



Participants learn about the territorial approach to rural development applied in Latin America and exchange experiences from their own countries.

ADDRESSING THE LIMITATIONS OF MARKET REFORMS: TERRITORIAL RURAL DEVELOPMENT

SUMMARY

In this Module, the Moderator introduces the territorial approach to rural development in Latin America, and focuses the exchange on the conditions for sound institutional governance and sustainable environmental management.

This document summarises the contributions and main debates, as well as the Moderator's analyses and conclusions. Hyperlinks are provided to the materials that were shared during the module.





KEY ISSUES:

- The 'Territorial Rural Development' paradigm is conceived as a simultaneous process of productive transformation and institutional change, with the final goal of reducing poverty and inequality in rural territories.
- Sound institutional governance and sustainable environmental management at the local level are key.
- The so-called 'key dimensions' to Territorial Rural Development - natural resource management, linkages with dynamic markets, the role of urban centres and public investment, and the importance of social coalitions - have been studied by Latin American researchers and integrated into public policy with the aim of establishing the conditions necessary to ensure the viability of small-scale agriculture
- Territorial development policies and 'location-based policies' are not only justifiable but a necessary component of development strategies.

CONTENIDO

Week 1	Institutional Transformation, Small Scale Farming and Local Economic Development	Page 3
Week 2	New Approaches to Environmental Governance: Case Studies from Chile	Page 6
Week 3	Win – Win Experiences in Territorial Rural Development: Results from RIMISP's Rural Territorial Dynamics Program	Page 9



Week 1: Institutional Transformation, Small Scale Farming and Local Economic Development

Introduction

Weaknesses and failures to address spatial inequality, especially to tackle rural poverty dynamics, have led to the design and implementation of a new territorial approach to rural development in Latin America.

The Territorial Rural Development paradigm is conceived as a simultaneous process of productive transformation and institutional change, with the final goal of reducing poverty and inequality in rural territories. This week's discussion opened on this emerging approach, with findings from several years of research carried out by RIMISP (the Latin American Centre for Rural Development.) shared with participants. [Five key dimensions to understanding territorial dynamics](#) is the subject of one introductory section of the Final Report of RIMISP's Rural Territorial Dynamics Programme, implemented between 2007 and 2012. A review of these key dimensions (natural resource management, linkages with dynamic markets, the role of urban centres and public investment, and the importance of social coalitions) together with a brief overview of [the case of Tungurahua Province in Ecuador](#), were proposed by the Moderator as main background literature.

Additionally, an exclusive [interview was carried out with Carolina Trivelli](#), then Peruvian Minister of Social Inclusion and Development, during which she shared her views on the importance of this new approach.

General questions addressed to LEA members:

Are there any experiences in your country (or region) where rural development policies have made an attempt to integrate some of the key dimensions presented (natural resource management, the role of urban centres and public investment, linkages with dynamic markets, and the role of social coalitions) to understand rural territorial dynamics?

Have any rural territories from your country (or region) been able to achieve the twin goals of productivity increases and institutional transformation?

Summary of the Exchange

In terms of the role of civil society coalitions and public investments as key dimensions of rural territory dynamics, the first contribution by Shankar Chatterjee, from the [National Institute Rural Development](#) in India, highlighted the importance of funds and physical quotas by caste, religion and gender (amongst other criteria). The importance of self-help groups to enhance the development of families living below the poverty line was also raised and discussed amongst participants. Both, the Society for the Elimination of Rural Poverty (SERP) and the National Rural Livelihoods Mission (NRLM) were provided as examples of attempts in India to empower disadvantaged communities to overcome social, economic, cultural and psychological barriers through self-managed organisations, and increase household income through sustainable livelihood programmes and improved access to financial services. Shalini Kala, Independent Consultant from India stated that improvements



in children's growth and capabilities are just part of the NRLM programme, based upon the connection of self-help group lending programme to get pregnant mothers and their under 3-year kids to village level centres for 2 meals a day. Over a short period, early results show that these institutional innovations have led to weight at birth to increase substantially.

