern: the diversification and multi-functionality strengthening of local finances, the mobilization of both local actors and endogenous human resources, the adoption of decentralized and integrated development processes, the transfer of experience among rural areas through the creation of networks but also through the operation of small-scale actions, suitable for supporting small projects (Scott, 2004; EC, 2006).

The problems recorded from the application of territorial development strategies, mainly concern: delays in commencement and implementation of programmes, vulnerable partnerships, accumulation of various processes and disperse of financial resources (Chatzitheodoridis et al., 2006). After more than 20 years and having faced many criticisms on delays, the EU adopted a wider implementation spatial development and bottom-up approach policies. The Community-Led Local Development (CLLD) is the principal one among the integrated territorial development strategies that is improved and established during the programming period 2014-2020. The improvement of CLLD is achieved through a wide use of the LEADER approach-method from all the Funds covered by the Common Strategic Framework (CSF). In the General Regulation Plan for the common provisions on Funds of the CSF, the Commission suggests a unified methodology for the CLLD which focuses on sub-regional areas. This methodology is developed by (LAGs) and is implemented through integrated local development strategies that promote innovation, networking and cooperation (EC, 2013). The new venture for development

through local initiatives is the planning and implementation of local development strategies (LDS) via multi-fund financing and management.

The assessment of the performance of this action (Leader approach) for supporting integrated development in a rural region in Greece is the main objective of the current study. Specifically, it is aimed to assess potential economy-wide impacts in the regional economy and capture effects on the local output, employment and household income by performing impact analysis with a constructed case specific regional Input-Output (I-O) model.

2. LEADER Approach in Greece (Axis 4 of RDP 2007-2013)

During the fourth programming period, the axis 4 "LEADER approach", included in the "Rural Development Programme 2007-2013" (RDP); it is exclusively refer to the development of rural areas through financing and implementation of local programmes (Karafolas, 2013; Loizou et al., 2014). A picture of the LEADER approach framework, with the measures and actions along with their budget is presented in table 1 (MRDF, 2011). The total National budget (in public expenditure) of the 43 approved local programmes is 290 million euro.

The "local development strategies" measure is divided into two sub-measures that concern to competitiveness and the quality of life (411 and 413). These two sub-measures include actions such as: "adding value to agricultural and forestry products", "diversification into non-agricultural activities", "support the creation and development of micro-enterprises and tourism activities", "basic services for the local economy, for the rural population and heritage" and "renovation and development of villages".

Table 1. Funds of RDP 2007-2013 per measure and action of Axis 4 (LEADER approach)

RURAL DEVELOPMENT PROGRAMME 2007-2013 (RDP)**		Total Budget: 4.731.286.747€*	
AXIS 4: LEADER APPROACH		Total Budget: 290,000,000 (6.9% of RDP)	
Measures	Investments	Budget (€)*	Share (%)
41. Local Development Strategies	private/public	237,500,00	82.0
411. Competitiveness	private	25,000,000	8.6
413. Quality of life / diversification	private/public	212,500,000	73.3
421. Collaborations	public	5,000,000	1.7
431. Operating costs/Skills and Support	public	47,500,000	16.4

Source: Managing Authority of RDP 2007-2013

*The Budgets are in Public Expenditure (National and Community Funding)

** Budgets data of RDP 2007-2013, according to the latest modification of the programme

2.1. LEADER Approach in Dytiki Makedonia Region (Axis 4 of RDP 2007-2013)

Dytiki Makedonia (DM) is one of the thirteen Greek NUTS II regions, located in the northwest part of Greece and it is comprised by four sub-regions (prefectures): Florina, Grevena, Kastoria and Kozani. Geographically, the DM region holds a central position in the Western Balkans and it represents a natural gateway of Greece to the northwest borders. The landscape of the region is dominated by highlands (69.2%), forest areas (26.0%), rangelands (43.0%), and cultivated or fallow areas (24.0%). The region covers 9,451.6 km² or 7.2% of the total area of Greece; figure 1 shows the location of the region under study with its four areas.

In the study region, four local programmes (Table 3), of the axis 4 (LEADER approach), have been approved; one for each prefecture, with a total budget of 25 million euro (Table 4).

Table 3. Intervention Areas of LEADER programme for the DM region

LEADER PROGRAMME	LAG	INTERVENTION AREA	POPULATION
KASTORIA	ANKAS SA	165 km ²	17.145

KOZANI	ANKO SA	2.125 km ²	65.266
FLORINA	ANFLO SA	1.119 km ²	30.321
GREVENA	ANGRE	1.296 km ²	18.454

In table 4 can be seen the three measures of the programme in the region (41, 421 and 431); measure 4.1 concerns Local Development Strategies and is comprised by seven actions with a total budget of 20.5 million euro. The other two measures with relatively small budgets finance actions related to collaborations (421) and operating costs (431).

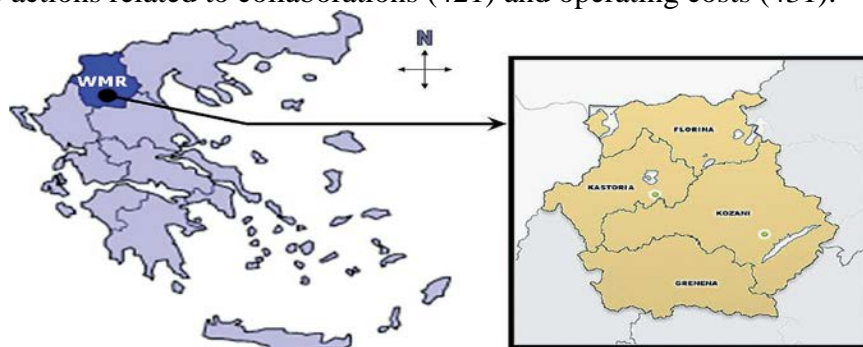


Figure1. Map of Greece with Dytiki Makedonia Region.

