

## **Decentralization Process of Rural Development Policy in Greece**

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### **Introduction**

Decentralization is an on-going process with substantial repercussions at institutional, administrative and political level. It is a hotly debated issue in both developing and developed countries; it involves numerous policy-making areas, including rural development policy.

Given society's interest in the issue of decentralization, it is of no surprise how much research has been done into the topic. University and research bodies have had their interests drawn by both the institutional-political and the economic-practical dimensions of the question. Interest has also been shown by many other bodies (governments, international organizations) which intended, through research, to document the need for decentralization and to seek effective ways in which to accomplish it.

This study aims at critically assessing the decentralization process of rural policy making and delivery in Greece within the new institutional and administrative setting.

The study comprises eight parts. In the first part some evidence from recent debate on decentralization are reviewed. Administrative decentralization in Greece and decentralization of agricultural and rural development policies is the subject of second and third sections, respectively. Next, critical aspects of the design and implementation of Investment Aid Scheme in Greek Agriculture are explored, followed by an exposition of the authorities participating in the scheme and their affiliation with it. The Case study approach is presented in the sixth section. Research findings and discussion follow; the study is completed with concluding remarks.

### **Recent debate on decentralization: some basic evidence**

There is a continually growing bibliography on various aspects of the decentralization process, especially pertaining to developing countries (for indicative reading, see: Eaton, 2001; Niksic, 2004; Andrews and Schroeder, 2003; Crook and

Manor, 1998). Significant aspects and problems relating to the decentralization process have become manifest in the context of recent and ongoing research.

Some of these include: insufficient financial resources allocated to local communities and inadequate transfer of decision-making powers (Crook and Manor, 1998; Wunsch, 2001), accountability problems (World Bank, 2001a; Edmiston, 2002), use of decentralization as a strategy for increased territorial control rather than a means to promote local autonomy (Crook and Sverrisson, 2001), deficiencies in administrative and political organisation (Wunsch, 2001; Edmiston, 2002), regional endeavour inequities (Sonja, 1996; World Bank, 2000), appropriation of benefits by local elites (Wyckoff-Baird et al., 2001; Manor, 2002), and conflicts between central and local governments (Smoke and Lewis, 1996). Alternative explanations for decentralization's failure to achieve its stated aims have also been suggested (Hadiz, 2004).

In the case of European countries, the particular debate, apart from decentralization, also includes *devolution* as the granting of powers from central government to government at regional or local level, the concept of *subsidiarity*, which is mainly promoted by the official authorities of the European Union (EU), as well as the trend towards *regionalization of the EU* itself. These principles permeate the institutional framework of the EU to various degrees, as well as the policies that the EU implements.

In particular, devolution becomes discernible firstly, as the transfer of power to a subordinate elected body, secondly as the transfer of power on a geographical basis and thirdly, as the transfer of functions at present exercised by Parliament; in recent years, devolution has been in the spotlight within the context of the unitary states administrative reforms, such as those in the UK (Pearce et al. 2005, Walker and Boyne, 2006; ESRC, 2006; Hudson, 2006).

On the other hand, the principle of subsidiarity requires decision making at the lowest possible level which, within the context of a given political system, can facilitate effective action (EU, 2006a; Schilling, 1995). Subsidiarity became an acceptable constitutional tenet of the European Union with the Maastrich Treaty and was clarified at the European Commission summit in Birmingham in October 1992: 'Resolutions should be as closely aligned as possible to citizens'. On a European level, the principle attempts to restrict the undertaking of joint action only to those situations where it is necessary and advisable. On a national level, it encourages

governments to leave the management of as many matters as possible in the hands of local communities (EU, 2006b).

The appropriate level of subsidiarity is a question whose answer is only found in practice and depends on the size of the country, its resources, the number of administrative levels and the particular characteristics of its goods and services (Smith, 1997).

Decentralization is considered to be a process of administrative, political and fiscal dimensions. The usual practice of governments is to transfer all responsibilities except financial matters to lower administrative levels. One aspect of administrative decentralization which is of particular importance to this study is the transfer of responsibility of planning, financing and the management of specific public operations from the central government to local administrative units (World Bank 2001b; Smith, 1997).

#### *Scepticism about the need for decentralization*

Though fewer in number than the arguments in favour of decentralization, arguments against it have been put forward. As a rule, these are in the form of doubts about the potential dangers inherent in the transfer of power from the centre to the local level. The possible dangers can be summarised as follows (World Bank, 2001b): Firstly, the loss of economies of scale that a central administration can achieve. The repetition of similar procedures, spiralling transaction costs, since the splintering of resources is difficult to avoid. The problem is exacerbated when financial resources are limited and are not properly monitored when there are many decision making centres.

A second group of problems is connected with a low administrative and technical capacity which has been found to exist at the local level. Regional centres have difficulty in attracting highly skilled administrator, both in the public and private sectors, which creates unfavourable consequences in the planning and implementation of effective programs. Decentralization can also lead to difficulties in co-ordinating the realization of national policy. The high number of people involved will naturally lead to inadequate communication which hinders the acquisition of a uniform consciousness and attitude towards national priorities.

Finally, the ascendancy of a local elite and the inability to uphold the integrity of the local administrative system is a serious danger that can change the outcome of the attempt to bolster democracy. This attempt is an integral part of all the decentralization reforms. This phenomenon is not uncommon in small communities where relationships and ‘counterbalances’ that are not ethical are often accepted.

Lucchese (2000), looking at the issue from a political standpoint, is sceptical about the general trend towards regionalization that the European Union is taking, and generally about the ‘vision’ of a ‘Europe of regions’. She is dubious about the view that regions can provide the basis for an institutional convergence among the member states of the Union and that they can contribute to a complete European integration. Her view is that regionalization cannot, on its own, produce the benefits that are attributed to it, without an analysis of the conditions from which these originate. In addition, appropriate solutions need to be found for programming demands and the management of EU funds. She points out that regionalization should not be viewed as a genuine political goal because it lays emphasis on local differences and constitutes a withdrawal from those states whose fabric is based on civil society to the nation-states of the past.

### **Administrative decentralization in Greece**

The issue of decentralization particularly interested Greek scholars during the great administrative reforms of the 1980’s and 1990’s. In particular, 13 administrative regions were set up in 1986, a self-administration prefecture was established in 1994 (whereby Prefects were now elected, rather than appointed), while in 1997, first order Local Municipalities were amalgamated and had their roles upgraded.

Scholarly debate focussed mainly on the following topics: firstly, the prospects for second order (prefecture) self-administration and, secondly, how the administrative reforms would tie in with the overall goal of regional development. It was reasonable that the issue of prefecture self-administration and its future would be the focal point, given its ‘long gestation period’<sup>1</sup>. The expectations it raised extend to three levels: institutional, political and organisational (Spanou et al., 1997).

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<sup>1</sup> See Makrydimitris (1997) for a brief history of the attempts at forming and operating this institution in 1887, 1899, 1923, 1986 and 1990, until its final implementation in 1994.

The institutional level is connected to the fact that prefecture self-administration is placed within the overall constitutional structure. The challenge that it faces as a new institution concerns its relations that it will develop with other administrative and self-administrative bodies. These relations are not simply a result of an official distribution of responsibilities. Prefecture self-administration must prevail in its own sphere of intervention. The question is whether the institutionalised relations with other levels will prove to be ones of complementarity and synergy or ones of competition and conflict.

