

BMZ



Federal Ministry
for Economic Cooperation
and Development



Future-Makers.
Building the future.
Let's join forces.

Rural Territorial Development

An approach to rural development



Published by: **giz** Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Contents

Preface	3
Executive summary	3
1. Introduction	5
2. German development cooperation's experience in the field of rural development	7
3. Rural development within a different environment	9
3.1. International environment for development cooperation	9
3.2. Local and regional environment in our partner countries	9
4. The territorial development approach	13
4.1. What is meant by territorial development?	13
4.2. Territorial development strengthens the meso-level	14
4.3. Vertical communication and coordination	15
4.4. Horizontal networking and cooperation	17
5. Promoting territorial development as part of development cooperation	19
5.1. Principles	19
5.2. Possible areas of intervention	20
5.3. Development cooperation's options for providing support	21

List of Abbreviations

AFSI	L'Aquila Food Security Initiative
BMZ	Federal Ministry for Economic Cooperation and Development /Germany
CAADP	Comprehensive Africa Agriculture Development Programme
EU	Europäische Union
LEADER	Liaison entre actions de développement de l'économie rurale/ EU Programme for the local development of rural regions
LRED	Local and Regional Economic Development
MDG	Millennium Development Goals
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
RTD	Rural Territorial Development
RRD	Regional Rural Development

Preface

BMZ's sector strategy 'Rural development and its contribution to food security' developed in 2011 defines the programme framework for German development cooperation in the field of rural development. This paper, written by the Sector Project Rural Territorial Development on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ), is conceived as a guidance document for German development cooperation. It supports both political decision-makers at international level and

governments of partner countries in drafting and implementing their policies to promote rural areas. A number of theme papers on subjects such as local and regional economic development, management of natural resources and promotion of agriculture and pastoralism complement this document and make a number of sectoral policy strategies more tangible in the context of territorial development. Another thematic paper looks at the specifics of rural development in fragile contexts.

Executive summary

The development of rural areas plays a key role in reducing poverty and ensuring a balanced nutrition for the population. High food prices in 2007/2008 and the resulting disproportionate rise in rural poverty increased the pressure on and willingness of governments in our partner countries to invest in the development of rural areas. Since 2009, bilateral and multilateral donors too have become more involved in this area than in decades before, similarly in response to pressure from a now sensitized public. The international community has realised that investment in rural areas is crucial to achieving the Millennium Development Goals (MDGs).

The context in which rural development is currently taking place is characterised by strong population growth, volatile price movements and climate change. For a number of reasons, higher agricultural output has not resulted in worldwide food security. Furthermore, important resources such as land, water and commodities are subject to growing national and international competition.

International development cooperation today is aligned with the target of increasing the efficiency of development aid (aid effectiveness, Paris Declaration, programme-based approach), which is reflected in the partner countries by greater ownership (increasing involvement of stake-

holders in the partner countries in management and financing), greater recognition for national policies and programmes (alignment) and better coordination among donors (harmonisation).

BMZ's cross-sectoral strategy 'Rural development and its contribution to food security' of March 2011 stresses that development always depends on three factors:

- i the presence of a political will in the partner countries,
- ii the existence of effective institutions, and
- iii the local population's own efforts.

It responds to the change in the international environment and proposes that development cooperation should take a multi-sectoral approach to supporting the development of rural areas. One option here is territorial development, which builds on German development cooperation's spatial development strategies and has returned to the international radar screen – at the latest since the 2009 World Development Report 'Reshaping economic geography.'

Territorial development is a spatial approach that can be defined as follows:

'Territorial development is understood to include processes that aim to secure people's livelihoods and improve their life situation. These development processes must be based on the entire potential of a territory and its population. Obstacles to development – be they structural, social or economic – must be identified, factored in and reduced. This will contribute to the social and economic development of the rural population.'

Supporting territorial development works on two levels:

- **Developing policies and strategies in partner countries.** This presents a great challenge due to the need to adopt a multi-sectoral approach. The policies and strategies must take account of their context, be adapted to the target group in question and facilitate participation. Development of policies and strategies occurs at the macro-level.

- **Implementing national programmes at sub-national level.** This builds on the existence of institutions and organisations that permit the greatest possible involvement of the public (participation). The primary level on which territorial development is implemented is the meso-level (province, region, and district).

The contribution made by development cooperation starts with building the institutional, financial, technical and human capacities needed. Development cooperation can identify innovation potential, deliver technical inputs and act as a facilitator in devising and implementing an appropriate legal and policy environment. It builds capacity to support the institutions tasked with this. At sub-national level it supports improvements in communication, horizontal and vertical coordination processes, and the initiation of sustainable funding options that make autonomous development possible.

A local market in a rural region in Honduras



1. Introduction

The vast majority of poor and hungry people in the world live in rural areas. High population growth, volatile price movements and climate change are currently influencing the food supply situation in many countries. For a number of reasons, the rise in agricultural output has not resulted in worldwide food security. Furthermore, resources such as land, water and commodities are subject to growing national and international competition. Rural areas are an important base for provisioning urban areas.

If the Millennium Development Goals (MDGs) are to be achieved, the focus must therefore shift once more to the development of rural areas. Levels of investment aimed at reducing hunger and protecting natural resources in recent decades do not indicate that this has been the case. Agriculture and rural areas have not received adequate support, neither internationally nor from the governments of partner countries.

At the latest since the sharp rise in food prices in 2007/2008, a change in mindset has been noticeable. Since then, the international donor community and national governments have committed to greater involvement in rural areas. As part of the L'Aquila Food Security Initiative (AFSI), Germany has committed to increasing its financial contribution and to giving its development policy a more strategic direction in the field of rural development and food security.

