



Fifteen years of territorial development in Latin America

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Content



- ▶ Part 1 – Presentation of the review and of key messages
- ▶ Part 2 – Focus on two issues: coordination and private sector investment

The origins in LAC

- ▶ Late 1990s and early 2000s
- ▶ Intellectual and policy space and demand fueled by growing realization of structural changes in rural Latin America (LAC)
 - Urbanization and growing importance of rural-urban linkages
 - Diversification of the rural economies and of household livelihood strategies
 - Transformation of agriculture and food systems
 - Roads, telecomms: far greater mobility and access to information
 - Blurring of cultural gaps between rural and urban (particularly youth)
 - Decentralization
 - Democratization
 - Emerging social actors (indigenous peoples, rural women)

Key messages – the progress so far



1. TD approach is the dominant intellectual and policy discourse in rural development
2. Hundreds of self-declared TD strategies, policies and projects, worth billions of USD and reaching hundreds of thousands
3. Clear impact on institutional arrangements that allow for bottom up, participatory, multi-stakeholder and transparent rural development work
4. Partial evidence of positive impacts on capacities, development opportunities and wellbeing... but zero rigorous impact evaluations

Key messages – shortcomings and challenges



1. Great difficulty in effectively solving coordination issues:
 - Between sectors in government
 - Between national, provincial and local governments
 - Between private and public actors
 - Between rural and urban actors and activities
2. Absence of, or conflicts with, the private sector, although it has huge impact on territorial development
3. Limited investment in developing capacities of local people to plan and govern the development of their territories and limited forms of empowering communities for decision-making
4. Complete lack of good and independent evaluations

The bottom line

- ▶ Significant progress compared to conventional rural development approaches, but not good enough relative to the challenge of thousands of lagging territories
- ▶ It is not just a matter of improving on the margins on what has been done in the past 15 years
- ▶ A new generation of improved TD programs is needed, that tackles the main shortcomings and challenges
- ▶ Africa can learn from our shortcomings and mistakes and go directly to more advanced forms of TD policy and program designs

Part 2 – Focus on two issues

- ▶ The challenge of coordination
- ▶ The role of the private sector and the need for transformative investments

Coordination failures

A core premise of the TD approach is that coordination failures are prominent causes of underdevelopment and missed opportunities

- ▶ Government strategies, policies and plans and private investment strategies
- ▶ Investments by different line ministries
 - Infrastructure
 - Economic development
 - Social development
 - Environment
- ▶ Urban and rural agendas and actors
- ▶ Levels of government
 - National
 - Provincial
 - Local

Standard response does not work

- ▶ Standard response strategy is (many different types of) multi-stakeholder platforms
- ▶ Most of them fail to stimulate greater coordination
- ▶ Two main reasons
 - No power to influence budgets
 - Lack of instruments to formalize *enforceable* agreements and commitments

Colombia's *Contratos Plan* (Contracted Plans)



- ▶ Strategic, medium-term formal agreements that are legally-binding
- ▶ Involve several line ministries, regional governments, local governments + National Planning Department (DNP) as coordinating agency
- ▶ Legal basis
- ▶ One core strategic objective, and 3-5 components
- ▶ Projects under each component, including a few strategic, transformative investments in rural and urban areas of territory
- ▶ Large budgets, co-financed by three levels of government
- ▶ Governance and management systems

The private sector

- ▶ The economic development of territories is driven by small, medium and large private investors
- ▶ Yet, many TD policies and programs
 - Invest only in family farmers and micro and small enterprises
 - Do not engage with medium and large private firms, and when they do, it's often through confrontation
- ▶ Medium and large private sector firms are focused on variables that directly affect their business... even when their investments are highly place-specific and thus commit the investors to be in that place for many years
- ▶ Does the territory affect the competitiveness of the business?

One example - Large investments with strong multipliers in the territory

- ▶ The best scenario of the three from the perspective of the territory
- ▶ A preferred mechanism are supply chains involving smallholder farms and/or rural non-farm SMEs
 - Creating shared value (Porter and Kramer 2006)
 - Example: UTZ Certified coffee (2002) and cocoa (2007)
- ▶ Evidence of positive effects including on income, but
 - Most of these schemes have not been evaluated for results or impacts.
 - They tend to include only better off regions and smallholders
 - They reach a tiny minority – around 1-3% of LAC's smallholders
- Can these sort of schemes be embedded within territorial development initiatives?

“New Governance Model” of Tungurahua province



- ▶ A province in the central Andes of Ecuador (540,000 inhabitants)
- ▶ Provincial government since 2000 develops a “New Governance Model”
 1. An institutionalized system of effective social participation +
 - Strong voice in planning and budgeting
 2. A set of strategies to diversify and improve the efficiency and competitiveness of the productive structure of the province
 - Competitiveness Agenda
 - Agricultural Strategy
 - Tourism Strategy
 - Large investments from national, provincial, and (limited) local governments + private sector
 - Long term (16 years so far)
 - Multi-cluster economy: food, textiles, tourism, metal mechanics...

Conclusions

1. The TD approach is well established in LAC and in 15 years has progressed from concept to practice to results, including a new generation of TD approaches e.g. Mexico, Colombia, Peru, Chile
2. Impacts are limited by a number of design and implementation shortcomings, some of which are constraints imposed by the broader policy and institutional conditions
3. The design of future TD programs in LAC increasingly seeks to address four primary challenges
 - a) Coordination in all of its dimensions
 - b) More effective empowerment of territorial actors to decide, plan and govern their development
 - c) Internalizing and linking with private sector strategies
 - d) Evaluation and accountability
4. Need to stimulate greater involvement and leadership from government agencies beyond but additional to the Ministries of Agriculture



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