On a political level, prefecture self-administration means the introduction of pluralism. The way in which this new sphere of political competition will be integrated into the general political structure is a matter that is in progress. The interaction that it will develop with the social environment and the way in which it will intervene in the traditional articulation of social interests within the political system will be a source of research for quite a while.

As far as the organizational level is concerned, prefecture self-administration is an outward looking institution par excellence, which replaces, and in fact, with an expanded role, the central government's administrative presence in the prefecture. The challenge that it faces concerns the effectiveness with which it will respond to local needs, developmental needs and others. What is at stake is the prefecture self-administration's own legitimating basis.

It is worth noting that most scholars are not optimistic about the future of prefecture self-administration. They regard its institutional framework as inadequate. They also see that political parties waver in their support of it and that the centralized attitude of central administration will hinder its development (Christophilopoulou, 1996).

Scholars also believe that the range within which prefecture self-administration operates was confined by the reform that led to its establishment. Prefectures were transformed from primary institutions of decentralization to second order self-administration. Public policy for the re-planning of the administrative system seems to have been more symbolic in character, rather than actually aiming to reform the relations between central services and self-administrative organizations (Michalopoulos, 1997). Moreover, when referring to the political attraction of the new institution, Makrydimitris (1997) discovers that:

‘Despite the fact that a prefecture has only one Prefect, yet a number of Members of Parliament and mayors, the prefect’s executive powers are subject to multiple restrictions. This fact, combined with the ignorance about the actual potential and significance of the institution, has rendered the prefect less attractive, both among first order candidates, and with the electorate, who expresses this through indifference, as it does not know what exactly what is at stake’ (p.81).

The second round of talks on administrative reforms, in other words, the linkage between these reforms and the goal of regional development, also do not give rise to optimism. According to scholars, the new institutions have turned out, in practice, to be ineffective because they have insufficient resources at their disposal and operate according to Greek public administration lines: centralization, party politicisation, authoritarianism, formalism, bureaucracy, administrative backwardness and irrationalism (Litsos, 1997). They also regenerate the central administration’s inability in developmental planning, relegating local programs to a list of works which lack cohesion and long term strategic choices (Christophilopoulou, 1996). Consequently, although one of the pre-conditions for the effective formulation and implementation of local development, that is, the institutional framework, appears to have been met, there are still inadequacies which impede endogenous development: inadequacies in resources and infrastructure and the absence of local decision making bodies which, within the framework of a continual process of social consensus and co-operation, would otherwise take initiatives in the planning and realization of local development.

It must, nevertheless, be noted that the empirical documentation of the Greek bibliography mentioned above is almost non-existent.

After prefecture self-administration was established in 1994, a series of prefecture services, which up until that time had depended directly on the central government (one of these being the Prefecture Agricultural Development Directorate) became part of prefecture self-administration. However, serious problems over the separation of responsibilities at each level arose, which eventually lead to a minor amendment to the constitution in 2001, as well as to notable legislation passed by the Council of State relating to the distinction and, mainly, the transfer of responsibilities from the central government to prefecture self-administration. Within this framework,

a re-allocation of responsibilities from prefecture to central government level has been noted in recent years (Getimis et al., 2005).

This tendency of withdrawal and reversal of the decentralization process is significantly influenced by the aforementioned legal opinions on the one hand, and by the intense opposition exerted by certain powerful professional groups involved in the decentralization process, and in particular at the prefecture level. These groups have been nurtured for many years on the assumption that they are dependent on the respective Ministry ('their' Ministry) and so they object to being transferred to the auspices of prefecture self-administration. Such examples of these professional groups are teachers and the Ministry of Education, engineers and the Ministry of the Environment and Country Planning and agriculturalists and the Ministry of Rural Development and Food (MRDF), previously called the Ministry of Agriculture.

### **Decentralization of agricultural and rural development policies**

The developments that have been made in the philosophy and content of the Common Agricultural Policy, especially after the early 1990's are most significant. Emphasis is continually leaning towards the structural and environmental component and away from the supporting of agricultural product prices. Consequently, within the framework of the 'Second Pillar' of the CAP which concerns rural development, the spatial and diversified approach is being favoured. Decentralization is considered to be one of the basic features of this approach, which 'would enable the member-states to better pinpoint local needs and bring agricultural policy closer to consumers. ... rural development would especially offer a particular local (spatial) dimension.' (EC, 2002). Within this framework, agreements and subsidizations from both the European and local level have multiplied.

The regionalization of the EU's agricultural policies has been another important development. Perraud (1995) believes that, if we want to study the way in which policy has been formed, it is necessary the level of the region in our research, because a) regions now include authorities which create policy, given that they produce programs, rules, regulations and subsidizations, b) regions do not repeat national policy but, instead, carve out their own policies which are distinguishable from national policy in operation, content and, sometimes, strategic direction and c) regions are increasingly participating in the public financing of agriculture. The

development of regional agricultural policies arose, from the gradual withdrawal of a homogenous agricultural policy on the one hand, and from the need to respond to the distinct features of the rural regions on the other.

The administrative level that enables a flexible and diversified application of agricultural policy is the regional one. On the other hand of course, multiple layers of policy also means multiple inconsistencies connected with means and financial resources. There are dangers, however, that can thwart the whole decentralization process. These are: a) many regions that do not have the necessary means with which to regulate their agriculture – usually infrastructure, b) regions that have a few responsibilities but have neither experience nor means, c) a lack of financial resources and d) regions that confine themselves to representing local interests on a central level (lobbying).

According to Trouve (2004), regions comprise a basic component within the workings of decentralization: common policies obviously include a certain amount of ‘regionalization’ which concern the transfer of responsibilities and economic resources. Regions acquire new responsibilities with which to finance, elaborate and apply agricultural policies, thereby showcasing certain regional policies through their own strategies. This happens in regions which have formidable authority and so can develop their own policies, eg. in Italy, as well as regions that do not have their own authority, as in France. Comparisons among European regions show that such workings appear to be heterogeneous and uncertain. However, they are adequate enough to bring about an increase in research into regional agricultural policies.

**In the case of Greece**, decentralization of rural development policies is of particular importance. This process should be viewed within the context that was formed recently as a result of two major developments, which, when combined, significantly influence the outcome of agricultural development policies. The first of these was administrative reform, which established administrative regions in 1986 and Prefecture Self-administration in 1994. The second development was the implementation of the institutional framework of the European Union’s for rural development and the reforms of Structural Funds, which is constantly developing and improving. The former issue is directly related to the number of bodies involved, and to the establishment of new bodies and the subsequent allocation of responsibilities.



The latter refers to Greece's accession into Objective 1 of the EU structural policy and the implementation of the Community Support Frameworks<sup>2</sup> (CSF's).

In the context of CSF's, rural development, regional development and environmental policies of the EU are structurally placed into a single development planning. This single planning, particularly prominent in Objective 1 regions, contains a strong spatial element, which operates de facto in a decentralized way, both in its administrative and financial dimensions. It does this administratively because it introduces totally new principles in the case of centralized states, like Greece. It is a de facto significant driving force towards overall decentralization. It also assumes great economic importance, since the serious macro-economic restrictions mean that programs co-financed by the EU represent the overwhelmingly greatest part of the public investments. This decentralized dimension mainly concerns application, and, to a lesser degree, the design of policies.

