

Building Social Capital

Leitmotiv for a National Rural Network NRN

Part of Open Space during 15th NRN meeting in Finland.

Convened and reported by Henk Kieft (NRN NL).

Background.

The reasons for bringing up the subject of Social Capital in the Open Space:

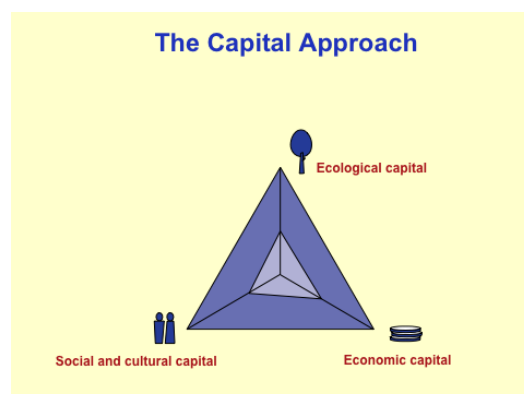
1. The expressed need for clarity on the key function and added value of NRN and NSU (National Support Unit) to the RDP.
2. RDP invests the bulk (>80%) into economic development and ecological diversity, but very little into strengthening the human capacities to support and implement these development activities. In several cases this omission may explain a bottleneck in achieving the full potential of the RD Program.
3. The search for a simple tool for M&E -with clear output, results and impact and with clear indicators, linking it to the objectives of the RDP.

This document reports on the open space reflection.

- a) the logic of 'building capital' in RD and the evaluation related to it,
- b) the questions and reflections discussed during the Open Space,
- c) first inventory of elements that may compose 'Social Capital'
- d) a tentative answer to : "Why we need Social Capital in RDP anyhow?"

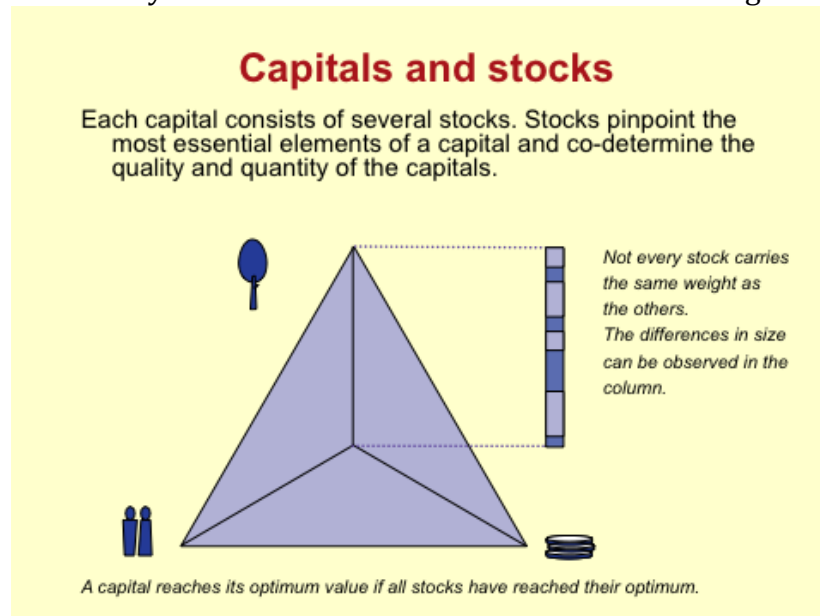
The logic behind 'building capital'.

The most relevant thought behind the Capital Approach is the integrated approach (People + Planet + Profit) to increase the common capital in our Rural Areas. Capital is everything that is positive on the 'balance sheet' of our Rural Area. The total Capital is composed of three capitals: ecologic, social and economic. Only when the three capitals are developed in mutual balance, only then we can build our house and its surrounding we live in and we live from. This is the basic meaning of 'economy': knowledge of stewardship of the house and place we live in. This is the most fundamental meaning of '*economy*', coming from the Greec '*oiko-nomos*' where '*oikos*' means '*house*' or '*living place*' and '*nomos*' stands for '*knowledge*' or '*stewardship*'. The major challenge is to prevent our living place and space from being degraded -or better, to build or regenerate it-. We can *live sustainably from the interest* on this rural capital, not by eating the capital itself.



The NRN intervention logic

The most strategic *intervention logic* for the NRN could be to support, sustain and build the social capital. Why this statement? Well, the large majority of RDP's pay attention to two out of these three capitals: the economic and the ecologic capital. For example in one of the Dutch provinces up to 80% of staff time in provincial administration is spent on preserving ecological capital and a bit on economic capital. In relation to ecological and economic investment the % of RDP-budgets invested in social capital are (very) low. This fact may explain why the investments in economic and ecological capital do not yield the maximum result that would be possible in case of more substantial investment in social capital. And the same fact may explain why official RDP's often lack local support from entrepreneurs and inhabitants. Why should they invest in their area if the administration decides the objectives alone, and when the government unilaterally decides on the administrative rules and regulations of the RDP.



