

**Territorial and sector approaches in rural
development policies in the EU and Latin America:
Objectives, design and delivery systems**

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Territorial and sector policies for RD in the EU

The EU has strong sector policies (agricultural) since the '60s and has given a modest role to rural territorial policies

- Rural policy inherited the farm structures interventions of the '60s, '70s and '80s (farm investments, food chains)
- Introduced environmental concerns in the '90s as a support for sustainable farming practices (public goods delivered by farmers)
- Introduced the Leader approach in the '90s with wider RD in mind (territorial/local, but with other features as well), modest funding
- Packaging of rural measures in 2nd pillar of the CAP since 2000, with mostly sector interventions and resistance to the expansion of territorial function, in 2006 mainstreaming of Leader in RDPs
- Rural policy is also offered through Regional & Cohesion Policy (for the reduction of disparities); today no longer integrated with RP
- Territorial policies account today more or less for about 10-15% of RD funding, with differences among MS

Are environmental policies a sector or a territorial policy in the EU?

- Progress from agro-environmental policy, to conditionality for direct payments, to public goods and climate change concerns
- Environmental concerns are included in rural policy, but addressed to sector beneficiaries (farmers, foresters), the larger ones
- No good rationale for limiting the provision of public goods to professional farmers: small holders or other rural dwellers could supply them as well;
- Payments for the provision of environmental services, conceived at a time of stable commodity prices, have more problems of acceptance (loss of competitiveness) with price volatility, higher commodity prices
- No good reason for not having an environmental territorial approach for some concerns (landscapes, heritage, tourism)
- Climate change doesn't fit well in today' public goods logic limited to farmers: biodiversity, carbon sequestration, water, energy, even land management are much larger than farm issues

Environmental concerns only partially lend themselves to be used as a tool for reforming the CAP

Territorial and sector policies in Latin America

- Sector support policies are much weaker in Latin America: more competitive large farms, exporting in world markets, finance other sectors' development (not a policy problem)
- However, important peasant farming still there, poor, different weight in different LA countries, linked to indigenous populations: a social poverty issue, access to land/rights of tenure (big policy problem, typical of developing countries), politically relevant for consensus
- In the late '90s international organizations (FAO, WB, BID, UN, FIDA, IICA, EU) start to promote rural territorial projects (DTR), often using some EU policies as reference (Leader)
- Formally coordinated by IICA, each IO follows an approach and rules of its own, and address mostly peasant poverty issues (small farms) as a sector problem which may find a better solution with a DTR approach; added on top of different national "social" policies
- Funding for this approach is however relatively modest (very difficult to quantify), pool of potential beneficiaries (poor farmers) very large
- Environmental issues do not play key sector role (peasant farming is sustainable), a cultural and heritage resource for DTR

Comparing approaches: objectives (1)

- For the EU the introduction of territorial rural policy had two functions,
 - the main one, as a *tool in the reform of the CAP* (modulation, agro-environmental measures, quality, food safety, farm diversification...)
 - a secondary one, to *respond to the new functions of modern rural areas* (pluriactivity, leisure, residence, services, diversification of the rural economy)
 - however, the new territorial functions were perceived as competing rather than complementary with agricultural interests, because they expanded the pool of potential beneficiaries
- As a result, territorial and agricultural policies live side by side, within the same institutional “home”, with mutual mistrust and a dominant sector role, addressing two different sets of beneficiaries (professional farmers, wider rural population)

Comparing approaches: objectives (2)

- In LA, the introduction of the territorial approach (DTR) had mainly a more social than economic function, linked to poverty alleviation, mostly of a rural character
- In relation to previous sector objectives (access to land, cooperation, micro-credit) the territorial approach added farm diversification objectives, environmental valorization, tourism, local markets, typical products...
 - not considered until then as feasible in rural poor contexts,
 - Peasant economies do not compete with mass production of commodities for export
 - DTR responded to shocks created in the '90s: deregulation, restructuring, privatizations, elimination of support, impoverishment, and was pushed as a “compensation” by international financial organizations
 - DTR was seen also as a way to avoid urban congestion