### **Investment Aid Scheme in Greek Agriculture**

The bolstering of private agricultural investments forms one of the most important political measures which aim to modernise farm structures and to re-organize the agricultural sector of all the EU countries. Through the Investment Aid Scheme (cited as 'scheme' from now on), more specialized aims, have been promoted too; these include the agri-environmental incentives, (EC, 1985; IEEP, 1993) in various European countries, as well as the 'contrats territoriaux d'exploitation' in France, within the framework of multifunctionality (Coleman and Chiasson, 2002). From 1988 onwards, the scheme constituted an inseparable part of the policies exercised through the Structural Funds, thus fulfilling cohesion objectives as well. Since 1999, when Regulation 1257/99 was officially announced, private investment aid to agriculture has been structurally integrated into the overall EU rural development policy (EC, 1999). The real improvement of the efficiency of farm structures within the scheme is pursued through submission and approval of a detailed Investment Plan (IP), also known as 'Improvement Plan' (EC 1972; 1975).

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<sup>2</sup> Greece became a member of the EU in 1981. Since the late 1980's, three wide-ranging development programs have been implemented in the country, jointly funded by the EU Structural Funds. These programs are also known as 'Community Support Frameworks' (CSF), each corresponding to a programming period: 1<sup>st</sup> CSF (1989-1993), 2<sup>nd</sup> CSF (1994-1999), 3<sup>rd</sup> CSF (2000-2006).

Historically, the scheme has focussed on a wide range of objectives, giving member-states the ability to choose a desirable set of priorities (Tracy, 1993). In the case of Greece, investments that were made under the scheme undoubtedly had beneficial effects for the farms that carried them out. Nevertheless, they all operated strictly within the framework of the ‘modernization’ paradigm (mechanization-irrigation). Farms that benefited had the opportunity to proceed with radical re-organization of their production, while at the same time new job positions were created (Tsiboukas et al, 2000).

Undoubtedly, the scheme has substantially contributed to a series of improvements in Greek agriculture. For example, up until 1999, one quarter of eligible farms had joined the scheme. The scheme’s contribution to the overall cohesion and structural policies has been most significant. Farm Investment Aid is one of the foundations upon which all the vast development programs that have been implemented in Greece since the end of the 1980’s (known as Community Support Frameworks or CSF’s) have been built. The scheme is the most significant act of the Rural Development Operational Program (RDOP), which has been an integral part of all the CSF’s up until today, and is implemented by the Ministry of Rural Development and Food (MRDF).

### **Policy making and delivery of the scheme up to the second programming period**

A careful examination of the policy-making and delivery of the scheme in relation to Structural Funds policies up until the second programming period uncovers a number of serious problems. Of these, the most significant are serious planning deficiencies, the absence of a clear programme rationale, as well as the absence of clear functional, sectoral and geographic priorities, thus making an integrated and comprehensive evaluation of the scheme impossible (Karanikolas and Martinos, *forthcoming*).

The two ‘poles’ of the whole system were the Minister of Agriculture on the one hand, who had the exclusive authority for the distribution of monetary resources, and the Prefect and certain members of the Prefecture Rural Development Directorates (PrRDD’s) on the other. The latter, in reality, were accountable to noone, as they had the exclusive responsibility for the briefing, receipt and monitoring of the submitted IP’s. However, the framework for the implementation of the scheme

suffered from significant weaknesses, as it was characterized by institutional vagueness and arbitrary actions - including corruption - on the part of the engaged scientific and technical personnel employed in the PrRDD's (Papadopoulos, 1997). Another substantive characteristic of the scheme was its exclusive state-emanated design and implementation, in a totally centralized logic, with the absence of another social partner, particularly the farm organizations' representatives.

Within the above context, the problem of burdening the program during each programming period with tasks deriving from legal obligations contracted during the previous period is a characteristic feature. This was an outcome of the decision to continue approval of IP's after the program's resources had been exhausted throughout the second half of 1999, leading the entire program into serious fiscal imbalance and related programming errors. However, the most serious consequence was the severe undermining of any possibility for continuation of the same policy measure in the third programming period: though approximately 34,000 IP's were accomplished during the second programming period, the target for the third programming period is 23,500 IP's. These 'previous commitments' represent 41% of the IP's which are going to be completed in the third programming period, and 27% of the respective public spending budget (186 billion euro out of 681 billion euro). Apart from the serious consequences to the entire programming process and the very high financial cost, these commitments incurred a corresponding administrative cost, as it took two years to clear up the situation from this phenomenon (number of beneficiaries, the payment of subsidised investments to those beneficiaries, etc.)

### **Modifications from the second to the third Programming Period**

The findings referred to above, as well as the development in the institutional framework for structural policies and rural development (Regulations (EC)1257/99 and 1260/99), bear out noteworthy modifications to the scheme's policy design and implementation. Great effort was made by the MRDF to rationalize and reform the entire system in the third programming period. The scheme is implemented both on a central, and regional level, with the total number of IP's equally divided between the two. The central level, through the national RDOP, is concerned with animal production IP's, while the regional level, through the Regional Operational Programs (RegOP's), is concerned with crop production IP's.

The modifications made to the number of bodies involved, and their responsibilities, are also of significance. The ‘absolute’ authority once exercised by personnel employed in the PrDD’s has now been replaced by dispersed and multiple authorities, with more stakeholders. In addition, approval of IP’s is no longer given by the Prefect, but by either the Minister of Rural Development and Food (for animal production IP’s), or the General Secretary of the respective region (for crop production IP’s). Also, the non-existence of criteria prioritising the potential beneficiaries has given way to a system which grades and classifies them into recipients, runners-up and rejects.

It is hoped that the above changes will make the whole process more transparent, more objective and more efficient.

### **Participants in the scheme and their affiliation with it**

There are six principal bodies involved in the planning and implementation of the scheme, emanating from all the administrative levels. Two of these come from the central level, the Managing Authority of Rural Development Operational Program (RDOP’s MA) and another service which was established especially for the management and implementation of the scheme, called Rural Development Operational Program’s Special Management Unit (RDOP’s SMU), acting also as the final beneficiary of the scheme. Two other bodies from the regional level also actively participate. These are the Managing Authority of Regional Operational Programs (RegOP’s MA) and the Regional Rural Development Directorate (RegRDD). The Prefecture Rural Development Directorate (PrRDD) continues its involvement with specific responsibilities, as do the Local Municipalities (LM’s). Moreover, the Minister of Rural Development and Food, as well as the General Secretaries of the Regions have particularly defined roles within the whole system.

The responsibilities, grouped into ten different categories, and the roles of the participants in relation to the scheme, are shown in Table 1. As is shown in Table 1, although the responsibilities are spread over eight different bodies, the system in reality is exceptionally centralized, given that the Minister of Rural Development and Food has the exclusive authority for strategic planning, and for the two other arbiter responsibilities (distribution of resources and approval of IP’s), which are also exerted

by the General Secretaries of the Regions. On the other hand, the prefecture and local levels accumulate the fewest responsibilities of all.

It should be noted that the RDOP's MA and the RDOP's SMU have the same director, even though Regulation 1260/99 states otherwise. The operation of the entire system presupposes a sequence of actions which is shown in diagram 1 (see Annex).