Adelson Moises Barroso from [Oxfam](#) in Mozambique and Norbert Tchouaffe, from the [University of Dschang](#), Cameroon shared the [PROAGRI \(National Programme of Agrarian Development\) report](#) from Mozambique. PROAGRI is an attempt to reform and modernise the institutional structure of the public sector interventions in support of the agricultural sector, as well to increase agricultural productivity and improve income and food security for rural households through better public service delivery.

Steve Morris from the [Voluntary Service Overseas](#) in Malawi highlighted the role played by extra-territorial companies in partnership with government and civil society, while William Kofi Horsu from the [Center for Agribusiness and SME Development](#) in Ghana drew attention to the attempts by the Ministry of Food and Agriculture to modernise agricultural production, focusing on the role of urban centres and public investment to build linkages with dynamic markets. Christian Chileshe from [3C Management](#) in Zambia presented the case of the Zambia Development Agency (ZDA), which has been facilitating the establishment of Multi-Facility Economic Zones (M-FEZ). These Zones, although territorial in nature, are aimed at attracting large-scale (mostly foreign) investment and not small-scale farming. Obert Maminimini from the [FAO](#) in Zimbabwe summed up government efforts to improve the livelihoods of vulnerable households in Zimbabwe, which focus on tackling the four main components of food security: availability, accessibility, utilisation and asset creation. Finally, Victoria Adongo from the [Peasant Farmers Association](#) in Ghana presented the [Savannah Accelerated Development Authority](#) (SADA), which is working to bridge the development and poverty gap through agriculture, in collaboration with other partners in the private sector, farmer organisations, NGOs and civil society to achieve an 'accelerated' development.

An interesting case that illustrates the need for innovative institutional frameworks for the promotion of socially inclusive local economic development is the intermediary role played in India by the [National Advisory Council \(NAC\)](#), described by Shalini Kala, Independent Consultant from India.

Finally, recalling the five 'key dimensions to understanding territorial dynamics' presented in the [Final Report of RIMISP's Rural Territorial Dynamics Program](#), some contributors stressed the importance of forestry activities to contribute to water conservation, water harvesting and drought control, while at the same time providing employment opportunities. From India, Shalini Kala, Independent Consultant shared the case of the [National Rural Employment Guarantee Act \(NREGA\)](#), which provides a minimum of 100 days paid employment (unskilled manual work) to every household. Another interesting example is the [North Eastern Region Community Resource Management Programme \(NERCORMP\)](#), which has implemented forest-based interventions to enhance rural livelihoods.



Week 1 Moderator's Main Conclusions

- Uneven spatial economic growth could eventually lead to socially inclusive development.
- There are examples of both successful and failure attempts to address spatial inequality, an in particular to tackle rural poverty dynamics.
- In order to promote and achieve socially inclusive local economic development, innovative institutional frameworks are needed. From contributions, we can list for example: self-help groups that enhance the development of families living below the poverty line and self-managed organisations that empower disadvantaged communities to overcome social, economic, cultural and psychological barriers. An alternative policy would be the formulation and implementation of 'Sector-Wide Approaches' (SWAPs) in agriculture and rural development.
- Other examples of institutional innovations include the classic peer-group monitoring mechanism implemented by the Grameen Bank in Bangladesh, and the use of rural infrastructure as a main channel for increasing food security.



Week 2: New Approaches to Environmental Governance: Case Studies from Chile

Introduction

This week, the Moderator invited participants to focus on the third dimension of TRD; environmental management. By implementing changes in systems regulating natural resource access and use, traditional subsistence farming-oriented territories may be radically transformed. This is precisely what happened with [the salmon industry in Central Chiloe](#) (on the Southern Chilean Pacific Coast), when an emerging cluster economy drastically changed a territory previously based on subsistence agriculture and small-scale fishing. In contrast, [successful agro industrial](#) expansion has faced significant constraints in other regions of Chile (like the O'Higgins region) due primarily to a lack of collective action to manage underground water supplies. An interesting common feature in these case studies is the increasing importance of women's participation in the production process.

