

Between capital investments and capacity building—Development and application of a conceptual framework towards a place-based rural development policy



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ABSTRACT

Within the debate about rural development policy (RDP), there has been increasing call for a stronger territorial focus emphasising the potentials, resources and demands of regions. Investments in territorial capital and regional capacity building have been considered as the two main cornerstones of a place-based approach to rural development (OECD, 2006). On the basis of an analytical literature review, we developed a framework to operationalise a place-based approach of RDP. In the proposed framework, the two cornerstones are further subdivided into six topics: “territorial capital” is broken down into physical, human, natural capital, while “capacity building” encompasses modernisation, restructuring and stabilisation of existing territorial assets. Regional RDP expenditure data for the years 2007 to 2011 are used to test the empirical validity of the framework, explore the regional implementation patterns of RD measures and their spatial distribution across European regions. A cluster analysis was applied to identify groups of EU regions with similar settings of RD priorities. In more than half of the regions either natural capital investments or stabilisation represent the dominant priority. Other regions make broader use of rural development topics and are able to combine different ones in their programme designs. The spatial heterogeneity observed in expenditures allocated to the different rural development topics is interpreted as evidence of the place-based character of the EU RD policy. The intervention of various authorities in the programming of RD policy (EU, Member State and regional), as well as the fact that spending ultimately depends on the voluntary uptake of the measures by individual rural actors are discussed as the important factors explaining this heterogeneity.

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Introduction

The European Rural Development (RD) policy has been introduced as the second pillar of the Common Agricultural Policy (CAP) to widen the focus from solely supporting farmers to a sustainable development of the rural area as a whole (Council Regulation 1257/1999). Since the 2005 reform, every Member

State (or regional authority at programming level) sets out a rural development programme (RDP) specifying what funding will be spent on which measures in the programming period, among the measures proposed in the European regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD). For the period 2007–2013, RDPs were structured along three sectoral axes: (i) improving the competitiveness of the agricultural and forestry sector; (ii) improving the environment and the countryside; (iii) improving the quality of life in rural areas and encouraging the diversification of the rural economy (Council Regulation 1698/2005). The complementary LEADER measures involve highly individual projects designed and executed by local partnerships to address specific local problems. The policy is co-financed by the central EU budget and individual Member States' national or regional budgets.

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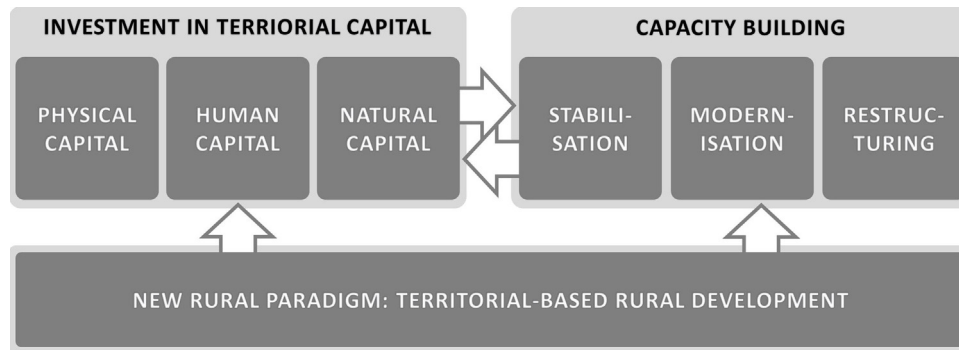


Fig. 1. Understanding place-based rural development as a result of capital investments and capacity building. Own illustration.