Comparing approaches: design

- In the EU, RD policies, adopted the approach of the Structural Funds (pluriannual programming, institutional partnership, subsidiarity, co-financing, additionality, monitoring and evaluation)
- In LA, DTR policies, with multiple sources of supra-national support adopted heterogeneous designs, not codified, without continuity over-time, following the priorities of the different organizations involved

Comparing approaches: governance issues (1)

- Multi-governance arrangements have implemented territorial policies in both EU & LA, using funding leverage to shift national sector policies (supra-national top supports bottom-up, local)
- In EU, rural territorial approaches started as a way to adapt policies to different contexts, to deal with diversity and adaptation of policies, however initial emphasis on bottom up policy formulation (local development strategies) have been giving way to stricter top down EU & national strategies (Lisbon, EU 2020) and local compliance
- In EU well codified vertical partnership arrangements have developed an effective form of multi-level governance (EU, MS, Regions)
- In LA a key role is attributed to administrative decentralization, often to the local level, to improve democracy & participation (political issue)

Comparing approaches: governance issues (2)

- In LA a key role is attributed to vertical administrative decentralization, often to the local level, to improve democracy & participation (political issue)
- Territorial approaches require coordination of sector policies, no success in this task either in EU or LA, easier at local level, but this not enough
- Importance of DTR variable en LA: higher in Chile, Mexico, Brazil, Peru, weaker in Argentina...it is also less frequent the competence in rural development to agricultural ministries; labour, social affairs, regional relatively more frequent
- The real issue is not so much where the institutional home of DTR is, but to learn how to better coordinate relevant policies

Comparing approaches: delivery systems

- In the EU, shared competence with MS, implementation done on the basis of common rules (agreed regulations); improving over time
- Significant difference
 - between MS who had a territorial RP before EU introduced 2nd pillar and MS who did not
 - Between centralized and decentralized MS
- In LA no consistent pattern of delivery (depends on bilateral agreements between donor organization and country)

Comparing approaches: the role of sector policies

- In EU dominant role of agricultural policy and ministries in defining weight, content, funding of territorial RD
- In EU, economic rationale (viable farms) for agriculture sector more powerful than social ones (exception of some new MS, subsistence farms)
- In LA economic (agriculture) and social policies (rural poverty) more polarized, different rationale, both dealing in very differentiated ways with their “segments”, market versus assistance approaches

Comparing approaches: local development (place-based) policies

- Leader approach, innovative, successful, widely imitated (with adaptations) in LA,
- Specific features now codified, but mainstreaming in EU diluted and bureaucratized the approach, little margin for innovation
- Mostly used in EU for wider development of rural areas: limited for agriculture, expanded for tourism, SMEs, cultural, employment (used as counterweight of a strong sector policy)
- Linkages between agriculture and wider rural economy little explored but strategic for territorial rural (marginal role in regional place-based)

Comparing approaches: developed and developing countries

- Contexts and evolution of RAs are key information for understanding the role that rural territorial policies may play in overall sustainable development
- Comparison of EU and LA shows that they have been used and are useful, if adapted, in very different contexts, developed and developing
- There is however little generalized knowledge of how rural areas modernize and change over time
- In EU, RD policies were introduced when development had already occurred; this reduces lessons which might be learnt from EU experience for developing countries (most of LA) but also for NMS

Some conclusions (1)

- Lots of work to do, to learn how to codify experience so far, comparative analysis very illuminating (time and place), dynamics of rural areas
- Rural policies so far have been instrumental to other objectives, rather than being policies on their own right
- In fact territorial rural policies, in EU & LA still deal mainly with agriculture (CAP reform or rural peasant poverty);
- Territorial policies should be comprehensive policies, mostly place-based, multi-sector, bottom up, in rural areas they should include agriculture but...if they sectorialize too much they loose effectiveness
- there is no reason for agriculture to be excluded from them, but given its traditional dominance, its integration and mutually supportive effects with wider RD have been difficult to come through;

Some conclusions (2)

- Multi-level governance and coordination of policies are key issues, not yet solved, in most territorial RD policies around the world (EU & LA no exception)
- Territorial approaches' major impact has been in terms of “vision”: future of rural areas no longer perceived in terms of modernization of farming but rather in terms of wider diversification and modernization, including that of agriculture
- The modernization of rural areas involves much more than farming, acknowledging this fact could help developing countries not to repeat the mistakes of advanced economies in their rural areas