German development cooperation has many years of experience in the field of rural development, for instance in

integrated rural regional development. BMZ's cross-sectoral strategy of 2011 'Rural development and its contribution to food security' builds on this expertise. It provides a binding framework for new rural development approaches, clarifies the German position on this subject within international development cooperation, provides guidance for the work of nongovernmental organisations (NGOs) and underlines the complexity of rural development and the interlocking relationships between various promising sectors such as agricultural and economic development, resource conservation, education, health, infrastructure development and the creation of a conducive policy and institutional environment.

» See page 6: *The core messages of the sector strategy*

The cross-sectoral strategy stresses that development always depends on the existence of a political will within the partner countries, effective institutions and the local population's own efforts.

The territorial approach offers a way of making the overarching framework provided by the BMZ strategy more specific. It explicitly includes the spatial perspective. Territorial approaches offer the advantage of applying national programmes to spatial planning in a cross-sectoral fashion. This requires policies, institutions and participation. This paper is therefore conceived as a contribution to how this might be organised. Experience has shown that support must be directed not only at organisational matters and management capacities in local administrative bodies, but also at implementing practical development measures.

The core messages of the sector strategy 'Rural development and its contribution to food security' (2011):

Developing long neglected rural areas is vital to reduce poverty and achieve food security and offers huge opportunities that have to date not been used. Rural development policy must therefore concentrate on unlocking existing potential.

Agricultural policy is an important element of public policy for rural regions and promoting agriculture in turn drives rural development. However, comprehensive development is not possible without equally comprehensive reform processes. The aim of these processes is to create functioning institutions, develop human resources, build effective infrastructure and manage natural resources with a view to promoting sustainability, transparency and conflict prevention.

Rural development policy must incorporate all levels of government as well as public and private stakeholders and with them facilitate new partnerships that include civil society.

The strategy's four key areas of support are:

1. Development of the rural economy

This covers support for agriculture and the food industry, including fisheries and aquaculture, generating income opportunities outside agriculture, diversifying the employment base and ensuring structural change is accompanied by improved access to markets and increased market integration. It also includes supporting sustainable business cycles and setting up support services (advice, training, financial services, insurance) and infrastructure.

2. Sustainable management of natural resources

Local people depend on natural resources for the basic necessities of life and at the same time the economy depends on a supply of natural resources for production of goods and services. These resources are particularly vulnerable to the impacts of climate change. Comprehensive planning of how to use them aims to achieve effective water and pasture management, preserve soil fertility and ensure sustainable pest protection of plants. Resource management in rural areas also means preventing soil erosion and preserving biodiversity with a view to achieving international environmental and development goals (climate change mitigation, preservation of biodiversity, combating desertification).

3. Provision of social services and technical infrastructure

Development of rural areas involves providing or expanding social services such as education, health, public administration, public security and technical infrastructure, for instance in the areas of energy, water supply, transport and information and communication. This can be done by public, semi-public or private sector providers. Social security and insurance systems are particularly important, since they help to ensure survival while at the same time acting as a catalyst for economic development.

4. Improving the policy and institutional environment

Functioning institutions at all levels are of key importance to the development process. Support must focus particularly on political, fiscal and administrative decentralisation, the establishment and implementation of land and water rights for all sectors of the population, gender equality, a degree of self-organisation and the presence of a functioning civil society.

2. German development cooperation's experience in the field of rural development

Rural development has been a focus of development cooperation in the past, albeit with varying degrees of importance. In line with the general trends in changes in development policy, the approaches to rural development have become increasingly more refined and differentiated in recent decades.

Whereas during the era of the 'green revolution' in the 1970s and early 1980s the focus was on advances in production technology and their implementation in grand-scale multi-sectoral projects, in the 1990s attention shifted to natural resources and their conservation and to people and their participation in the development processes. Long-running integrated rural development projects or regional development projects that involved a high level of financial and human resources demonstrated that it was certainly possible to improve the situation of people living in rural areas. A cross-sectoral evaluation carried out by BMZ in 2005 examined ex-post the results of a number of these integrated rural regional development projects worldwide and established that although they were very successful at target group level, they were often unsustainable institutionally. The projects did not include state structures sufficiently, but tended to establish parallel structures and they overestimated and overextended the capacities and competencies of their partners. The *Regional Rural Development (RRD)*¹ approach of 2001 already built on these realisations and analysed the complexity of a mainstreamed regional rural development policy. RRD is based on four dimensions: the economic, socio-cultural, political-institutional and ecological dimensions. Here for the first time the necessity of working beyond purely technical measures towards improving the overall enabling environment too was stressed.

Since the end of the 1990s, donors have concentrated on supporting decentralisation. But not enough consideration was given to the fact that this far-reaching reform process would take years to become established and make an effective contribution to the development of the target populations. Decentralisation was seen as an element of good governance and people pinned their hopes on it as a facilitator of effective participation in a well functioning bottom-up process and as an important element in development overall. However, experience has shown that support should not be directed exclusively at the organisational aspects and management capacities of the new local administrative bodies, but should always include implementation of practical development measures. The inter-municipal partnership aspect is extremely important here in performing cross-municipality functions. However, it is also essential to set up partnerships with the local business community and civil society.

Parallel with this, the *Local and regional economic development (LRED)*² approach was developed with the aim of supporting regions in boosting their economic development. This was also based on a multilevel approach and stressed the coordinating role of the meso-level. However, in many countries there are few robust structures at this level, which led to donors establishing their own coordination and contracting structures for regional development projects, in which representatives of the public and private sector and civil society received and assessed applications and awarded funding. The advantages of this are that actors at the meso-level implement regional development and that funding really does go to the grass roots and initiatives receive support. However, there is a risk that these contracting structures will not become institutionally sustainable either unless they are successfully established in the institutional landscape.