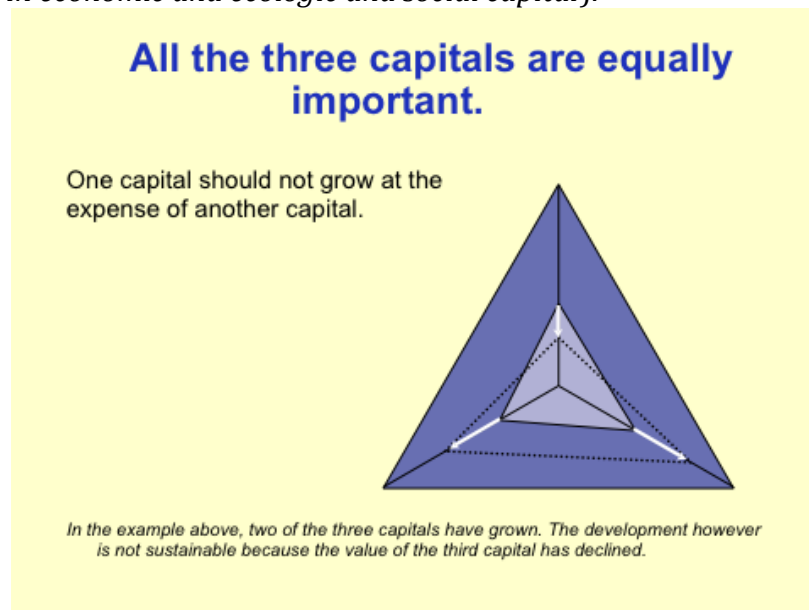
And what about a participatory Planning + Evaluation Logic?

Once we have a clear picture of the added value the NRN could deliver to the RDP, we are able to formulate clear indicators to measure progress or success. This will work well at the condition we are able to identify the desired outputs, the results and the final impact as an answer to identified weaknesses, constraints and/or bottlenecks that prevent rural development to achieve its full potentials. A problem-analysis for the social capital is required for every action plan of a NRN. All activities of a NRN should contribute to its final goal of building increased Social Capital. Such an approach will help building a logical framework and a strong foundation for the activities in the network and for the interventions by the NSU. Furthermore this approach will generate clear *indicators* for monitoring and evaluation. Moreover, when such setting of the goals (and the added value we desire) is realized in *participation* - among all stakeholders, that is *including* the administration – it will have three positive results:

a) stakeholders well informed about what the RDP is all about and what are its opportunities for them (*which may prevent substantial costs for information and publicity*)

b) stakeholders contributing to achieving the RDP-goals by investing their social capital [be it their network of relations, their personal knowledge and qualities and –more measurable- their energy, time and money, *which will result in a high multiplier of the public expenditure, sometimes up to a multiplier of 5 as has already been calculated by several evaluations*]

c) stakeholders enabled to actively participate in both the evaluation and adjusting the planning (*which ensures the plan will be adapted to the changing realities and new opportunities and hence yield more results and a higher increase in economic and ecologic and social capital*).



What about the practicalities and the costs of such evaluation?

We assume that such approach to evaluation can be implemented with budgets comparable to the budgets currently devoted to evaluation. This can be checked with the ongoing experience through the designers of this method : the TELOS-institute related to the university of Tilburg (NL). In the Netherlands this method has been used at the regional scale of a province and of cities/municipalities.

But what do we call *Social Capital* ?

The Open Space group listed several elements -or stocks- that together may constitute this social capital:

- entrepreneurial attitude
- relations + personal network
- individual capacities and qualities e.g. experience in project management, efficient conducting of meetings,
- specific knowledge of the area,
- having access to ideas and funds,
- being actively involved in local initiatives.

.... and most probably more if we would have had time to consult other participants

Comparing the list above and the general picture below it is clear that the components (stocks) of social capital for Rural Development for the general

picture need to be adapted and redefined by the Rural stakeholders to better serve the rural development.



OK, social capital, but why is it so important?