The examination of the ability of these rural development actions to support the territorial development of the region consists the objective of the current study.

Table 4. Local programmes of Dytiki Makedonia Region with Budget per measure/action (in euro).

MEASURES AND ACTIONS OF AXIS 4		TOTAL Budget* per measure
MEASURE 41	Local Development Strategies	20518738
Action 123	Adding value to agricultural and forestry products	4563178
Action 311	Diversification into non-agricultural activities	3170000
Action 312	Support the creation and development of micro-enterprises	3330000
Action 313	Encouragement of tourism activities	4997038
Action 321	Basic services for the economy and rural population	1360021
Action 322	Renovation and development of villages	1161500
Action 323	Conservation and upgrading of the rural heritage	1937000
MEASURE 421	Collaborations	376000
MEASURE 431	Operating costs/Skills and Support	4116000
TOTAL* OF LOCAL PROGRAMMES		25010738

Source: LAGs of DM Region.

*The Budget is in Public Expenditure (National and Community Funding)

3. Applied Methodology and Data

In order to capture such economy-wide impacts general and partial equilibrium models are required. Such a model offering the ability to assess impacts affecting the whole economy and not single sectors is I-O analysis. In specific, in the current analysis a model is built specifically for the NUTS 2 region of DM, to capture potential impacts from the application of the Leader approach. For doing so a hybrid regionalization methodology (GRIT) is applied to construct a case specific regional I-O table for the local economy (Mattas et al., 2006; Mattas et

al., 2009. By assessing potential impacts of the Leader programme an opportunity is provided to examine its interconnections with all sectors of the local economy and assess its performance and local significance in terms of output, employment and household income; this is done by calculating I-O multipliers and performing impact analysis (Loizou et al., 2014). The advantage of the specific methodology is its ability to capture both direct and indirect impacts, through the estimation of the relevant I-O multipliers and the performance of impact analysis. By assessing the total impacts of the Leader programme its integrated character and performance is revealed.

For the current analysis the National symmetric I-O table of 2010 was used in order to construct the table for the DM region. The constructed regional table is consisted by 46 sectors of economic activity to which the funds of the Leader programme were allocated, per measure and action. The allocation attributed to specific sectors of the economy according to the aims and of each action; thus, the allocation affects the final impacts of each action and finally of the whole programme

4. Impact Analysis Results

In order to identify the sectors of an economy that have the ability to induce knock-on effects and support more effectively its development, I-O multipliers are used. The higher the multiplier is, the strongest and more effective will be the impacts in the whole economy. Thus, it is aimed to support sectors with high multipliers in an economy in order the output, employment and income effects to be higher; sectors such as those presented in table 5 for the DM region.

Table 5. Indicative output, income and employment multipliers for DM region.

Sectors	OM	Rank*	Simple IM	Rank	Simple EM	Rank
Agriculture	1.158	30	0.112	35	46.149	1
Warehousing	1.843	1	0.150	27	9.497	26
Insurance	1.504	2	0.158	24	11.535	22
Food and beverages	1.255	16	0.147	28	9.178	27
Retail trade services	1.123	33	0.315	7	38.398	2
Mining and quarrying	1.222	20	0.216	16	4.920	43

* Sectors are ranked according to their multiplier magnitude; OM=Output Multipliers, EM=Employment Multipliers, IM=Income Multipliers.

In order to assess the potential impacts of the LEADER programme in the region of DM the estimated I-O multipliers are used to perform impact analysis. By allocating the LEADER funds in the I-O table sectors, potential impacts were estimated and presented in table 6. Impacts can be seen by action and measure; totally the budget of 25 million euro can induce an increase in the regional employment by 0.40% (341 new jobs) through direct and indirect effects. Total gross output of the region and households income are increased analogously, 0.32% and 0.27% respectively. Measure 41 has the highest performance, mainly due to its high budget and the actions that finances.

Table 6. Impacts in the regional economy from the LEADER programme 2007-13

LEADER Budget (mn Euro)	Employment		Total Impact in: Output		Income	
	persons	(%)*	mn Euro	(%)	mn Euro	(%)

Action 123	4.563	111	0.13%	5.289	0.06%	0.655	0.04%
Action 311	3.170	31	0.04%	3.780	0.04%	0.521	0.03%
Action 312	3.330	24	0.03%	3.992	0.04%	0.454	0.03%
Action 313	4.997	47	0.06%	6.054	0.07%	0.772	0.05%
Action 321	1.360	20	0.02%	1.558	0.02%	0.386	0.02%
Action 322	1.162	10	0.01%	1.366	0.01%	0.186	0.01%
Action 323	1.937	25	0.03%	2.202	0.02%	0.341	0.02%
Total Measure 41	20.519	270	0.32%	24.242	0.26%	3.315	0.20%
Total Measure 421	0.376	5	0.005%	0.449	0.005%	0.050	0.003%
Total Measure 431	4.116	67	0.08%	4.755	0.05%	1.240	0.07%
TOTAL	25.011	341	0.40%	29.446	0.32%	4.605	0.27%

* The shares represent change in the total regional Employment, Output and Household income.

5. Conclusions

The performance of EU policies to support rural areas through integrated local policies, such as the LEADER programme is examined in the current study, having as a case study a remote region in Greece (DM). The impact analysis results indicated that LEADER funds can support the regional economy, though without very high impacts. Most sectors of the economy are benefited fulfilling the integrated character of the programme. A more effective performance of the programme definitely needs the financing of additional actions.

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