### **Case study approach**

From our analysis so far it follows that in the field of rural policy making and implementation significant developments are taking place, which create an entirely new setting. These developments relate to the decentralization process of national administrative systems, to the continuous evolution of structural policies in the EU and to the increasing reinforcement of the second Pillar of the Common Agricultural Policy (CAP). Thus, responsibilities are devolved in favour of lower administrative levels; policies become more complicated in terms of content and require the involvement of more authorities than was previously the case; new authorities are established and responsibility is redistributed among them; rural development policy moves from uniformity to diversification and serious effort is taken to make it respond to the specific needs of regions and the demands of European societies.

The abovementioned issues provide the context for our assessment of the decentralization process of rural development policy in Greece, which is pursued through a case study of the farm investment aid scheme. The selection of the particular policy measure is justified on the one hand by its importance within farm structural policy and rural development policy and on the other hand because its planning and implementation take place across all administrative levels, with the participation in the process of all new mechanisms that have been recently established. Our research included all the authorities that are involved in that part of the scheme that deals with animal production IPs (i.e. almost half the total number of IPs), because in that part all administrative levels are represented.

More specifically, our aim is:

First, to assess the effectiveness of the decentralization process, within the new institutional and administrative setting of the scheme.

Second, to identify stakeholders' perceptions for both the decentralization process of the scheme and the desirable priorities for rural development policy.

To answer these questions, we examined the changing institutional framework and the administrative practice regarding the issues at hand. At the same time, we conducted a research through questionnaires addressed to the authorities that are involved in the scheme at all administrative levels. The research took place from January through April 2006. Target populations, number of questionnaires addressed to each authority and response rates are presented in Table 2. The response rate ranges from 46% to 64%, the average being 51%, which is deemed absolutely satisfactory.

## **Research findings – Discussion**

### *The struggling and contradictory process of decentralization of rural policy*

The Greek State started, in the 1980s, a significant reform effort with a view to modernising and democratising its organization and administration. Within this framework, the new shape of government of the Greek State, based on the idea of decentralization, was gradually established. Following the establishment of new administrative levels, responsibility was delegated to lower tiers, whereas at the same time the procedures of “Democratic Programming” and “Social Consultation” were introduced into the development planning process of the country.

Nevertheless, whether decentralization intentions and plans were actually fulfilled and led to the desired benefits remains to be explored. The research that was conducted within the present study does not seem to support the view that the aims have been achieved. On the contrary, it seems to lend its support to the view that decentralization has not been completed (Getimis et al., 2005).

Regional Administration and Local self-Administration of the A’ and B’ Degree were given responsibility for development planning at their respective levels, as well as for providing input thereof for national planning. In practice, however, they are assigned tasks of a merely implementation nature – which is especially true for Local self-Administration. As a result, Local self-Administration of the B’ Degree (at the Prefecture level) has not yet found its place and role within the administration system of the state.

The fact that the organizational structure of regional administration was designed by the central government, and set by Law, so as to make it uniform, although that does not seem to respond to their actual needs (Koumoukelli and

Polymeros, 2001), is indicative of the preservation of the centralized character of the State. At the Prefecture level of Local self-Administration, although the new organizational structure was decided upon by the Prefectural Council, it was based on the service units that existed previously, when Prefectures were units of central government. Therefore, the structure of all level B' Local self-Administration is uniform as well and organization is not used as a tool to achieve better results.

Administration levels were separated without providing for multilateral communication between them, within the spirit of constructive cooperation for the achievement of common goals. The findings of our research indicate that communication is unilateral and one-dimensional, from the center to lower levels of administration. The Prefecture Directorate of Agriculture (now Prefecture Rural Development Directorate) is no longer a Service of the Ministry in a single vertical thematic administration. Officially it has achieved its independence from the MRDF, but this disconnection brought about only disadvantages and none of the potential merits. All rural development actions are designed centrally, by the Ministry, without input from Regional Rural Development Directorates nor the Prefecture Rural Development Directorates. The responsibilities of these two units within the framework of rural development schemes relate to implementation only. Some respondents termed it as "simple paper-pushing".

Development directions and national planning are, beyond doubt, a task of the central administration. However, both the principles of "Democratic Programming" and the requirements of effectiveness (arguments that, as we saw, underpin the idea of decentralization), demand good knowledge of facts, views and needs at local level.

The absence of substantial contribution, through a process of continuous communication, in the formulation of rural development policy becomes evident, also, in the proposals of all administrative levels (except that of the central government) for a) an increase of contacts with Central Services and b) the creation of a coordination mechanism, as necessary changes in the institutional framework.

Lower administrative levels are, therefore, called to carry out a task that is assigned to them by the Ministry; however, they have no channel of communication with it, nor any access to it that would allow them to influence decisions which affect them directly. It is true that the institutional framework provides for social consultation; however, it does not provide for intra-service consultations either at the stage of planning or at that of implementation. Communication is top-down, from

central administration to lower levels of administration and government and it amounts to sheer –and rather limited- provision of information, or to the provision of guidelines regarding the execution of preset procedures. This conclusion is drawn also from the proposals that were put forth by the Managing Authorities of Regional Operational Programs for the improved implementation of schemes, but also from the wish of Prefecture Rural Development Directorates to express their opinion on the draft common ministerial decisions on the implementation of schemes in which they are intended to be involved.

The procedure for the approval – monitoring of implementation – certification of completion of IPs is an example of decentralized implementation where all administrative levels are involved. The procedure provides for a role for each administrative level, however, as we move towards lower levels, this role is confined to mere execution duties. Therefore, whereas apparently we have a decentralized implementation procedure, in fact it is absolutely concentrated, given that the final decision for approval is made by the Minister of RDF. It is decentralization in name only, as responsibility for decision-making is not devolved to lower levels of government – which would be the requirement to call it decentralized.

Referring to the delegation of decision-making powers to lower levels of administration, what we see is a reversal compared to the similar procedure of the 2<sup>nd</sup> CSF, where the final decision for the approval of IPs was made by the Prefect. In the 3<sup>rd</sup> CSF a more concentrated procedure was established, because, according to comments made by respondents, instances of lack of integrity were observed. The reaction, then, of the central administration to the suspicion of non ethical implementation of the procedure was to deprive lower levels of government from decision-making responsibility. Moreover, Central Government tried to install a system to ensure integrity and quality throughout the procedure; however, eventually it did not trust this system, given that the Central Administration, namely the Rural Development Operational Program's Special Management Unit, which was the final beneficiary for the Measure of IPs, proceeded to a new checking of all candidate files. The purpose of this re-checking was to verify the validity and completeness of candidate files. The result, however, of this additional check, which included all data (even those that had been checked by other authorities) were long delays in the final approval of IPs and large administrative costs.



At this point we should mention that requirements regarding candidate files are particularly high<sup>3</sup>, without, however, due information to interested parties, as to their completion, nor to assessors, as to how to check them. The new common ministerial decision 637/05 (article 22) for the implementation of IPs, which shall apply henceforth, stipulates that the final beneficiary will draft the proposal to the Minister for the approval of IPs according to the verdict of the Advisory Committee without performing a new check of candidate files. However, the procedure remains concentrated, given that the final decision for approval rests with the Minister.

