

GREECE – TRIKALA

Traditional hotel at the Kastraki Area of Kalabaka

The case study described here can be characterised as a typical example of an agro-tourism activity (carried out by a farmer) which can potentially affect in a positive way the existence of higher linkages between primary agricultural production and the wider rural economy in the study area of Trikala (Greece). More specifically, the utilization of this particular investment project can potentially result into the more effective use of agricultural resources, the increase of local value-added, the diversification of the local economic-base and the generation of rural jobs.

1. Project details

Nature of the project

Purpose: The establishment of a traditional small hotel near the well known and tourist area of Meteora-Kalabaka.

Content: A small hotel of 14 rooms (25 beds) with all the supporting facilities (common room, reception, etc.).

Inspiration: The owner realized the decreasing incomes from agriculture, and the high demand for tourism in the area. At the same time, the owner had privileged land with unrestricted view to one of the most famous rocks of Meteora the Adrachi rock.

Policy coherence: The project is in accordance with the operational objective of the Regional Development framework and especially the support of tourism related activities utilizing the comparative advantage of the Meteora area.

Links between agriculture and the rest of the economy

Main agricultural sub-sectors involved: The project is not directly linked to the agricultural sector.

Description of these links: Everything that is served in the hotel comes either from the owners own production or exclusively from local farms.

Scale of the project

Size: Small sized for the tourism sector

Time scale: The plant was built in the period 2003-2006 and operates since then.

Coverage: Local

Beneficiaries and supporters

Beneficiary: The then 30 years old owner.

Supporters: The family, the local development agency

Finance

Funding: The initially projected total cost of the project was 440,000 Euros and was subsidized by almost 60% (226,000 Euros) by the Integrated Rural Development Programme (FEOGA-Guidance), Third Regional Operational Programme of the Thessaly Region. The total cost reached 700,000 Euros. All the remaining cost 474,000 Euros were contributed by the owner, no loans from private banks.

Budget: 700,000 Euro.

Results

Direct results: In general, results are positive, despite the decrease in demand due to the economic crisis. Results are within the owner's business targets.

Main target: Individuals from major urban centres (Athens and Thessaloniki) no travel agents or tour operators due to small scale.

Wider benefits: Not significant benefits

2. Relevance of case study experiences for others

Problems: The most important difficulties are summarised as follow:

- a) The most difficult part of the process was the one concerned with permits from various civil services including the archaeological commission and the forestry service. The permit granting process started in 2001 and finished in 2004.
- b) Low support from local institutions and especially from the municipality of Kalabaka.
- c) Certain banks refused to grant loans despite the fact that the project had been elected for support, or the offered rate was not competitive

Transferability and mainstreaming potential: The project can be replicated successfully elsewhere taking into account the existence of a strong tourism attraction.

Innovation: The project is not innovative.

Institutional aspects: The assistance and support by the local development agency was crucial.

Social aspects: The project has created 3 full-time jobs. The owner, when started the investment was 30 years old and this was his major incentive to stay at his village and make a family there.

Environmental aspects (for projects that are not strictly environmental): The project, due to its small size, did not have to comply with strict environmental legislation applicable only to large projects. However, due to its location the project had to comply with the architecture and the landscape of Meteora.

Sustainability: The unit is sustainable but the owner argues that in his case sustainability is a function of the following factors:

- Absence of loans
- High inputs of self-work during the establishment and operation stages
- The maximum allowable support which in many cases is small

Lessons to pass on: The investment under consideration was the outcome of push (out of farming) and pull (the desire to remain and make a living in the area) forces. The economic rate of return for this investment is low, at least in comparison to other activities because the building of a traditional

small scale tourism project is expensive. One strong incentive for the investor is his family and the prospect of succession.