The Moderator reminded participants of the [five 'key dimensions' to understanding territorial dynamics](#) (natural resources governance, linkage with dynamic markets, role of urban centres and public investment, and the importance of social coalitions).

General questions addressed to LEA members:

Are there any examples in your country (or region) where changes in rules and regulations pertaining to accessing and using natural resources induced a social and economic change increasing employment and income opportunities for smallholders?

What examples of rural territories from your country (or region) provide an example of where the lack of collective action for managing natural resources has constrained local economic change and development?

Summary of the Exchange

Initial posts, like the one by Yaw Osei-Owusu from the [Conservation Alliance](#) in Ghana, referred to the often unequal rights held by smallholders regarding use and right of access to natural resources, such as forest products. Oscar Obasi from Okpara University of Agriculture in Nigeria also mentioned the political debate that has arisen about the delayed reform of the Land Use Act in Nigeria.

Most of the contributions were related to different mechanisms for community-based natural resource management, especially of forestry resources. Some contributors discussed strategies for increasing benefits to local people through joint ventures with private sector players. For example, Adelson Moises Barroso from [Oxfam](#) in Mozambique shared an interesting paper [Community Based Natural Resources Management: A Theoretical or Practical Strategy for Local Sustainable Development? The Case Study of Derre Forest Reserve](#), which explains how community-based natural resource management is considered the key strategy for achieving the social objectives defined in Mozambique's Forestry and Wildlife Policy.

A similar perspective is presented in a paper shared by Norbert Tchouaffe from the [University of Dschang](#) in Cameroon, which covers community-based forest management in nine villages in Cameroon (['Institutional Choice and Local Legitimacy In Community-based Forest Management: Lessons from Cameroon'](#)). Based on



qualitative research, the paper shows how community forest management committees function as hybrid institutions that are able to incorporate traditional forms of authority. The paper argues that management models that can develop 'internal recognised legitimacy and accountability' may have more success in accomplishing both socioeconomic and environmental goals. Other contributions from Uganda and Zimbabwe referred to similar issues on forestry management

In Nepal there has been an intense debate around the amendment of the Forest Act in 1993, which introduced the 'user group' concept and encourages local communities to manage local forests for the economic benefit of local people. Kasheb Paudel from [Forest Action Nepal](#) made an interesting comment on this, stating that if participatory processes that include women are applied to natural resource management, then society can be transformed and poverty reduced. Managed under the "community forestry user group" model, Nepal's community forests followed participatory democratic process at the institutional level and now the whole forest management process is more accountable. In reference to forest user groups, Neeranjan Rajbhandari, Independent Consultant from Nepal highlighted the example of farmer-to-farmer service delivery systems, while Neeraj Nepali, Independent Consultant from Nepal stated that several development projects (such as the [Livelihood and Forestry Programme](#) (DFID) and the [Micro Enterprise Development Program](#) (UNDP Nepal), amongst others) have generated successful examples of how smallholders and poorer communities can benefit from being engaged in natural resource-based enterprises.

Steve Morris from the [Voluntary Service Overseas](#) in Malawi, added one more case, the [Tonle Sap Basin](#) in Cambodia, as an example of the failure of revisions to fishery regulations to generate equitable returns for the poorest local communities. The Tonle Sap Basin is Cambodia's largest inland fishery and the source for food and income for nearly one million Cambodians.