1 Rauch, Th., Bartels, M. & A. Engel (2001): *Regional Rural Development. A regional response to rural poverty.* Wiesbaden.

2 Rucker, A. & G. Trah (2007): *Local and regional economic development – Towards a common framework for GTZ's LRED interventions in South Africa.*

Participatory planning process in rural Chad



In Europe and other OECD member states, different forms of local spatial development initiatives have emerged in recent years. Some of them are based on EU funding programmes, others on national funding programmes. It is the bottom-up approaches, such as the EU's LEADER programme, that have proved to be appropriate instruments for implementing locally agreed development measures. The conceptual added value of these approaches is found in their efforts to use participatory ways of identifying local solutions for local problems. LEADER uses a 'territorially based' approach as a way of creating activities and jobs in rural areas that involves local people and focuses on enhancing the value of local resources. This methodology aims to specify *how* to proceed, rather than *what* needs to be done. Initially funded and implemented in EU Member States only, for a number of years now it has increasingly cooperated with non-EU countries that - although they are not actually directly within the programme area - follow guidelines similar to those of the LEADER programme (e.g. South-East Europe, Azerbaijan, Georgia, Brazil, Tunisia and Algeria).

3. Rural development within a different environment

3.1. International environment for development cooperation

The basic principle underlying development cooperation has changed fundamentally in recent years in an attempt to achieve better results and more effective use of funds. The international community agreed on a policy that both permits and calls for governments in partner countries to have greater autonomy (ownership) and requires greater donor coordination (harmonisation). These principles are set out in the *Paris Declaration* (2001) and the *Accra Agenda for Action* (2003). The programme-based approach set out in these agreements also requires that interventions by international donors fit in with national policies and programmes (alignment). Their implementation is the responsibility of the host government, which also has to contribute its own financial and human resources.

In recent years, the programme forming process has begun to get off the ground in many partner countries. However, it has been observed that programme development often takes place exclusively at national level, while implementation at sub-national level (regions, districts, provinces) is extremely difficult and therefore does not always reach a successful conclusion. Whereas some tasks require a sector-specific approach (e.g. education or health), others call for a multi-sectoral approach. Rural development can serve as an example of a task that requires complex coordination across different areas such as agriculture, water management and the environment. Coordinating the ministries responsible on the one hand, and the diverse donor landscape on the other, requires an enormous effort on the part of the governments of many partner countries and is very costly. Furthermore, the private sector and civil society play an important role in rural development. The huge challenge of practical implementation can only be met if strategies developed take this overall environment into consideration.

Funding programme budgets principally with national resources is an important element of ownership by partner countries. An example of this is NEPAD's CAADP initiative in Africa, where Member States have agreed to make 10% of their national budget available to promote agriculture and rural development. The particular challenge lies in then deploying the funds in a purposive and results-oriented fashion.

The territorial development approach supports precisely these processes and enables programmes that have been devised at national level to be 'territorialised,' i.e. implemented at sub-national (regional) level.

3.2. Local and regional environment in our partner countries

As a result of administrative reforms, promotion of local economies and civil society movements, a diverse organisational and institutional landscape has evolved at local and regional level over the last 15 years. In many countries, decentralisation has created a new level for intervention (municipality level), which has gained enormously in importance. The diverse institutional and organisational landscape consists of state actors in municipalities but also of cooperatives, producer associations, other civil society organisations and private businesses. The organisational and institutional landscape differs greatly in character from country to country. In many countries political circumstances mean that civil society plays only a minor role in the development process. It is not the number of actors, but their role and their ability to play a proactive role in development processes that is decisive.

» see page 10: *Actors in rural areas and their roles*

Actors in rural areas and their roles

The role of the state:

Without state institutions, sustainable development with a modern education and health system and close relationships to markets is inconceivable. The modern concept of the state is predicated on the need for state institutions to perform public and sovereign functions and to guarantee accountability for their performance. With regard to rural development, the state is the most important actor in ensuring an appropriate regulatory environment and performing public functions.

The concept of rural development as an integrated, cross-sectoral spatial development process relies on decentralised coordination of the state's spatial activities. In many partner countries decentralised local administrative bodies (municipalities, districts, local authorities) with elected councils or local parliaments are responsible for this. The political decentralisation process must be accompanied by fiscal decentralisation to enable local administrative bodies to fulfil their mandate to deliver services and provide public investment.

Dispersed agencies reporting to the sectoral ministries should guarantee that the performance of public tasks complies with minimum professional and sectoral standards. They are usually responsible for carrying out public tasks in individual regions and are an important group of actors when it comes to devising, planning and coordinating regional development programmes. Care should be taken to ensure that they remain integrated within a system of ministerial functional supervision.

Decentralised public service companies (e.g. in the field of waste disposal or water supply) are also among the actors in rural areas whose measures must be embedded in a territorially based development approach. This means that they are subject to the planning authority of decentralised local administrative bodies. They need functional management and supervision by the national sectoral ministries responsible and institutionalised inclusion of user organisations in their supervisory bodies.

The role of the private sector:

Here a distinction must be made between rural areas in which there is already a well developed business community and areas in which economic activities are in the hands of micro-producers. In regions in which a strong, well-organised business community already exists, this can take the initiative itself and instigate dialogue about necessary public sector measures or coordinated activities. In regions in which agricultural production is largely in the hands of family-run farms, they would ideally join forces to form cooperatives or producer associations. The aim of such associations is to support agricultural producers and enable them to gain better access to means of production, services and marketing, for example. At the same time, they can also represent group interests. Farmers' organisations are important actors and often act as contact partners for rural economic development projects. It can be beneficial for cooperation if producer associations join forces and set up overarching structures such as unions or federations. This enables them to increase their share of the value added along the different links in the value chain and to give farmers a greater say in policymaking.