One of the arguments for decentralized administration is the improvement of public management in general, or of a specific procedure in particular, since such an arrangement allows the central administration to focus on its planning duties, relieved from execution tasks. The procedure for the implementation of IPs obviously provided for the involvement of all administrative levels in order, on the one hand, to save resources from the central administration and, on the other hand, to render the procedure more effective and efficient. However, the research findings suggest that the effectiveness of the procedure is in question. There has been an effort to rationalize and introduce objective criteria, but at the same time long delays and increased administrative costs are noticed. Therefore, it is questionable whether eventually the system is more effective.

To conclude, we would like to return to the remarks that were made earlier concerning the lack of a planning rationale in the design and implementation of the scheme, as well as to the serious shortcomings in programming. These remarks create reasonable questions regarding the general development contribution of this highly important policy measure.

#### *Stakeholders' assessment of scheme's decentralization process*

From the answers given to the questions of the research by those directly involved in the planning and implementation of the scheme, a set of interesting opinions ensue (see Annex A).

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<sup>3</sup> According to some respondents from the country, these requirements are even higher than those that apply, for instance, to the aid to the secondary sector (processing and marketing of agricultural products).

There is considerable consensus among authorities on the fact that the procedure for the approval of Improvement Plans of the 3<sup>rd</sup> programming period is more transparent but also more bureaucratic than that of the 2<sup>nd</sup> programming period. Less strong, but still evident is the agreement among authorities on the following issues:

- The procedure for the approval of Improvement Plans is largely bureaucratic and time-consuming (4 out of 5 authorities). Only the RDOP's SMU finds it complicated but necessary. No one finds it relatively simple and effective.
- The procedure for the approval of Improvement Plans in the 3<sup>rd</sup> CSF is more objective in terms of the assessment criteria it sets in comparison to the one of the 2<sup>nd</sup> CSF (all find it more objective, with the exception of the RDOP's MA, where answers are evenly distributed between Yes and No).

However, we also have diverging views in a number of issues:

- the quality of coordination between authorities that take part in the procedure for the approval of proposals/projects of Improvement Plans
- the extend to which the time schedules that were set for the procedures of advertising, submission of proposals, approval, monitoring and delivery of Improvement Plans were kept
- whether the procedure for the approval of Improvement Plans of the 3<sup>rd</sup> CSF is more effective in terms of meeting the needs of the farm sector in comparison to the one of the 2<sup>nd</sup> CSF.

On the whole, although a procedure was established that the stakeholders unanimously perceive as more complicated, more bureaucratic but more transparent in comparison to the one of the 2<sup>nd</sup> programming period, views about its relative effectiveness and the degree to which it responds to the needs of the sector are skeptical.

### *The views about rural policy*

The views among authorities about rural development policy in general are very interesting (see Annex B). They largely agree that the existing institutional

framework does not provide them with sufficient opportunities to participate in the formulation of rural policy. However, although the institutional framework is confining, three out of five authorities feel that, in the end, they do participate in policy-making in the sector at hand. More specifically, the two authorities of the centre and a regional one (the Regional Operational Programs' Managing Authorities) believe that they have a role in the formulation of policy – in contrast to the Regional Rural Development Directorates and the Prefecture Rural Development Directorates.

It is “reasonable”, perhaps, to expect that the two authorities of the centre feel that they take part: both the origin of many of their staff members (the headquarters of the MRDF), and their nation-wide responsibilities can account for their views. It is worth noticing, however, how the two authorities of the regional level have differing views, showing moreover the widest divergence between all authorities. On the one hand the RegOP's MA, where almost 90% of staff believe they participate in policy-making and on the other hand the RegRDD, where only 30% of staff has this view. The active involvement of RegOP's MA staff in the design of development programs at regional level, as well as their advisory role in committees and work groups may be giving them the sense of participation. A further reason is their direct involvement in Regional Operational Programs, i.e. in multi-sector programs with a wide range of thematic fields, in contrast with RegRDD, which have a more sector-specific orientation.

The other authority that feels that it does not participate in policy-making is the PrefRDDs, i.e. the authorities that during the previous programming period had a decisive role in a number of rural policy affairs. It is understood that they are going through a stage where their role within the new environment is being redefined. Perhaps the most basic element of their identity is their preference to constitute part of the administrative machine of the MRDF, which is the status they had before the establishment of the 2<sup>nd</sup> degree of local self-government.

Finally, all the authorities that took part in the research expressed a strong desire for active involvement in the defining of goals and priorities for rural policy at their administrative level.

### *The priorities of rural development policy*

As expected, the ranking of priorities in rural development policy presents varying degrees of differentiation among authorities (table 3). The highest-ranking goals are the development of quality products, the implementation of the Codes of Good Agricultural Practice and Cross-Compliance. These are followed by the reinforcement of organic farming and organic stock-breeding. At the lowest ranks we see the diversification of production towards non-edible products and the development of fisheries.

Regarding the comparison between authorities, the RDOP's MA, the RDOP's SMU and the RegOP's MAs show a high degree of internal convergence in their views, whereas RegRDD follows a similar pattern. It is worth noticing the divergence of PrefRDDs from the other authorities in 12 out of 17 rural development policy priorities, i.e. they give lower rankings to 70% of the issues about which they were asked. It is remarkable how PrefRDDs rank lower than all other authorities the spatial approach to rural development policy, as opposed to the horizontal one. This is a clear indication of the readiness of the staff of PrefRDDs to respond to the demand for policies adapted to local needs.

Last, we see that the two authorities that have exactly the same categories of responsibilities, the RDOP's MA and RegOP's MA (table 1), follow a similar pattern in ranking priorities, except for three cases in which they have diverging views.

## **Conclusions**

Rural policy-making in Greece is undergoing significant modifications emanating from recent efforts for devolution of competences, in relation to evolving EU structural policies and the 'Second Pillar' of Common Agricultural Policy. Nevertheless, this is a contradictory process, with innovative efforts in policy design and delivery as well as reversal of already activated procedures.

The redistribution of tasks and the mere multiplication of authorities responsible for the design and implementation of rural development policy do not necessarily advance the policy outcomes. What is needed as well is a genuine delegation of responsibilities and resources, coupled with a renewed awareness of integrated policies from the actors involved at all administrative levels.

Though notable decentralization efforts are in progress, rural development in Greece seems to maintain its primarily state-emanated design and implementation, in

a centralized logic, as the case of farm investment aid scheme indicates. Long standing top-down and sectoral orientation in the formulation of this policy still holds, permeating the attitude of a number of actors, whose traditional role is challenged in the new setting.

