1. Territorial Development (TD)

The 2005 “EU Consensus on Development” states that agriculture and rural development are crucial for poverty reduction and growth. It also introduces the theme of territorial development “aimed at involving beneficiaries in the identification of investments and the management of resources in order to support the emergence of local development clusters, while respecting the capacity of ecosystems”. The recent Communication from the Commission "Local Authorities: Actors for Development" (COM(2008)626) reiterates the importance of territorial development and in particular emphasises the role of local authorities. Indeed, being a bottom-up approach, TD focuses on local actors, where “local actors” are all those localised agents that have a stake or an interest in the development of an identified territory. Individuals, social groups or institutions that can be directly or indirectly affected by decision-making (in a positive or negative way), those who can influence such decisions and those who would like to influence that decision are considered as local actors. The diversity of actors, their values and the interdependencies among them, often lead to opposite interests causing conflicts and the improper use or inefficient management of resources.

Since there are a number of definitions internationally utilized for the concept of territorial development and recognizing the need for an in-depth policy work in this area, the Commission will provide specific guidance on the theme in the near future. For the time being the following definition can be useful:

Territorial development (TD) is a holistic, spatially accented and participatory approach to development that fosters a territorially balanced economic growth and the reduction of spatial inequalities in living standards by promoting the distinctive characters of a lagging area, developing its endogenous potential (assets, human, social and economical capital) to enhance local competitiveness, and linking it to other lagging and leading regions and markets. TD is based on the existence of a shared territorial identity amongst different stakeholders living within a specific area (not necessarily precisely bounded).

In addition, territorial Development is a concept based on a multi-sectoral approach, including the sustainable management of the rural space and its economic and social links with urban centres, as well as the decentralization process and issues of local governance.

The migration from rural areas of an increasing number of rural poor and the urbanisation phenomenon is a challenge demanding a new integrated rural/urban approach.
2. Taking Territorial Development into account in the analysis of the country situation

The multidimensional nature of Territorial Development requires a broad range of data:

**Demographic/Poverty data:** rural/urban population split, nature and location of disadvantaged groups, size of households, rural-urban migration; geographical patterns of poverty distribution and under-nourishment, evolving consumption patterns, prevalence and incidence of HIV/AIDS, existence of food crisis areas, social indicators;

**Institutional environment:** local political/administrative structures, fiscal and administrative decentralisation, land tenure system; **Social aspects in rural areas:** organisation of civil society, NGOs, formal/informal private sector, formal/informal safety nets mechanisms; gender relations; **Economic and Financial assets:** competitiveness of input/output markets (links to urban centres and ports, marketing networks for inputs and output and role of public sector therein); savings and credit (institutions and systems), agricultural and non-agricultural sources of income, remittances, wage labour, trends in income; **Physical assets:** availability of economic infrastructure (roads, electricity, water supply [for human consumption and irrigation]), mechanisation and industrialisation trends; availability of social infrastructure (education, health facilities);

**Natural assets:** available crop land, fish stocks, pastures, forests, sustainability of current trends of natural resources utilisation, crops and yields, evolving production patterns; **Patterns of vulnerability/risk:** climatic instability and seasonality, endemic diseases, other causes of vulnerability (drought, floods, pests, price shocks).

3. Taking Territorial Development into account in the Community response strategy

   **If Territorial Development is chosen as a focal area of intervention**

   The following elements should be taken into consideration in the formulation of a territorial development programme, in the political, social and economic spheres:

   **(i) political:** commitment to promote policy and institutional reforms, in the fields of political, administrative and fiscal decentralisation, land and good governance, both at national and sub-national levels, more locally in rural areas; participatory planning and management by improving the dialogue between local authorities, civil society and private sector; piloting innovative approaches and scaling up successful models of resources generation, allocation and management at local level; mainstreaming of environment concerns at national and sub-national level;

   **(ii) economic:** participation and suitable conditions for non state/private sector development and involvement in areas traditionally covered by the public and informal sectors; balanced rural/urban relations and dynamics (synergies between agricultural activities and urban enterprises; empowering agricultural producers in trading; labour market and migrations; priorities in water and energy supply, infrastructure etc.); access to production assets (land, water, capital, inputs); Land is a particularly relevant issue for RTD, for which specific EC policies and guidelines (see COM(2004)686) apply; markets and services in rural areas and the development of secondary rural centres as engine for development (see COM(2004)89 on commodity chains);
(iii) social: mainstreaming of social concerns (health with particular focus on HIV-AIDS and other transmissible diseases, education and social safety nets); improving access to basic social services in rural areas; pro-poor and gender sensitive targeting.

Preferably, a sector approach should be adopted, whenever appropriate. Given the multidimensionality of TD, coherence among its components and more generally with other CSP's sector interventions is important. Harmonisation and alignment (the EC is a member of the Global Donor Platform for Rural Development - GDPRD), particularly with EU MS, is strongly recommended.

- If Territorial Development is chosen as a non-focal area

A non-focal TD intervention, with a limited financial envelope, could actually be designed as a precursor to a future national decentralisation and local development strategy and programme.

The multi-sector nature of TD allows for a broad range of options, depending on situations and the selected sectors/areas of concentration: as an example, if governance is selected as focal area, TD interventions could work in complementarity and synergy by supporting land reforms. Should social sectors be selected, an additional TD programme could ensure that rural people, or particular groups, could more actively participate in local planning and management and consequently improve their access to services.

- Territorial Development as a cross-cutting issue

Due to its multi-sectoral dimension, TD is a cross-cutting issue. Mainstreaming RTD in social and environmental sectors, in infrastructure and private sector development would have a strong poverty reduction effect and contribute to a more balanced, equitable and sustainable urban and rural growth.

4. Useful links for more information on Territorial Development

- EC (1999) Guide d’opérationnalisation de la coopération décentralisée
- Regulation (EC) N 955/2002 on decentralised cooperation
- PDM - Partenariat pour le développement municipal; www.amenagement-afrique.com
- World Bank
- OECD Territorial Economy
- UN Capital Development Fund

Links to RD documents:

- Communication from the Commission: Fighting Rural Poverty (COM(2002)-429)
• Communication from the Commission: EU Guidelines to support land policy design and reform processes in developing countries (COM(2004) 686)

N.B. It is also recommended to check links to political, social and economic areas relevant to food security within the respective fiches (e.g. health, education, water, energy, agriculture, fisheries etc.)

5. Indicators

Rural well being: Percentage of population below the poverty line, child mortality rates, school enrolment (by gender), illiteracy rate (young, adult), malnutrition prevalence, access to safe water and sanitation; Trends in the rural economy: growth of agricultural GDP, share of agricultural GDP over total GDP, Rural farm and non-farm employment (male, female), non-agricultural GDP, other sources of income (remittances), cereal yields, food, fisheries and livestock production; Market development: agricultural marketing and exports, access to financial systems, labour force (male and female), food prices; Accessibility and communication: road indexes, telephone access, safe water coverage, radios, electric power consumption, newspapers; Natural resources management: arable land (under cultivation and potentially arable) and pastures, water use for irrigation, rate of deforestation, soil conservation technology, fish landings (artisanal and commercial fisheries); Institutional framework: political, administrative and fiscal decentralisation, local government spending, local tax revenues, number of community based organisations, farmer organisations, NGOs. Social Services: pupil-teacher ratio, gender parity index, doctor-patient ratio, nurse-patient ratio.