Some of the policy challenges that emerge from these cases are considered in Latin American policies and regulations regarding access to and control over natural resources. Renato Canepa, Consultant from Peru provided a brief overview of the cycles of expansion, collapse and recovery of anchovy stock in Peru, highlighting the importance of newly established access rights (individual quotas). Miguel Figallo, from [GRADE](#), Peru highlighted the importance of reducing transaction costs in order to enhance agricultural sustainability amongst smallholders, with reference to the Yarao experience in the Peruvian Amazon. In this example, improving access to and flow of information was key to improving timber and non-timber production. In relation to one of the more challenging policy debates in Latin America, Gerardo Damonte, also from GRADE, drew attention to attempts being made in Peru and other countries to set up river basin-councils as participatory platforms responsible for water management. However, the ways these councils should be established in order to prevent the reproduction of social inequalities is neither regulated nor understood. According to Damonte, a political-institutional analysis is required to improve policies. In Ica on the central Peruvian coast, public and private investments in agricultural production have stimulated economic growth, triggering the use (and over-use) of some common resources like underground water. Other examples mentioned during the week were the expansion of illegal gold mining in the South Eastern slopes of the Peruvian Andes affecting several protected areas in the region, as well as other Andean regions facing difficulties in finding sustainable ways to manage their water resources.



Week 2 Moderator's Main Conclusions

- In places where limited livelihood options exist, and where poverty is extreme and widespread, gaining access to natural resources for livelihoods and incomes is critical.
- The dynamics of rural landscapes do not only depend on productivity increases and improving the economic competitiveness of small-scale farmers, but also on institutional development for good local governance. One key ingredient is the clear definition and enforcement of rules and regulations regarding access to and control over natural resources. Hence, the Territorial Rural Development paradigm is conceived as an approach that can achieve these goals by instigating simultaneous processes of productive transformation, institutional change and sustainable environmental management.
- Different mechanisms exist for improving natural resource management and environmental governance.
- Promoting public and/or private investment in infrastructure, such as roads, to increasing benefits to local people.
- Promoting participatory platforms by encouraging local communities to engage in natural resource management for the economic benefit of local people.
- Information access and flows is a key issue in environmental governance.



Week3: Win – Win Experiences in Territorial Rural Development: Results from RIMISP’s Rural Territorial Dynamics Program

Introduction

This week the Moderator shared an [interview with Julio Berdegué, RIMISP’s Senior Researcher](#), and a summary of an applied research project in Latin America. In the interview, Berdegué described the set of public policies that have facilitated socially inclusive and environmentally sustainable economic growth in Latin American rural territories, as well as the empirical findings of RIMISP’s research into TRD across the region.

The Moderator highlighted how the research results show that during the last decade only 10% to 15% of municipalities in rural Latin America have experienced economic growth, decreased poverty incidence and improved income distribution simultaneously (see the text [‘Research Evidence Gathered from 20 Territories’](#)).

General questions addressed to LEA members:

Are there any examples in your country (or region) of rural territories where the ‘virtuous cycle’ of economic growth, social inclusion and environmental sustainability has been experienced?

In your opinion, what are the public policies that are necessary to stimulate and support rural territorial dynamics that lead to socially inclusive and environmentally sustainable economic growth?

Summary of the Exchange

Raj Kumar from TradeNiger Impex Pvt. Ltd. In India highlighted the fact that despite the mixed progress of ‘cluster development policy’ in many Central Government Ministries in India (Kumar mentioned that as many as eight Ministries and about 13 Departments under these ministries are working on cluster development projects), an important territorial dynamics based scheme, named [Provision of Urban Amenities in Rural Areas \(PURA\)](#) has been launched by the Ministry of Rural Development.

Many contributors from Ghana discussed the viability of such policy schemes. Victoria Adongo from the [Peasant Farmers Association](#) stated that the Ghana Poverty Reduction Strategy 1 (GPRS1), the Growth and Poverty Reduction Strategy 11 (GPRS 11), and the current Ghana Shared Growth and Development Agenda provide such frameworks. She went on to discuss the decentralisation dilemma, using as an example the [District Assembly Common Fund](#) - mandated by the national constitution, 7.5 per cent of national revenue is set aside for the District Assemblies. She stated that decentralisation policy itself is an attempt to bridge inter-regional inequalities. Many other posts from Ghanaian contributors claimed that the [Savannah Accelerated Development Authority \(SADA\)](#) is another example of a “localised” development agenda, while in the area of employment generation, the government has set up the National Youth Employment Plan and the Block Farm system aimed at supporting young farmers.