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**Table 1: Allocation of Investment Aid Scheme's Responsibilities by Administrative Level (2003)**

Responsibilities		Administrative Level							
		Central			Regional			Prefectural	Local
		Minister of Rural Development & Food	RDOP's MA	RDOP's SMU	General Secretaries of the Regions	RegOP's MA	RegRDD	PrRDD	LM's
1	Decisive Responsibilities for Strategic Planning	√							
2	Financial Management			√			√		
3	Checking		√	√		√			√
4	Imposing Sanctions	√			√				
5	Advisory Function		√	√		√	√	√	√
6	Decisive Responsibilities for Financial Resource Allocation	√			√				
7	Administrative Support						√	√	
8	Decisive Responsibilities for the Approval of Improvement Plans	√			√				
9	Responsibility for Regulating Matters of a General Character	√			√				
10	Responsibility for Providing Information		√	√		√	√		

*RDOP's MA: the Managing Authority of Rural Development Operational Program*

*RDOP's SMU: Rural Development Operational Program's Special Management Unit*

*RegOP's MA: the Managing Authority of Regional Operational Programs*

*PrRDD: the Prefecture Rural Development Directorate*

*RegRDD: the Regional Rural Development Directorate*

*LM's: Local Municipalities*



**Table 2: PARTICIPATION IN THE RESEARCH BY AUTHORITY**

AUTHORITIES	NUMBER OF AUTHORITIES RELATED TO SCHEME	NUMBER OF AUTHORITIES RELATED TO SCHEME, THAT RESPONDED	Respondent	Response (Filled Questionnaires)	Response Rate
RDOP's MA	1	1	Executives	7 out of 11 Executives	(7/11) = 64%
RDOP's SMU	1	1	Executives	6 out of 10 Executives	(6/10) = 60%
RegOP's MA	13	7	Heads, Directors or Experienced Officials	9	(7/13) = 54%
RegRDD	13	6	Heads, Directors or Experienced Officials	7	(6/13) = 46%
PrRDD	54	27	Heads, Directors or Experienced Officials	40	(27/54) = 50%
<b>Total</b>	<b>82</b>	<b>42</b>		<b>69</b>	<b>51%</b>

*NOTE: The response rate is calculated according to the way the questionnaire was filled-in, i.e. either on behalf of Authorities or by individual executives with responsibility in the field.*

**Table 3: Ranking of Priorities for Rural Development Policy**

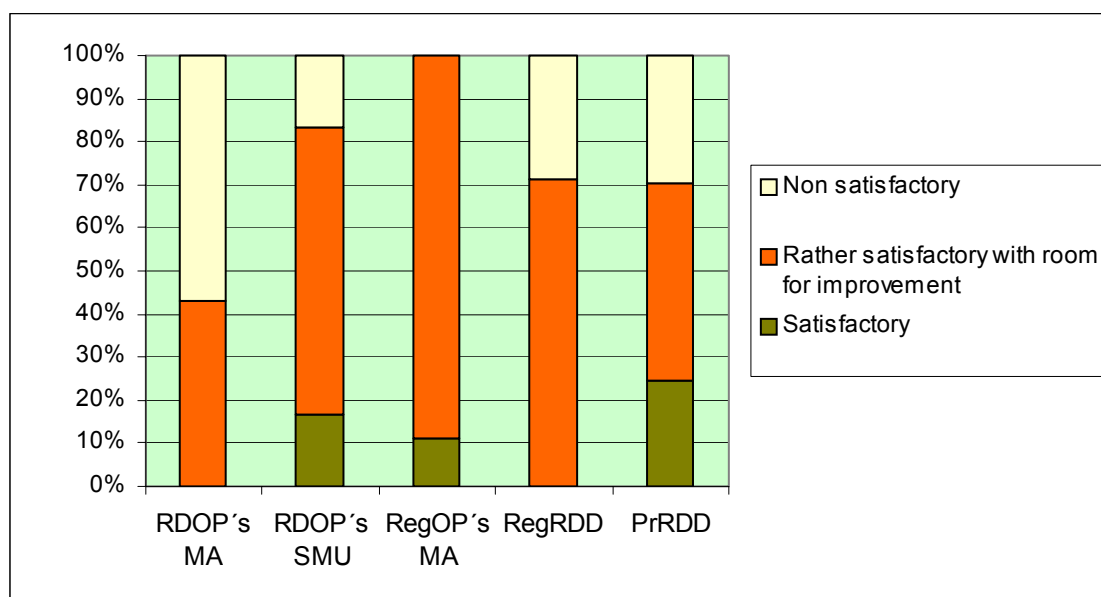
PRIORITIES		RANKING BY ADMINISTRATIVE LEVEL (Max. = 10)				
		Central		Regional		Prefecture
		RDOP's MA	RDOP's SMU	RegOP's MA	RegRDD	PrRDD
1	Restructuring of Cultivations	5	8	8	7	6
2	Reinforcing the Entrepreneurial Nature of Farms	8	9	9	8	6
3	Expansion of Irrigated Land	6	4	5	5	5
4	Expansion of Pastures and Development of Livestock Production	7	7	7	5	5
5	Development of Fisheries	6	7	6	6	3
6	Development of Agro-tourism	7	8	7	7	5
7	Support for the Implementation of the Code of Good Agriculture Practices and the Cross Compliance Standards	8	9	9	9	7
8	Support for the Provision of Services of Environmental Protection by Farms	9	8	8	8	6
9	Maintainance of Agricultural Heritage	8	6	9	6	5
10	Support to Organic Farming	9	8	8	8	7
11	Support to Organic Stock-Breeding	9	9	8	8	7
12	Support for the Development of Quality Products (e.g. Products of Protected Designation of Origin)	9	10	9	8	7
13	Support for the Diversification of Agricultural Production towards Non-edible Products (e.g. Energy Plants, Pharmaceutical Plants)	7	7	7	5	2
14	Support for the Diminishing of the Abandonment of Agricultural Land	2	7	6	7	4
15	Finding New Markets and Promoting the Products of the Region	9	8	9	7	5
16	Establishment of Processing Units for Agricultural Products	8	6	8	8	7
17	Region-specific (spatial) rather than National Horizontal Approach to Rural Development	10	8	8	6	4

## ANNEX

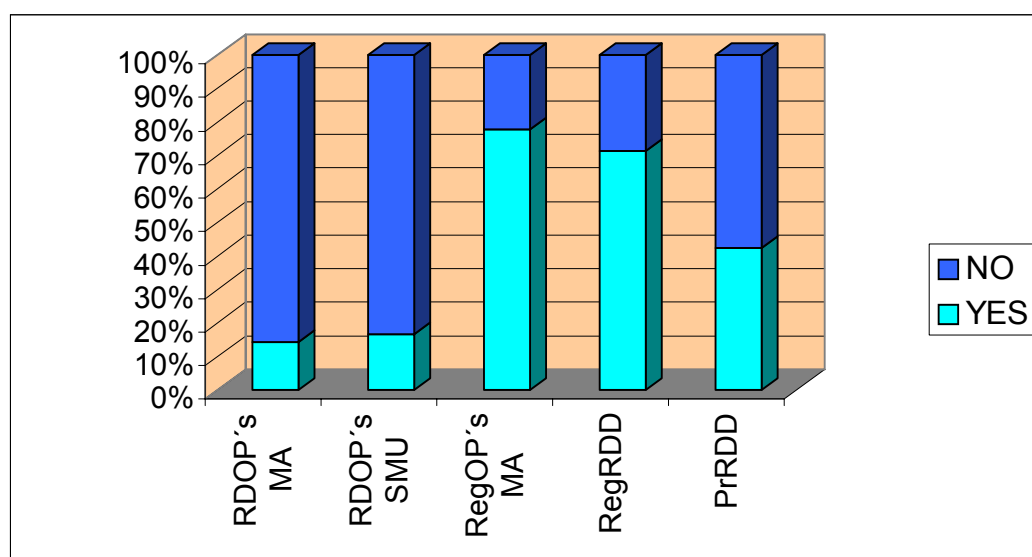
### Stakeholders' Perception on Decentralization Process of Rural Policy