Actors in rural areas and their roles

The role of civil society:

By civil society the total sum of voluntary non-profit associations is meant that are independent of the state (non-governmental organisations – NGOs) or that were formed to represent the interests of their members (associations, federations). A distinction should be made between those that are involved in wider social concerns (human rights or environment NGOs, for example) and those NGOs that have been appointed by donors or government agencies to provide services and that depend on them for funding. The role of civil society organisations and in some cases informal groups in the development process is to represent the interests of the people, call for a conducive enabling environment and act as a watchdog for the activities of public institutions. In many countries, NGOs are also increasingly joining forces to create higher-level structures, such as umbrella organisations. A presence on different levels, including national level, gives organisations a better chance to voice their concerns and actually be heard. Grassroots groups that also campaign for an improvement in the situation of certain sectors of the population and give them a voice also fall into this category. Many women's and youth groups are seeking involvement in the development process in this way and are also claiming their right to participate.

The role of traditional structures:

Traditional authorities, clan structures and chiefs are also important actors in rural areas. They are not among those actors in rural areas with democratic legitimisation but nevertheless they have great influence and benefit from their closeness to the people. In many countries they play an important role in conflict resolution and land allocation and are often the lowest tier of the judiciary system. The introduction of the municipality level as part of decentralisation programmes mostly weakened the influence of these actors. Especially in cases where the new municipalities are still weak and influenced by local elites, they still enjoy the complete trust of rural sections of the population. Some countries have succeeded in integrating them formally into the new institutional landscape.

It has taken a long time and required a great deal of investment to develop this organisational and institutional landscape. However, approaches in the past were often confined to strengthening the efficiency of institutions and organisations, so that the concept of fulfilling their mandate and their specific contribution to developing their environment seemed secondary. Furthermore, most of the support approaches they experienced in the past were sectoral in character: municipalities were advised on municipal planning and administrative procedures, civil society organisations on organisational development, producer associations and cooperatives on subjects to do with agriculture or the market economy.

Today, organisations and institutions vary considerably in their efficiency. Whereas in some countries the municipalities suffer from a shortage of capacities, skills, expertise and funding, others are already autonomously fulfilling their remit to provide municipal services e.g. the duties of a civil registry office instead of development planning. However, beyond this, they are rarely capable of drafting, implementing or tracking the progress of development-oriented planning.

Civil society organisations and producer associations in particular often endeavour to maintain a presence on multiple levels. However, there is still great room for improvement in cooperation between the levels (vertical communication). The efficiency of these vertical organisations depends to a great degree on who instigated their establishment. As a rule, organisations that were created and launched for reasons of national or institutional ambition in a top-down manner (either by government, business people or intellectuals) do not perform as well as organisations that grow from the grassroots as a result of recognising needs and succeed in having a presence on multiple levels as a result of joining forces. In the long term, establishing vertical organisation consisting of local grassroots groups is crucial to decentralised governance that has a commitment to accountability.

Individual organisations and institutions in rural areas are often still not adequately networked with each other. Municipalities carry out their development initiatives without consultation with neighbouring municipalities and they do not cooperate to any great degree with the private sector or civil society organisations. Public servants working in dispersed government agencies either do not treat municipalities as their equals, or allow themselves to be guided by economic self-interest. Mayors and municipal councillors do not consult with traditional authorities. Clarifying relationships and establishing both horizontal and vertical communication and networking is an important element in nurturing a region's potential and achieving autonomous development.

Administrative meeting in Cameroon



4. The territorial development approach

4.1. What is meant by territorial development?

By 'territorial development' processes are meant that aim to safeguard the natural resources on which people rely for their survival and to improve their life situations. These development processes must be based on the economic, natural, social, cultural and political potential of a territory and its people. Obstacles to structural, social and economic development must be identified, factored in and reduced, so that a contribution to the social and economic development of people in rural areas can be achieved. The important thing is that territorial development is a process that is instigated and carried out in the partner countries themselves. International development cooperation can encourage and support this.

Although the term 'territorial development' evokes a purely administrative view of geographic space, it is described below how, under the concept developed here, the territorial development approach can promote other types of spatial units.

Experience has shown that a very long-term approach has to be taken to the development of rural areas, because complex and intricate processes of change are usually involved. Supporting initiatives to create structures and coordinate them is very important in ensuring that the different factors mentioned above in the definition of different spaces are adequately taken into account. Strengthening the identity of a territory, supporting the initiatives of actors there, engaging with the specific concerns of a territory, and supporting the identification and effectiveness of an appropriate organisational and management form are starting points that characterise an independent process based on institutional development. Territorial development takes a highly participatory approach, which guarantees its sustainability.

It is important to avoid establishing parallel structures in territorial development. National governments must be encouraged to devise programmes to promote rural areas, make (human and financial) resources available and coordinate the support provided by the development partners.

What is meant by a territory?

The term territory has a number of different definitions. In this context, it is been referred to an area that can be delineated in political or administrative terms (district, department, region) or by natural features (e.g. water catchment area, nature reserve, mountain range, river and water meadow system, coastal zone, or expanse of forest). It can also be defined by an economic characteristic that may unite areas across administrative borders. In some cases, territory is also defined by cultural features or traditional boundaries, as is the case, for example, with indigenous territories in Latin America. What is important is that depending on the context, a territory is defined by one or more priority development areas and goals and that it has a valid organisational or administrative structure (e.g. municipal association with legal recognition, state-recognised nature reserve, a municipality or county).