In Nepal, some public policies have been set in motion with a territorial approach, such as two examples provided by Neerajan Rajbhandari, Independent Consultant, the [Annapurna Conservation Area project \(ACAP\)](#) and the Sustainable Soil Management Project (SSMP). Simon Shomkegh, from [Greenwatch Initiative](#) in Nigeria argued that in Nigeria and other African countries there are few successful cases of locally-driven development due to a lack of political interest, a top-down approach and the rent-seeking behaviour of authorities. Also from Nigeria, Oscar Obasi, from the [Okpara University of Agriculture](#) argued that policies supporting rural territorial dynamics, environmental sustainability and economic growth must be grounded in sound rural governance practices, otherwise they will face failure.

Nathan Kanuma from the [National University of Rwanda](#) said that Rwanda has made significant investments in developing its human capital and relevant market skills in order to successfully implement its national and sector export strategies. In this sense, Kanuma argued that education, knowledge and investments in research and development (R&D) will allow Rwanda to develop skills in production and export to compete in regional and international markets. Other important policy areas, according to Kanuma, are: natural resource governance, human capital development, gender equity and empowerment, and capital accumulation through favourable public-private partnerships.

Salaudin Palash from the [Justus Liebig University Giessen](#) in Bangladesh, suggested a set of policies for promoting rural territorial dynamics. Decentralisation of public services, promoting a key industry in each territory for balanced economic growth, the fulfilment of environmental management requirements, and social inclusion (participatory planning) constitute the minimum ingredients of this approach.

From Latin America, Chris Boyd from [IEP](#) in Peru highlighted that access to urban centres and the increasing bargaining power, especially for farmers, are key for rural territory development. Territories that may easily achieve the 'virtuous cycle' are generally located near to dynamic areas. In the case of Peru, rural areas near Lima and Cusco have grown faster than other rural landscapes according to Miguel Figallo from [GRADE](#). In the coastal regions of Peru where rapid economic growth is based on the promotion of agro-industrial crops (such as in the Ica region), this growth is not accompanied by social inclusion nor does it take into account environmental sustainability issues, recalled Monica Ojeda from the [Rural Support Centre](#) in Peru.

Week 3 Moderator's Main Conclusions

- The territorial approach to rural development is more than just a conceptual innovation. Applied research conducted in Latin America (led by [RIMISP, the Latin American Centre for Rural Development](#)) has led to the identification of territories that have experienced economic growth, reduced poverty and improved income distribution simultaneously and within a framework of sustainable natural resources management.
- An interesting finding of this research is that major rural development problems are still to be overcome. Likewise, possibilities for incorporating rural areas into national economies in Latin America are territory-specific. Most public policy solutions are linked to different dimensions (socioeconomic, political, natural and institutional characteristics), which have territorial dimensions.



- Latin America experience, as presented by RIMISP and other studies, provides plenty of evidence that policies for achieving a ‘virtuous cycle’ of territorial dynamics should promote the participation of communities in designing development projects and in choosing the activities which should be supported by governments or external donors.
- Finally, it has been repeatedly argued that along with providing support in agriculture extension, public policies should focus on the provision of a basic set of social capital as a necessary condition for sustainable rural development, in particular rural roads. Being connected appears to be an essential condition for inclusion, territorial dynamism and growth. Likewise, the construction of rural roads must be adapted to local contexts.

CONTACT [GRADE](#)

To learn more about Small-scale Farming in Latin America, contact the Moderator Manuel Glave, Principal Researcher- GRADE, mglave@grade.org.pe.

FIND OUT MORE FROM [ELLA](#)

To learn more about Latin America’s small-scale farming, read the ELLA Guide, which has a full list of the knowledge materials available on this topic. To learn more about other development issues, browse other [ELLA Themes](#).

ELLA is supported by:

