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## A Framework of Neighborhood-based Development Initiatives.

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### Abstract

This paper aims at investigating a potential translation of the regional territorial capital concept in a set of initiatives aimed at urban regeneration and economic development of deprived neighbourhoods. By re-casting the concept of territorial capital in a smaller geographical scale and reviewing the concept of the informal economy, the paper suggests a general framework of neighbourhood-based initiatives which can bring a trickle-up development effect.

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### 1. Introduction

Over the last years, the territorial dimension has emerged as the essential feature within the economic development processes, both at regional and national levels. Already in the '80s, the endogenous development theorists recognized the importance of the territorial dimension highlighting the crucial role played by local tangible and intangible assets – local resources, local production, local entrepreneurial networks, local specializations, local governance - that a territory possesses and should leverage for its development (see Coffee & Polese, 1984; Cox & Mair, 1988; Stöhr, 1990; Garofali, 1992; Vasquez-Barquero, 2002). In 2001 the OECD introduced the novel concept of territorial capital within the policy debate, thus highlighting the role of the territorial dimension within the economic development policy framework. In particular, the OECD (2001) provided a set of factors constituting territorial capital, such as: geographical location, size, factor of production endowment, climate, traditions, natural

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resources, quality of life, agglomeration economies, business incubators, industrial districts, business networks, customs and informal rules. Based on the OECD conceptualization, the importance of territorial capital was finally recognized within the institutional policy arena with the document “Territorial State and Perspective of European Union”, presented at Informal EU Ministerial Meeting on May 2005 in Luxemburg. This document highlights the site-specific feature of territorial capital, its economic development potentials and the need for EU Member States to adopt territorial development policies (policies with a territorial approach to development) at regional level (EU Ministers, 2005). However this concept deserves to be deepened also at urban scale in order to draw useful insights within the urban regeneration and local economic development debate. By re-casting the concept of territorial capital in a smaller geographical scale and reviewing the concept of the informal economy, this paper aims at suggesting a general framework of neighbourhood-based initiatives which can bring a trickle-up development effect.

**2. The need for a “Territorial Capital approach” at neighbourhood scale**

The first scholar that implemented a theoretical taxonomy of the territorial capital concept was Camagni, in 2008. The importance of Camagni’s territorial capital conceptualization lies in the identification of the “grey areas” among the widely recognized factors constituting a territory. Camagni (2008) shows territorial capital’s factors by using a three-by-three matrix, where the two main dimensions are (Fig. 1):

- Rivalry: public goods, private goods and an intermediate class of club goods and □impure public goods;□
- Materiality: tangible goods, intangible goods and an intermediate class of mixed, hard-soft goods.

<b>Rivalry</b>	High Rivalry (Private Goods)	<ul style="list-style-type: none"> <li>• PRIVATE FIXED CAPITAL STOCK</li> <li>• PECUNIARY EXTERNALITIES (HARD)</li> <li>• TOLL GOODS (EXCLUDABLE)</li> </ul>	<ul style="list-style-type: none"> <li>• RELATIONAL PRIVATE SERVICE OPERATING ON:                             <ul style="list-style-type: none"> <li>- External linkages for firms</li> <li>- Transfer of R&amp;D results</li> </ul> </li> <li>• UNIVERSITY SPIN-OFF</li> </ul>	<ul style="list-style-type: none"> <li>• HUMAN CAPITAL:                             <ul style="list-style-type: none"> <li>- Entrepreneurship</li> <li>- Creativity</li> <li>- Private Know-How</li> </ul> </li> <li>• PECUNIARY EXTERNALITIES (SOFT)</li> </ul>
	(Club Goods)	<ul style="list-style-type: none"> <li>• PROPRIETARY NETWORKS</li> </ul>	<ul style="list-style-type: none"> <li>• COOPERATION NETWORKS:                             <ul style="list-style-type: none"> <li>- Strategic alliances in R&amp;D and knowledge</li> <li>- P/P partnership in services and schemes</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• RELATIONAL CAPITAL:                             <ul style="list-style-type: none"> <li>- Cooperation Capability</li> <li>- Collective Actions Capability</li> <li>- Collective Competencies</li> </ul> </li> </ul>
	(Impure Public Goods)	<ul style="list-style-type: none"> <li>• COLLECTIVE GOODS:                             <ul style="list-style-type: none"> <li>- Landscape</li> <li>- Cultural Heritage (private "ensemble")</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• GOVERNANCE ON LAND AND CULTURAL RESOURCES</li> </ul>	
	(Public Goods)	<ul style="list-style-type: none"> <li>• RESOURCES:                             <ul style="list-style-type: none"> <li>- Natural</li> <li>- Cultural (punctual)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• AGENCIES FOR R&amp;D TRANSCODING</li> <li>• RECEPTIVITY ENHANCING TOOLS</li> <li>• CONNECTIVITY</li> </ul>	<ul style="list-style-type: none"> <li>• SOCIAL CAPITAL:                             <ul style="list-style-type: none"> <li>- Institutions</li> <li>- Behavioral Models, Values</li> <li>- Trust, Reputation</li> <li>- Associazionism</li> </ul> </li> </ul>
	Low Rivalry (Public Goods)	<ul style="list-style-type: none"> <li>• SOCIAL OVERHEAD:                             <ul style="list-style-type: none"> <li>- Infrastructure</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• AGGLOMERATION AND DISTRICT ECONOMIES</li> </ul>	
		Tangible Goods (hard)	Mixed Goods (hard + soft)	Intangible Goods (soft)
		<b>Materiality</b>		

Fig. 1. The Territorial Capital Matrix. Adapted from Camagni, 2008.

The four extremes of this matrix, which Camagni (2008) defines “traditional square”, represent the traditional targets of public policies (public and private goods, human and social capital). The intermediate classes of factors, which Camagni (2008) defines “innovative cross”, suggests a new focus for local and regional policy makers. In particular, Camagni defines the potential policies focused on the innovative cross as reinforcing tools for the whole area’s economy for two reasons. First, these policies increase local competitiveness and attractiveness since the latter are interpreted “ [...] as residing in creativity rather than in the pure presence of skilled labour; in local trust and a sense of belonging rather than in pure availability of capital; in connectivity and relationality (being relational,

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