

Applying Shift-Share Analysis on LEADER+ in Greece

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1. Introduction

The EU LEADER Initiative was introduced in 1991 as a bottom-up approach to rural development based on specific local characteristics. Local Action Groups (LAGs) implement innovative integrated and multi-sectoral projects, developing managerial capacities and networking. LEADER, or Axis 4, represents 5.9% of the Greek Rural Development Program budget in the 4th Programming Period (PP). However, the 40 Local Action Groups' budget absorption rate fluctuated between 99% and 198%, while the national average rate was 133% under the 3rd PP. These great absorption capacities differentiations are examined in order to enhance future LAGs' performance by intervening in the stages of LEADER design, implementation and evaluation at both national and local level.

A) Shift – Share Analysis (SSA): Regional quantitative analysis measuring the change of a variable in a particular region. Three components are used to describe the difference in budgeted and allocated funds: $Mr = ENr + ESr + ERr$

National Effect (EN): deviation between budgeted and finally allocated funds if the LAG had achieved mean national absorption rate.

Structural Effect (ES): deviation from EN, due to national LEADER+ program structure (external effects).

Regional Effect (ER): deviation from EN attributed to choices made in every LAG's LEADER+ program planning and management (internal/endogenous effects) characteristics.

According to the prices of ES and ER, LAGs are **classified into Regional Types** (see Table)

3. Methodology

Regional Type	Boudeville & Stilwell criteria
1	Positive overall performance, Positive Structural and Regional Effect
2	Positive overall performance with negative Structural effect
3	Positive overall performance with negative Regional effect
4	Negative overall performance with positive Regional effect
5	Negative overall performance with positive Structural effect
6	Negative overall performance, Negative Structural and Regional Effect

Source: Boudeville (1966) & Stilwell (1969)

B) Quantitative Network Analysis (QNA): Standardized questionnaire survey. Relations such as trust, incentive, uniqueness, conflicts and information flow were examined and related to the ES and ER of the SSA

C) Statistical (Pearson) Analysis:
• of SSA results
• Correlation of SSA, QNA and LAG characteristics

4. Results

4.1. Shift Share Analysis (SSA)

- Overall LEADER+ budget **absorption rate: 133%** (positive EN)
- Regional Effect is more important than Structural Effect ($|ER| > |ES|$)
- ES is positive for 17 LAGs and ER negative for 22
- The latter 22 LAGs cannot reach absorption rate above national mean



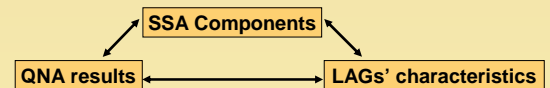
Map: LAGs' Regional Types (RT)

4.2. Statistical (Pearson) Analysis of SSA results

- Total absorption rate appears to be strongly connected to the funds allocated for LAGs' technical support (Measure 1.1)
- General success depends strongly on the LAG's effort and capacity rather than on overall rural development policy progress
- Consistency appears between planning and implementation, with measures 1.1, 1.2, and 1.4 being the strongest

4.3. Correlation of SSA, QNA and LAG characteristics

SSA components, QNA results and LAG characteristics were correlated in pairs:



A) SSA / LAG characteristics

Staffing number, full-time secretariat support, frequent general assembly meetings and LAGs' operational time and experience factors that are positively affect the Regional Effect component (ER) and the overall absorption rate.

B) QNA / SSA

The more replaceable LAGs consider themselves inside the network, the more they developed technical support or entrepreneurial activity (Measures 1.1 and 1.2). Also, LAGs perceiving dogmatism tended to allocate more funds for supportive activities (Measure 1.3)

C) QNA / LAG characteristics

The educational level of LAG chairmen affects positively perceived dogmatism, while frequently held general assemblies make them feel less replaceable inside the network. LAGs supporting investments in guesthouses and small hotels need to look more for information and they gain trust and uniqueness

5. Conclusions / Policy Recommendations

1. **Local dynamics and potentials proved stronger than exogenous factors:** Absorption rates are proven to depend more on endogenous dynamics than on EU and national effects. Local actors have to be enabled and authorised to join in and shape rural development initiatives.
2. Better planning enhances LAG performance. **Planning and implementation appear to be consistent** for all Measures with Measure 1.1 (technical support) leading. On the other hand, Measure 2.2 (international cooperation) seems to be lacking in planning.
3. LAGs willing to stand for an important role in rural development should **try to achieve high educational level staff and a large number of stakeholders involved.**
4. LAG's absorption rate is related to **quality parameters of human capital** such as employment of **specialised staff and full-time secretariat support, LAGs' long-standing experience and frequent general assemblies.**