#### A. In Relation to Investment Aid Scheme

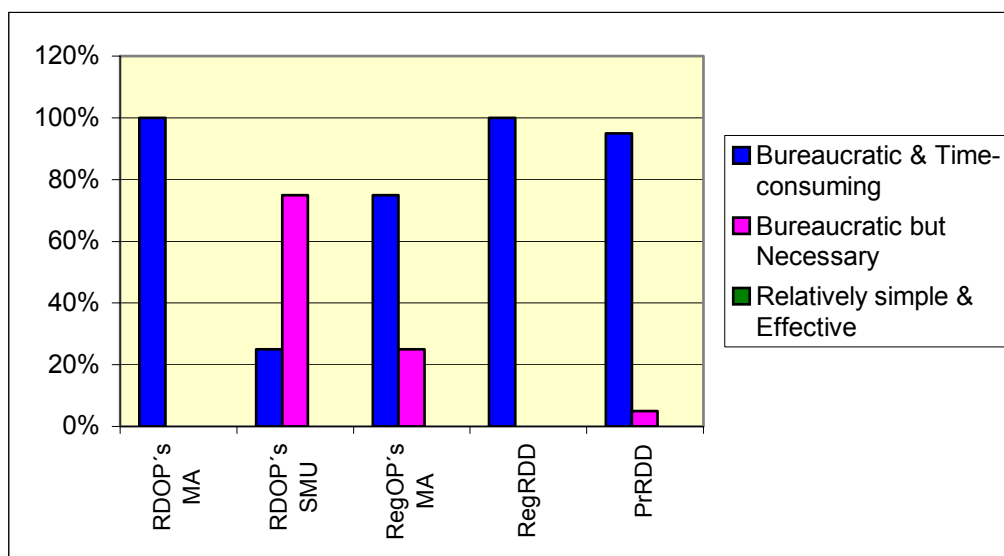
1. The quality of coordination between authorities that participate in the procedure for the approval of projects within the Scheme is:



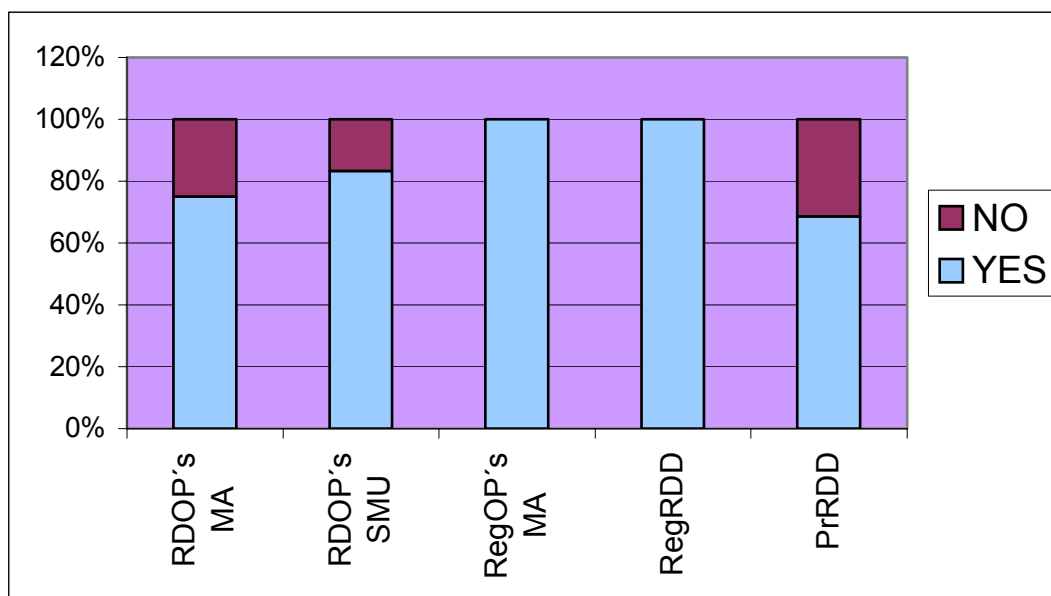
2. Have the time schedules set for the procedures of advertising, submission of proposals, approval, monitoring and delivery of Improvement Plans been kept?



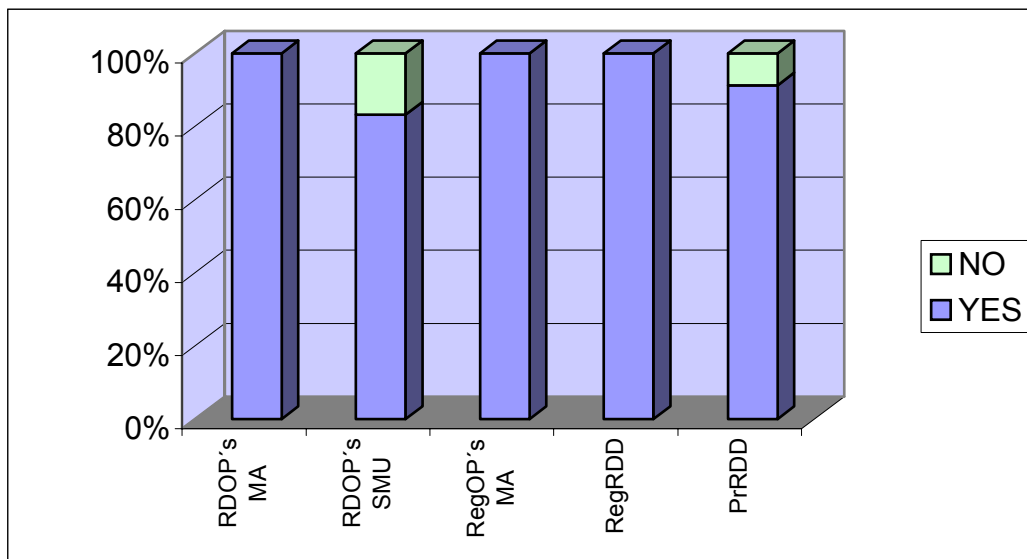
3. How would you describe the procedure for the approval of Improvement Plans?



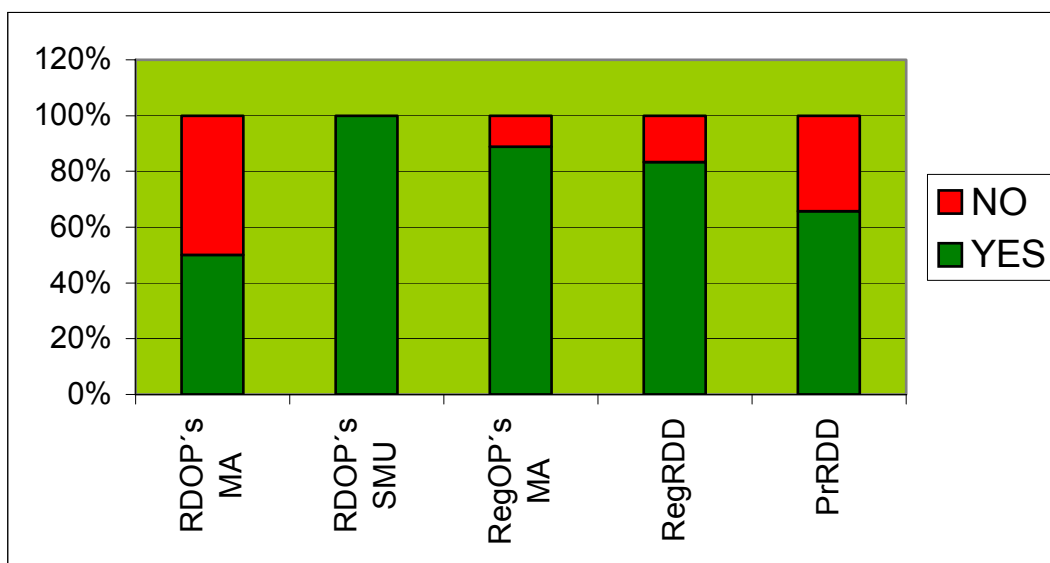
4. Is the procedure for the approval of Improvement Plans of the 3<sup>rd</sup> programming period more transparent in comparison to that of the 2<sup>nd</sup> programming period?