Many of the NRN people are challenged to explain why we would need a NRN anyhow. Many people also confess they rarely really thought about this human aspect of development interventions. Or, when they did reflect on the subject indeed, it did not become much more clear. This confession may hold as well for most of the Management Authorities (MA). And hence, if MA's have no clear picture of what they expect as added value from their NRN for the RDP, it is understandable they argue not to need a NSU at all. But alas, "Brussels demands it so we should write up something"

So the meeting in the Open Space felt the need to identify some arguments to justify a higher % investment of RDP in building Social Capital. Here they are:

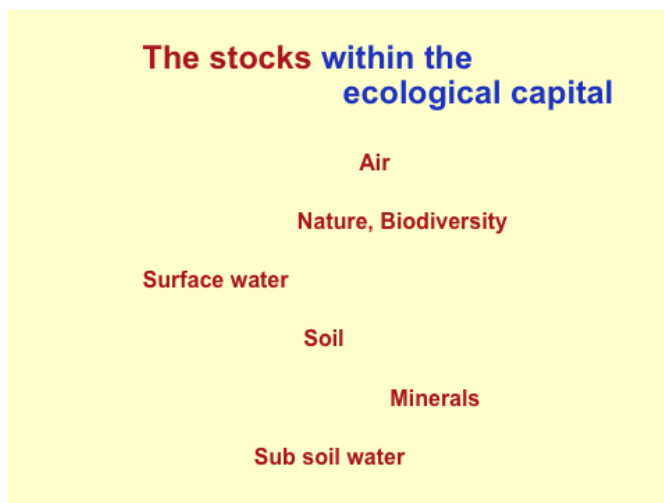
- social capital is *a necessary tool* to better achieve economic and ecological goals [and as few or no other institutions develop this tool, let the NRN support it !]
- it *opens minds* of stakeholders and administration for *innovation*
- it is a *long term investment in the future*, it supports cultural development, develops new values that may guide more sustainable behavior
- it sustains and increases *entrepreneurial spirit*
- it may *improve cooperation* among actors in complex conditions that have not yet cooperated so-far. And this cooperation may create new opportunities (f.e. cooperation between axes 1 and 2 in agri-environmental cooperatives). And anticipating on the RDP 2014-2020, such collaboration will definitely be required for the *new collectives* that can be rewarded by the RDP for sustaining public goods and values.
- it may improve *cooperation between the 4 programs in the CSF* (Common Strategic Framework)
- it is a basis for *better governance*
- it will strengthen *social inclusion*
- it *builds self-confidence* –as is already proven in many evaluations- and hence increases the feeling of *well-being* of people involved

- such package altogether will also have positive *spin-off* to other domains of policy.

Please add arguments to this list -and inform the ENRD- and use from the above list what you already can use today.



From this list above as compared to the picture above –on the stocks within economic capital- we see that *knowledge* is also perceived as desired stock in Economic Capital. In fact this underlines the importance of the component of knowledge for economic development. Now, much of the desired knowledge for economic development ('innovative business' and 'interaction between knowledge holders and the business community') will also serve the building up of ecological capital; so we suggest to include 'knowledge' in the social capital to also serve the ecological capital.



Best Practices of NRN?

Now these two overviews of components of social capital and arguments in favor of social capital will also give interesting criteria for collecting and publishing best practices in NRN-activities. Every good practice could be judged against its contribution to one or more of these components (or stocks) that constitute

social capital or judged against its contribution to the arguments in favor of building social capital in the NRN.

10% budget allocation for building social capital

The European Commission -DG-Agri- could advise the MA of the Member States to invest at least 10% (instead of 4 or 5% for TA and NSU) of the RDP budget into building social capital. This could be related to another suggestion made in the 15th NRN-meeting in Finland, i.e. to give more clarity on the expected contribution and added value of the NRN and NSU to improved results and final impact of the RDP in 2020.

Emerging picture

Eventually an adapted triangle emerged from the reflections in this Open Space. It expresses the sustainability triangle People-Planet-Profit again, but now applied for Rural Development. Most RDP's in Europe invest the larger part of the budgets into strengthening the Economic (!) and the Ecologic capital (!) and only a very small % into Social capital (this is expressed in the unbalanced dotted triangle in the center of the larger sustainability triangle).

The picture now shows three important facts.

1. Sustainable Rural Development needs more than formal RDP's alone.
2. The social capital in RDP is relatively underdeveloped and may constrain the achievement of the full potential of rural dynamics, for a variety of reasons.
3. If the Social Capital in the RDP would be built up proportionally (this could be the key role of a National Rural Network NRN) it will create substantial Added Value to the Economic and Ecological rural capitals and eventually result in more sustainable rural development.



So this working group in the Open Space hopes this reflection may contribute to a relevant role of NRN in the Member States' Rural Development Plans in the next phase of the European Common Agriculture Policy 2014-2020.

PS: the entire powerpoint presentation explaining the PPP-triangle for M&E is available from h.kieft@etcnl.nl and from the website of the Contact Point ENRD.