In particular in spatial units defined by natural features or in political/administrative terms, the territory in question is as a rule defined by a legal framework. This framework may exist on different levels (national, sub-national or local government and administrative level). It becomes more difficult when a territory is based on cultural or economic features (cultural or economic area). Often, the borders of a territory of this kind do not coincide with political and natural boundaries, so that overlaps are inevitable. As a consequence, a decision has to be taken on a case-by-case basis about which defining criteria should take priority. Thus, there is no automatically correct way of defining a territory.

The relationships between urban and rural areas (supply function, easing pressure, service function) influence the internal dynamics of a territory to a great degree. In some regions, there are huge disparities between rural and urban areas. In areas where there is a greater degree of integration of urban and rural functions with regard to communication and information, we speak of an urban-rural-continuum.

Territorial development also attaches importance to:

- creating an enabling environment (and the policies, legal and institutional conditions involved in that) that is conducive to the development of the territory;
- adhering to the subsidiary concept, under which functions are carried out at the lowest possible level;
- ensuring well functioning communication between levels (top-down/bottom-up principle);
- establishing networking and cooperation among organisations;
- strengthening interfaces;
- promoting partnerships.

4.2. Territorial development strengthens the meso-level

The development of rural areas needs networked implementation embedded in a multilevel approach. It is extremely important here that the different levels recognise and fulfil their roles and responsibilities: the national level (macro-level) is responsible for providing an enabling policy and legal environment and for creating institutions and incentives. In addition to this, it must ensure the transfer of funds and provision of funding. It devises sectoral and cross-sectoral programmes and coordinates the contributions of national development partners. It is responsible for regional integration, cross-border cooperation and the implementation of international conventions. It also ensures networking by membership in regional organisations.

The meso-level is the hub from which a state's sectoral strategies and decentralisation efforts are implemented. A well functioning meso-level performs coordinating functions for the level below it (e.g. municipality, inter-municipal and county level) and carries out a supervisory function. It promotes cooperation between the public administration, local administrative bodies, the private sector and civil society, and coordinates networking and cooperation at sub-national level. However, to do this it needs a clear mandate and the necessary resources.

The municipality level facilitates involvement of local people. It ensures public participation across various levels of involvement with varying intensity, such as information, consultation and co-determination.

Example 1

The Code Rural – national legislation on land tenure and decentralised land tenure institution in the Republic of Niger

In the 1990s, legislation for rural areas - the *Code Rural* - was passed in the Republic of Niger and an institution of the same name responsible for natural environment planning and land rights was established. It supports local administrative bodies in land use planning, managing their natural resources and registering them in planning documents on a higher level (bottom-up). It ensures communication and compliance with national policies on use of natural resources (top-down) and is mandated to award land title to land owners and users on the basis of agreements between users and the authorities.

At national level, eight different ministries constitute the Comité National du Code Rural. A permanent secretariat at national level is tasked with its implementation; it is responsible for drafting and enforcing legislation in rural areas (land rights, natural resources, livestock corridors, water). It also coordinates the work of the government agencies that report to it. Land Commissions work at district, municipality and village level and ensure the participation of all stakeholder groups in rural areas.

The Land Commissions are made up of public servants from different departments, elected municipality representatives, traditional chiefs, representatives of civil society and user groups. They grant land title and perform associated services for the local people, documenting and legalising tenure and brokering agreements on use of natural resources (*conventions locales*) and notifying them to the next higher level. They help to prevent conflicts in this area that is characterised by a high degree of competition between users, and perform an advisory role for the courts in conflicts over land tenure and use.

Within municipal planning specific functions are performed that ensure local economic development and management of natural resources. The provision of local services for the population is also very important here. Instigating cross-municipality functions is a particular challenge. Here partnerships between the private sector, producer associations, civil society and local administrative bodies (municipalities) are a recipe for successful development.

Territorial development primarily strengthens the meso-level. It works on the basic principle that development initiatives supported by regional actors are best self-initiated and coordinated at this level. Ideally, elected representatives of the people (e.g. country or district councillors) are responsible here. However, this is not the case in many partner countries, with the result that often only institutions representing central government are found at the meso-level. The regionally based coordination function can be transferred to specially established regional government authorities or agencies. However, they must have an appropriate mandate and resources. One possible form they could take is semi-autonomous regional development teams who work in close cooperation with regional administrations and governments. Often they start out as single-issue groupings, such as Round Tables of interested and affected stakeholders, or they are created at the initiation of an international partner. Sometimes they are then institutionalised at a later date in the form of registered associations or societies, which helps them to acquire financial support.

The specifics of how support is organised at meso-level depend on the national context and it is not possible to generalise. Partner countries where decentralisation (including fiscal decentralisation) is at an advanced stage, and which have a differentiated institutional landscape, offer significantly better conditions for this.

4.3. Vertical communication and coordination

An important challenge for territorial development is to facilitate public participation and involve grassroots organisations in the political decision-making processes that affect the future of their immediate environment. What is known as the 'top-down/bottom-up principle' involves needs and ideas that have been identified in participatory processes at grassroots level being passed up to the next planning tier, where they are either acted upon using appropriate procedures or passed up to the national planning tier in aggregated form. At the same time, guidelines and issues that are being promoted nationally, along with strategies and general policy directions, are passed down from and tracked by national level (top-down), and resources and services are made available. Planning instruments such as land use or infrastructure planning have to be compatible at different levels. The meso-level acts as a hub in this system, playing an important role in coordinating the levels beneath it in processes such as inter-municipal relationships, creation of networks, supporting associations and partnerships between organisations and institutions.

It is important here to adhere to the subsidiary principle, which means that the lowest possible tier of government that is closest to the problems deals with them autonomously and performs any duties in that regard. The higher tier may, if necessary, provide support or coordination input or may intervene if the measures of the lower tier are not adequate or if the objectives are more likely to be achieved at the next tier up.