However, critics argue that RD programming does not take regional needs and potentials fully into account (Shucksmith et al., 2005; Copus and Dax, 2010). The call for a stronger territorial focus emphasising the role of regions and their endogenous capabilities is nothing new (van der Ploeg and Long, 1994; Richardson, 2000). According to several authors, a stronger regional focus could help to more efficiently respond to driving forces, such as the cost-prize-squeeze in agriculture, growing environmental concerns or the occurrence of new urban demands (Zasada, 2011; Horlings and Marsden, 2012). The insufficient connection with spatial criteria to target the need of specific places is already rooted in the often horizontal, less targeted construction of the measures (Shucksmith et al., 2005). Furthermore, there is a spatial incongruence between the often large programming level units and the small-scale regional requirements and knowledge, such as in the case of peri-urban areas (Zasada et al., 2011). Even the measures that include spatial criteria, such as agri-environmental measures (AEM) which focus on water catchment areas or to the NATURA 2000 network, have limited cost-effectiveness and lack targeting as a consequence of budget allocation and co-financing considerations by the RD policy programming authorities (Uthes and Matzdorf, 2013). The LEADER initiative, however, is seen as a positive example, as it considers the regional level to be the most effective to make strategic decisions, building on endogenous knowledge to make better use of available regional resources (OECD, 2006; Dwyer et al., 2007).

With the thematic axes of the RDP period 2007–2013 inevitably a sectoral separation of administrative competence, responsibility in planning and setting of funding objectives within the programming and monitoring process was given. By exchanging the three axis structure through six priorities to which EU Rural development measures for the period 2014–2020 are supposed to contribute, a more integrated design with at least partially cross cutting themes has been put into force. Still, more policy focus is required on places instead of sectors (and axes), acknowledging the heterogeneity of rural regions as complex economic, cultural and natural location (Richardson, 2000; Shucksmith et al., 2005). This is in line with OECD recommendations which promoted a paradigm shift in rural development in response to the observed heterogeneity of challenges for rural regions. The OECD calls for a place-based approach with stronger emphasis on investments and the valorisation of local assets (OECD, 2006). The European Spatial Development Programme (EC, 1999a) and the Territorial Agenda of the European Union (EC, 2011) have also highlighted the need for regional cooperation and dialogue between stakeholders for investments in infrastructure, improvements in ecological structures and cultural value to be able to use these regional resources. Finally, balanced territorial development is a key objective of rural development in CAP post 2014 (EC, 2013).

The first objective of this paper is to develop, on the basis of an analytical literature review, a conceptual framework for a place-based understanding of rural development policy (RDP). The framework development aims at providing a perspective, which takes into account the nature of rural development as either investing in territorial capital or building up capacities to valorise their potentialities, and thus highlighting the complementarity of both aspects (Section 2). The second objective, addressed in Section 3, is to test the conceptual framework and identify RD priorities of EU regions, with expenditure data from RD 2007–2013 programmes. The third objective is to analyse whether EU regions can be classified in groups, according to developed RD policy framework. Therefore a statistical cluster analysis is carried out in Section 4. As a conclusion, the general applicability of the conceptual framework is discussed, as well as recommendations for place-based approaches to RD policy are provided.

Conceptual framework: The rural development policy as investment in territorial capital and capacity building

Investments in territorial capital and regional capacity building have been considered as main cornerstones of a place-based approach to rural development (OECD, 2006). Still, it requires a more detailed elaboration of these two concepts to identify the links to specific RD policy and measures. In this section, we propose a subdivision of “territorial capital” and “capacity building” into thematic topics, drawing on existing theoretical concepts and debates from various disciplines. Fig. 1 provides an overview of the develop conceptual framework, its two cornerstones and six thematic topics, also shedding light on their complementarity.

Regional assets: The concept of territorial capital

Territorial capital represents “the amount and intertwinement of different forms of capital (or different resources) entailed in, mobilised and actively used in (and reproduced by) the regional economy and society” (van der Ploeg et al., 2009, p. 13). However, there are different interpretations and terminology of territorial capital. Porter (1998) refers to assets as factors for national and regional competitiveness, whereas others highlight the relevance of assets from the development perspective of rural areas and communities (Ceccato and Persson, 2003; Emery and Flora, 2006). The community capital framework has been used by the Food and Agriculture Organization (FAO) to operationalise the concept of sustainable rural livelihoods (Vargas, 2010). Although political, financial and social factors (Emery and Flora, 2006) or more soft and intangible aspects (Ceccato and Persson, 2003) have been taken into consideration, all approaches share the important commonality of the relevance of (i) physical capital, (ii) human resources and (iii) natural capital for (rural or regional) development and

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