From Reality to Concept to Reality
Territorial Approaches in Rural Development

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Bonn, Federal Ministry for Economic Cooperation and Development (BMZ)
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Spatially uneven development
Spatially uneven development

Territorial dynamics, 9064 municipalities, 9 countries

<table>
<thead>
<tr>
<th>Outcome over one decade</th>
<th>Municipalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth but no improvement in poverty or inequality</td>
<td>6</td>
</tr>
<tr>
<td>Growth and reduced poverty and/or inequality</td>
<td>37</td>
</tr>
<tr>
<td>No growth but reduced poverty and/or inequality</td>
<td>29</td>
</tr>
<tr>
<td>No improvement in any dimension</td>
<td>29</td>
</tr>
</tbody>
</table>
More complex rural economies

<table>
<thead>
<tr>
<th>Region</th>
<th>Nonfarm share of rural income (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>37</td>
</tr>
<tr>
<td>Asia</td>
<td>51</td>
</tr>
<tr>
<td>Latin America</td>
<td>47</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Africa</th>
<th>Asia</th>
<th>LAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>21</td>
<td>22</td>
<td>23</td>
</tr>
<tr>
<td>Commerce and transport</td>
<td>31</td>
<td>28</td>
<td>22</td>
</tr>
<tr>
<td>Personal, financial and community services</td>
<td>36</td>
<td>34</td>
<td>35</td>
</tr>
<tr>
<td>Construction, utilities, mining</td>
<td>12</td>
<td>15</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Haggblade, Hazell, and Reardon, 2007
Urbanization of rural regions

Source: UN World Urbanization Prospects

Deep rural

Large cities

Small and medium cities
A new “rurban” space

Source: UN World Urbanization Prospects
Emergence of new relations

- With new supra-territorial socioeconomic, political, cultural, environmental trends
- New rural economy
- New spatial configurations
- New livelihood strategies
- New social actors
- New priorities and political and developmental visions
- New conflicts and synergies
- New opportunities
Why a territorial approach?

Because this new rurality cannot be understood, nor transformed, using sectoral lenses or policies.
Concepts

- **Territory:** a space with a socially-constructed identity.

- **Territorial development:**
  - A process of productive and institutional transformation of a territory, that leads socially inclusive and sustainable economic growth.
  - A place-based approach to expand the development opportunities and the potential of each territory, by strategically managing the relations (trade-offs and synergies) between economic growth, social inclusion and environmental sustainability.
How?
It is of the essence of territorial development that each geography is different, that each society has its own history and a particular set of institutions, and relates in different ways with the “outside world”
But what is essential in this framework for doing rural development in a “territorial way”?

1. The place matters
2. Focus on unlocking the best possible opportunities of the territory, whatever they may be
3. Focus on relations
   - Between sectors
   - Between rural and urban areas
4. Coalitions of actors representing the diversity of the territory, in the drivers’ seat
Compatible with other approaches

- Within this framework, all other toolkits are useful and are welcome... depending on the territory
  - Value chains
  - Agricultural development
  - Organic agriculture and other high value products
  - Sustainable tourism
  - Geographic indicators and cultural products and services
  - Market access
  - Producers’ organizations
  - Watershed management
  - Landscape development
  - Integrated natural resource management
  - And the rest

- But see them as **tools** to be used, or not, depending on the territory
Place matters

- Functional territory: the places where people actually conduct much of their social life
  - Residence
  - Work
  - Buy and sell
  - Study
  - Organize
  - Interact with authorities
  - As it happens, the vast majority of them will have been born there

- Avoid normative territories to the extent possible!
Don’t let the problem capture your imagination (and your wallet)

- Rural development is too constraint-oriented and constraint-driven! More attention to potentials

- Rural development is too capacity-oriented and capacity-driven! More balanced attention to incentives
Sets of relations = action domains

- In rural Latin America, development opportunities are related to six interacting “bundles of factors”
  1. Rural – urban arrangements
  2. Linkages with markets
  3. Economic structure
  4. Governance of natural resources
  5. Governance of public and private investments
  6. Social coalitions

- In one or several of them you are likely to find the best options and opportunities for a given territory
- Get a sense of them in the territory and anticipate how they relate to your objectives
Focus on the best options of the real economy

- Rural ≠ agricultural
- All legal economic activities are fair game, don’t prejudge
- Invest in those activities that have the best potential to improve the livelihood of many (most)
- Look at persons (gender, age, ethnicity), not just households
- Make sure you deal with all relevant linkages, and not only with those in which the direct beneficiaries are directly involved (and don’t forget the towns!)
Leverage towns and cities

- Most engines of development are outside the “deep rural”

- Rural cities provide social, cultural, political and economic services -- invest in them!

- Urban - rural connectivity
  - We still have a majority of municipalities very isolated from even small towns
  - Fortunatelly small minorities of people live there, but they will remain as poverty traps if we don’t link them
Three universal guaranteed headaches

1. Strengthening social capacity in the territories to think (plan), decide, and act across one-dimensional boundaries

2. Governments accepting that people should be in the drivers’ seat

3. Policy coordination across sectors, levels of government, and the public-private divide

- No universal solution, but apparently incentive-based approaches work better
How can you help

1. Systematize what has been done in Latin America

2. Understand how changes in rural societies in should affect our practical and conceptual approaches

3. Put the idea to a serious test - Invest in a set of networked territorial development projects, across countries and regions

4. Build bridges and dialogue across countries and regions, particularly in the South
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