Example 2**Cross-municipality association to promote tourism in East Macedonia**

The Macedonian government has recognised that regional development is a strategically important issue in the EU accession process. Since 2008, it has taken a number of steps towards creating the necessary institutional structures. These include projects to support coordination among different stakeholders. An example of this is inter-municipal cooperation to maximise the value of regional identities. In East Macedonia, three municipalities joined forces and submitted applications to the regional contracting office (supported by German technical cooperation) that funds local business development projects, requesting funding for a small-scale project to develop a joint vision, devise concrete initiatives to promote tourism and come up with ideas for branding their region.

To do this, the municipalities invested in improvements to their tourism infrastructure, such as cross-municipality road improvements, advertising regional specialities and producing tourist information materials. They also established partnerships with the local private sector and involved small farmers in the development process through direct marketing campaigns.

Experience in partner countries shows that there is room for improvement in communication and networking between levels and that collaboration between them could be more efficient. It has also become clear that the energy invested in programme planning at national level often fizzles out, with the result that few activities in rural areas are supported and in some cases funding never reaches that level. Here it is crucial to ensure communication and a transfer of skills and resources to facilitate autonomous development. Starting points for territorial development are:

- Creating coordination structures (e.g. regional development agencies or organisations) that have analytical and planning capacities and management skills. These

structures may be in an institutionalised form or have a more informal character, such as Round Tables. Having mandates and resources in place is likely to contribute to their success.

- Ensuring the top-down/bottom-up principle, which on the one hand permits public co-determination (bottom-up), and on the other hand guarantees a transfer of information and resources downwards (top-down).
- Identifying and expanding opportunities for vertical and horizontal cooperation (municipal associations, value chains, industry clusters).

Example 3**Pineapple value chain in Ghana - successful networking of producer associations with government agencies, the private sector and international donors**

In 2005, eight farmers in Central Ghana set up a pineapple growing cooperative. They forged close relationships with a processing company and consistently and successfully complied with international production standards. They joined forces with other cooperatives in the region and established a regional committee to promote pineapple production, which, by working with international technical cooperation projects, was able to improve its management capacities. The Ministry of Food & Agriculture, with the support of international donors, established a credit organisation.

In 2008, when a new pineapple variety conquered the world market, the farmers succeeded in adapting without suffering any major loss by working together with all the stakeholders involved (regional committee, processing company, government credit organisation). By contrast, other farmers who were not part of a network lost their income.

Example of connecting and networking



4.4. Horizontal networking and cooperation

It can often be observed that administrative structures and organisations focus exclusively on their own particular territory or sector, without considering that some tasks would be easier to perform in coordination with other territorial units and would add value. Municipalities, for example, often cannot cope with their responsibilities in the field of waste or wastewater management, or are simply not in a position to provide the necessary infrastructure. It would be more cost-effective and efficient for them to set up a municipal association with a neighbouring town. The uses proposed by nature park management and producer associations could be at odds with each other, in which case consultation between the groups would be needed. The economic development of an area can only be achieved if the public service sector, private sector and civil society work together as partners and make a concerted effort.

It is also important for the development of rural areas to define their relationships with urban areas. Urban areas play an important role in providing social services such as health and education for rural populations. Rural areas supply their urban counterparts with food and labour. They also have a compensating function, helping to purify air and water, and are used for recreational purposes by urban dwellers. People who have moved out of rural areas transfer money and know-how back to their home regions, giving crucial impetus to rural development. At the same time, rural areas close to towns and cities are at risk

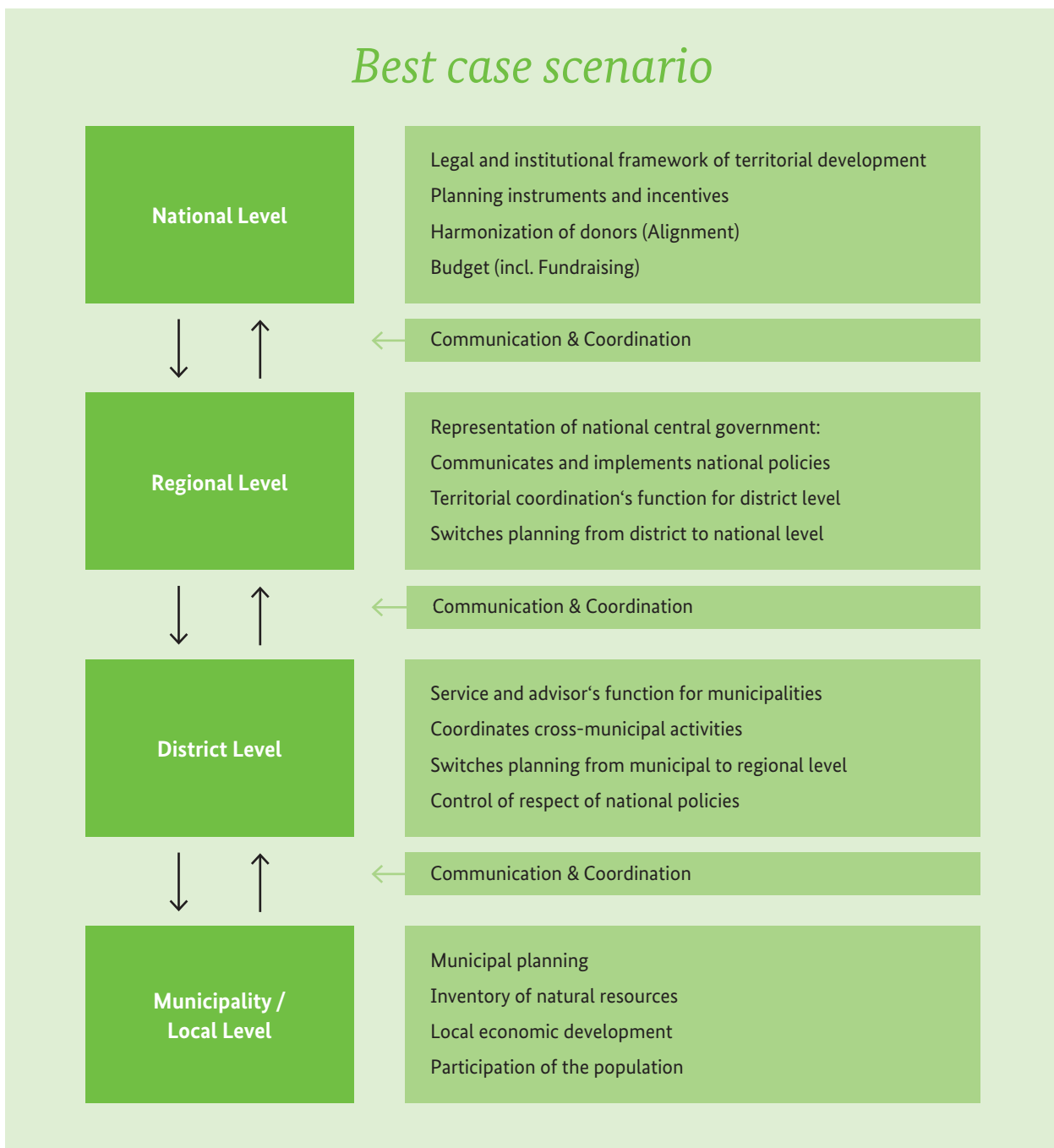
of suffering negative impacts of urbanisation, such as wastewater, refuse or illegal settlements on the outskirts of cities. These factors create challenges for planning departments and the public administration sector in terms of coordination and mutual understanding.