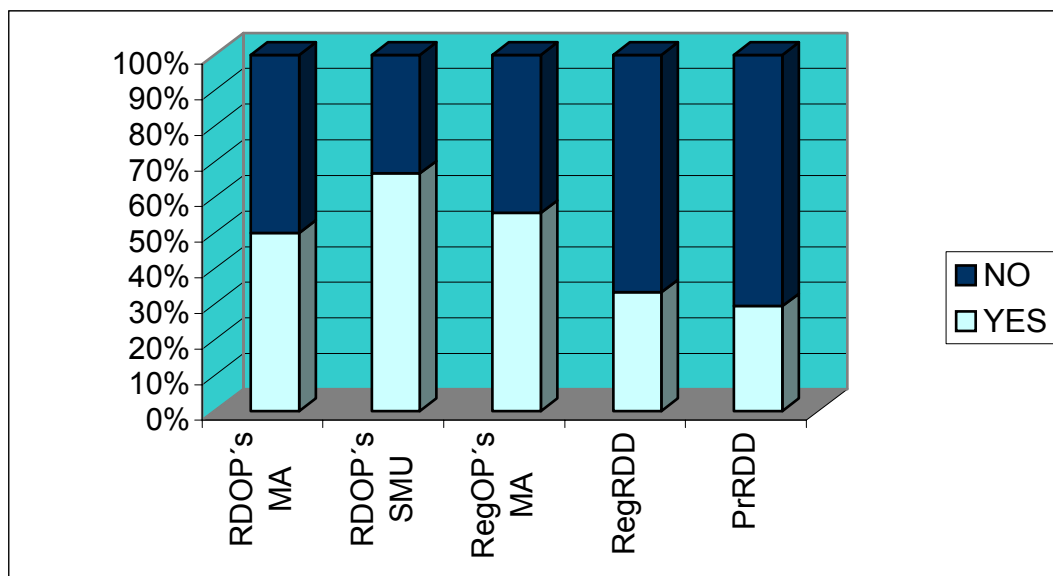
5. Is the procedure for the approval of Improvement Plans of the 3<sup>rd</sup> programming period more bureaucratic in comparison to that of the 2<sup>nd</sup> programming period?



6. Is the procedure for the approval of Improvement Plans of the 3<sup>rd</sup> programming period more objective as to assessment criteria compared to that of the 2<sup>nd</sup> programming period?

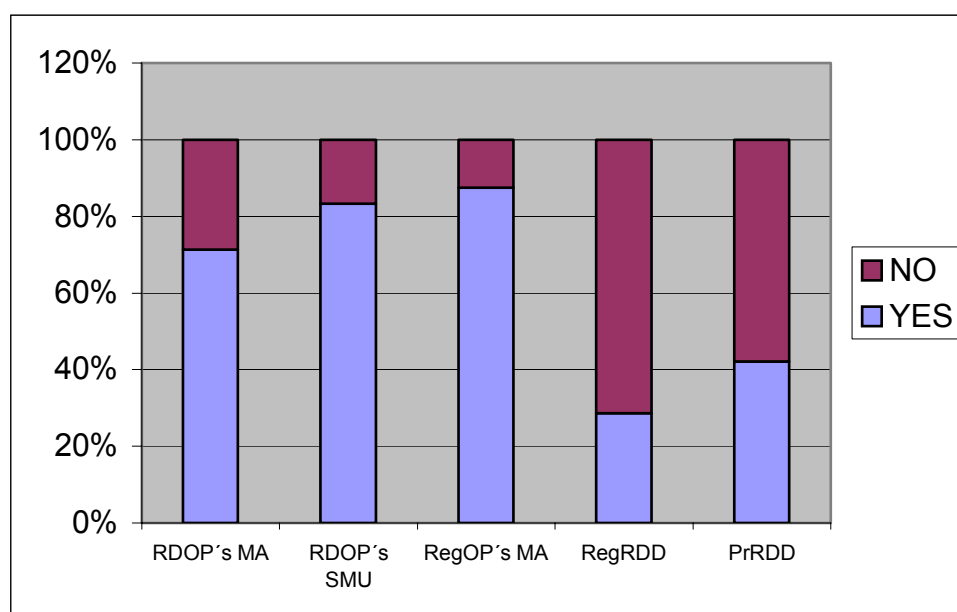


7. Is the procedure for the approval of Improvement Plans of the 3<sup>rd</sup> programming period more effective as to meeting the needs of the sector in comparison to that of the 2<sup>nd</sup> programming period?

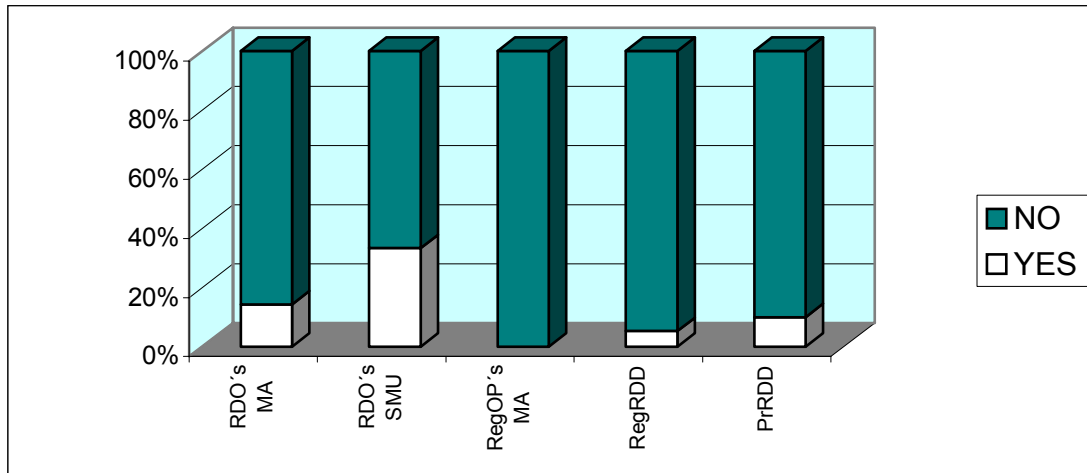


## B. In Relation to the Overall Rural Development Policy

8. Do you think that you participate in the formulation of rural development policy?



9. Does the existing institutional framework provide you with sufficient opportunities to participate in the formulation of agricultural policy?







## SUBMISSION, CHECKING & IMPLEMENTATION PROCEDURE OF ANIMAL PRODUCTION IMPROVEMENT PLANS