This is where territorial development takes action, advocating that existing institutions and organisations engage in dialogue with each other and with the public. Communication and dialogue also have the effect of preventing conflict. The aim here should always be to achieve durable networks that tackle and resolve development issues together. Informal Round Tables can be a good start towards this; institutionalised municipal associations and partnerships have a long term character, as well as a more robust mandate and greater opportunities for acquiring funding. However, they also have to follow more formal guidelines. As previously mentioned in the section on national enabling environments, the state should create incentives that motivate existing structures to cooperate and network with each other (e.g. making funding conditional on cooperation agreements among several organisations and local administrative bodies). Greater confidence and commitment on the part of the public can be achieved on the one hand by supporting civil society and on the other by creating incentives. For example, the public could be motivated to identify development initiatives, apply for funding and then implement the necessary measures.

Here it is possible to benefit from positive experience gained within the EU and within Germany: EU programmes and German programmes at federal and state level have laid the foundations for a dynamic process in which members of the

public become involved at an individual level or work with their municipalities and counties to create their own development initiatives. Depending on the mode of funding, or the development direction defined, EU-funded

rural regional development projects and nature conservation projects, initiatives between cities and their surrounding areas, and industry clusters may evolve.



5. Promoting territorial development as part of development cooperation

5.1. Principles

Promoting territorial development as part of development cooperation offers an integrated approach to rural development. It builds on German development cooperation's extensive experience acquired over many years and on German and European regional development strategies and can be classified as one of the approaches that have a spatial focus (ILE, LRE, LRED).

BMZ's cross-sectoral strategy on rural development stresses that development relies on the following conditions: the existence of a political will, effective organisations and the efforts of local people.

German development cooperation sees its support contribution to lie in providing important impetus, identifying innovation potential and, in a process of political dialogue, pointing to undesirable developments and potentials for conflict. In countries in which national policies and strategies for rural development of rural areas have not yet been fully developed, German development cooperation can provide support for this process; otherwise it supports the partner countries in setting up the institutional, financial, technical and human capacities needed.

To comply with the definition of 'development that aims to safeguard natural resources on which people rely for their survival and to improve their life situations,' the three aspects described below are essential when promoting territorial development.

When supporting institutional development it is vital to strengthen the ability to act and the organisational capacity of the various actors from the state sector, civil society and private sector. State administrations and elected local administrative bodies should be enabled to perform their duties more effectively, efficiently and transparently. Civil society organisations should demand and monitor this and at the same time represent the interests of their members. Private sector actors should contribute to developing and supporting income opportunities for the rural population. It is crucial that the different potentials of the stakeholder and institutional landscape in the partner countries with their differing degrees of structure be used.

Example 4

Coordinating the sustainable management of fish stocks in a lake district in the south-west of Chad

In the region around Pala in the south-west of Chad, a German technical development project supported the establishment of an administrative authority comprising users and owners of land bordering on a system of lakes with a view to facilitating sustainable use of the fish stocks there. A number of spatial units joined forces and established a coordinating structure, which used a participatory process to develop binding regulations for users and imposed sanctions if they were contravened.

The instrument that documents these user regulations is a '*convention locale*,' a written use agreement that is used throughout the Sahel. Depending on the country, the legalisation process and the degree to which it is formally recognised in law may differ: whereas in Niger it is given legal recognition by the Land Tenure Commission set up under the Code Rural (see above), this recognition occurs in Chad when the instrument is signed by representatives of all the user groups and the authorities.

In Chad this example has been viewed very favourably at national level and is scheduled to be incorporated into national policies. It is important to support this process in dialogue with the national level and make every effort to ensure that this kind of participatory management structure is mainstreamed into national policy.

Promoting social development processes is of particular importance in working towards sustainability and responsibility. This aims to improve public participation in the territorial development process, relying on both stakeholding and active participation of the population itself.

To promote economic development, strategies to improve the income of the rural population are supported, making use of the entire spectrum of economic activities, not just farming.

5.2. Possible areas of intervention

In view of the necessity to intervene in a multilevel approach, the following areas may be considered for support:

- creating cross-sectoral programmes at national level to promote rural areas;
- drafting policies that allow for and mainstream public participation and co-determination;
- drafting policies that permit networking among institutions across lower levels and devising targeted support programmes, funding and incentives;
- designing planning systems that give top-down guidance, while approaching the specifics of plans from a bottom-up perspective;
- specifically promoting cooperation between ministries and the administration at lower (sub-national) levels (vertical communication and coordination);
- promoting efficient cooperation between the public administration, municipalities, civil society and the private sector to support the development of a sphere in which concrete development initiatives can be implemented (horizontal networking);
- promoting effectiveness of organisations and structures (capacity development, lobbying, networking);
- capacity development for individuals wishing to set up organisations;

- supporting the growth of public awareness for development issues and regional identity.

Approaches to promoting territorial development can and must include the four dimensions of capacity development (individual level, organisational level, networking level and systems level). How this is best done for a particular region depends on the respective individual context.

One way may be to create supporting and coordinating structures at meso-level, such as development agencies. In some contexts, regions compete with one another, in which case a certain degree of regional marketing would be useful, which could be done by a regional development agency. Regional development agencies can be run by the state or be initiated by stakeholders. Various models for funding implementing agencies are possible, such as state or parastatal associations or federations. Their remit can also be extremely broad and include capacity development, lobbying, advisory services, and support for regional marketing. Regional development agencies of this kind may also have funding instruments at their disposal.

People's participation within planning processes:
Women are mapping their community in Guatemala



Financing of development processes:
Micro credits especially for women in India



5.3. Development cooperation's options for providing support

Approaches to supporting territorial development should primarily have an empowering, structuring and facilitating effect, but should also provide funding. Interaction between technical and financial cooperation is absolutely crucial. Instruments have already been developed as part of support for individual approaches. The mix of instruments and an understanding of the right way to use these tools are, however, essential elements of support for territorial development.

How are advisory services provided at national level?

National governments can be advised on drafting and implementing rural development policies, legislation and strategies. The task of development cooperation at national level is to support efforts to create cross-sectoral rural development programmes agreed both across the different governmental departments and with donors. Furthermore, there must be an enabling policy, legal and institutional environment that makes spatial development possible and permits, stimulates and supports development initiatives from rural areas.

How is the local level empowered?

Stakeholders in rural areas should be given support to develop capacities at both individual and organisational level. It is important that stakeholders develop the ability to identify cross-sectoral coordination, communication and cooperation problems both vertically (across the micro, meso and macro levels) and horizontally (among institutions on the same level) and to resolve them in ways that further development. This should help them to repeatedly tackle new challenges in the future and to independently identify, plan and implement development initiatives.

How can efforts be structured at the meso-level?

Territorial development is based on a complex organisational and institutional landscape. Developing and consolidating it means supporting its evolution on the one hand, and helping it to fulfil its mandate on the other, e.g. in municipalities, interest groups, producer associations, societies and NGOs. Support in creating structures is essential above all to enable cooperative arrangements and partnerships to be formed and networks created. Another challenge is presented when different territorial units overlap, for example within a water catchment area that covers a number of political/administrative territories. These seemingly contradictory claims on spaces can only be eliminated if communication is established and agreements are reached, documented, communicated and applied. In some cases, it is useful to support the establishment of coordinating and facilitating structures.

How can development cooperation facilitate?

The role of development cooperation is to instigate and facilitate processes within the rural areas but also to coordinate processes with other areas (urban areas, neighbouring regions, cross-border areas). This includes analysing the regulatory framework within a territory, as well as its stakeholders, potentials and weaknesses. Facilitating partnerships between different institutions and organisations is another key task.

How can this be funded?

Initiatives in rural areas need sources of funding. These may, for example, be state funding programmes at sub-national or local level. Incentives may encourage efficient initiatives to be devised and implemented at grassroots level. The private sector represents an important group of stakeholders here, advancing development through public-private partnerships and competition. Public sector infrastructure measures should always be carried out in line with existing regional plans and be gradually implemented by the local administrative bodies themselves.

Published by the
Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Sector Project Rural Territorial Development

Registered offices
Bonn and Eschborn, Germany

Friedrich-Ebert-Allee 40
53113 Bonn, Germany
T +49 228 44 60-0
F +49 228 44 60-17 66

Dag-Hammarskjöld-Weg 1-5
65760 Eschborn, Germany
T +49 6196 79-0
F +49 6196 79-1115

info@giz.de
www.giz.de

Design and layout
Jeanette Geppert, Frankfurt

Print
Top Kopie GmbH, Frankfurt am Main

Photographs
Cover © GIZ, Ulrich Scholz
S.4 © GIZ, Dirk Ostermeier
S.8 © GIZ, Manfred Wehrmann
S.12 © GIZ, Ines Adingui
S.20 left © GIZ, Alois Kohler; right © GIZ, Martin Egbert

As at: 02/2012

GIZ is responsible for the content of this publication.

On behalf of
Bundesministeriums für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ);
Division Rural Development, Global Food Security

Postal addresses of the BMZ offices

Bonn Office
Dahlmannstraße 4
53113 Bonn, Germany
T +49 228 99 535-0
F +49 228 99 535-3500

Berlin Office
Stresemannstraße 94
10963 Berlin, Germany
T +49 30 18 535-0
F +49 30 18 535-2501

poststelle@bmz.bund.de
www.bmz.de