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The Seminar

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RURAL DEVELOPMENT FROM THE TERRITORIAL PERSPECTIVE

AREA BASED DEVELOPMENT APPROACH – EVIDENCE FROM BORDER RURAL REGION DRINA-SAVA¹

Natalija Bogdanov² and Aleksandra Nikolić³

Summary

The main objective of this paper is to discuss the basic features of a strategy aiming to make one post conflict rural area more open, ready to cooperate and innovate and ready to take responsibility for its development. Therefore, we explore the possibilities for implementation of Area Based Development Approach in rural areas of Drina-Sava region.

We argue that the development of the region largely depends both on success of participatory process and its existing territorial assets. We also stress the importance of joint activities and consensus on the issues that inhibit the transition of resources in assets as essential precondition to raise regional competitiveness and to activate all currently unused resources. Implementation of Area Based Development Approach allows the formulation of transparent, clear and objective “get away” strategy which will ensure sustainable development environment based on joint resources.

Empirical evidences and explanation of the facilitation process will support our analysis.

Key words: Area Based Development, cross border regions, rural development, territorial capital

JEL classification: O21, R11

1. Introduction

Newly independent West Balkan (WB) states are facing challenges related to dysfunctionalities of socialist and post-socialist federalism (conflicts in Western

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Balkans and the CIS), including elements of transitional economies such as the democratization, a shift to a market-oriented economy and nation-state building. In the same time all WB countries are committed to the process of EU integration, which ask for deep restructuring of economy, governance, political environment etc. Due to such complex and multidimensional development constraints a broad zone with a high risk of both conflict and crisis situations has been formed on the territory of the Western Balkans. Thus, WB countries, and especially rural regions might become even less competitive, and consequently exposed to threats of marginalization. Therefore the European Commission (EC) is taking significant steps in order to improve the EU interventions at its external borders after the latest enlargement. However, the past experience gathered in the region in the decades that the existing EU-instruments of cross-border cooperation are mostly inaccessible for the beneficiaries at micro level in the rural areas (small farms, SME's, non-agricultural activities etc).

The level of IPA funds utilisation (especially CBC programs) suggests that WB countries face the same situation caused by its poor ability to access the available funds. It is partly due to fact that WB countries lack experience and capability to create and implement regional policies. Even less experience exists with cross-border and regional cooperation in rural development. Although there are some progress in implementing territorial development approaches at the national level, such solutions are still rarely used in cooperation among the rural areas of neighboring countries, mostly due to very complex consequences of the wars of the 1990's. In such setting, common cultural heritage, language and even ethnicity, do not contribute to their more intensive progress. In another words, the main reason behind low efficiency of EU interventions is lack of social capital, lack of corresponding stakeholders' capability and social interactions necessary for more proactive attitude toward fundraising. So, it is obvious that different approach to development has to be implemented in order to increase efficiency of both EU CBCs programs and national regional policies in the area of WB. The fact that Area Based Development Approach developed by UNDP as an instrument which effectively manage the problems of rehabilitation, reconciliation and social stability in areas affected by complex crisis such us military conflicts, natural disasters, poverty and exclusion, makes it suitable as an alternative approach.

In this article we discuss the experience of implementation ABDA in defining strategy aiming to make one post conflict WB rural area (Drina – Sava region) more open, ready to cooperate and innovate and ready to take responsibility for its development. We start by assuming that:

1. The development of region highly depends on its territorial capital accessibility and level of development and socio-economic capabilities that could be used for creating area based advantages as regards its competitiveness and attractiveness.

2. The conceptual considerations of ABDA with regard to participative, integrated and inclusive principles should be respected as a basic precondition in order to create sustainable partnerships in one cross-border rural area that is facing risk of future marginalization and socio-economic decline

3. Despite the efforts of regional policy and funding over the last years territorial cohesion - in terms of functional interrelations and strategic cooperative initiatives - is still one of the most important challenges (Giffinger, Suitner, 2010).

The methodological approach is based on *assessment of territorial capital of Drina – Sava region*. According to OECD, territorial capital refers to the stock of assets which form the basis for endogenous development in each city and region, as well as to the institutions, modes of decision-making and professional skills to make best use of those assets (OECD, 2001., p. 13). We explore the six dimensions of territorial capital - human, environmental, economic, cultural, social and institutional - and elaborate them in context of their relevance for implementation of ABD approach. The main goal is to provide detailed description about area's internal characteristics that can shape future development, but also the pressures and opportunities offered by external environment are considered.

According to Brunori (Brunori, 2006, Brunori et al., 2007) territorial capital can be defined as the interaction among all the material and non material, private and public assets characterizing a territory where territorial governance is the process of combining the interactions and the interests of the different actors and their ability to use, combine and transform local assets. In this respect, the *fundamental principles of ABDA followed* in defining strategic objectives for further development (Bogdanov, Nikolic, 2012):

- Area and problem are clearly linked by demarcation of municipalities that are faced with area-specific development problem arise from consequences of recent war and transitional process.
- The principle of integrated approach reflects in fact that proposed interventions addresses the region-specific problems in a comprehensive manner, taking into account the complex interactions between sectors, factors and actors in a given area. Active contribution of the local stakeholders took place through the work in the four stakeholder groups (SHG), which have been formed respecting the development potentials and the priority problems of the region: SHG for Agribusiness, SHG for Infrastructure and Environment, SHG for Entrepreneurship and SHG for Cultural Heritage and Tourism. SHG are not only dealt with issues of sectors development, but also with sectors contribution to the integral regional development.
- The principle of inclusive processes complied with the fact that the situation analysis, SWOT, the visioning, list of priorities and development projects,

considered at the regional level, rather than of its individual components/parts, specific target groups or sectors.

- This process was a combination of bottom-up and top down approaches. The fact that the process is inclusive and participatory, in this case does not mean that bottom-up approach is fully implemented. In the case of Drina-Sava region, ABDA was applied to the territories of three countries that were affected by the war. Therefore, in this area it is difficult to expect spontaneously creation of structures to launch a process of cooperation in economic development. However, such sophisticated and holistic concept as ABDA, contrary to other similar actions, requires external interventions.

2. Area Based development Approach – definition and objectives

The recognition that traditional and fragmented development approaches and programs were unable to effectively respond to the complex developmental problems of marginalised and backward communities, led to an increasing interest for a more holistic and sustainable concept tailored according to local community capabilities and needs. In the same time it was recognised that previously used approaches based on humanitarian assistance and donor programs were not able to ensure to answer to such complex challenges and to long-term sustainability (Harfst 2006, Brown 1996, Vrbenski 2008) due to various reasons (lack of funds, resources, underdeveloped institutions, etc.) Therefore, the aim was to find an instrument that would effectively manage the problems of rehabilitation, reconciliation and social stability in areas affected by complex crisis such as military conflicts, natural disasters, poverty and exclusion. As a part of such effort the ABDA emerged in the late 1980s, based on experiences generated within theories that dealt with various aspects of rural and regional development, decentralisation and post-conflict reconstruction (Integrated Rural Development, Community Development, Regional Planning, Decentralization & Local Governance and Response to Complex Emergencies and Post-Conflict Reconstruction). Previously used approaches based on humanitarian assistance and donor programs, have not been efficient enough in such a complex challenge, since due to various reasons (lack of funds, resources, underdeveloped institutions, etc.) they were not ensured a long-term sustainability (Bogdanov, Nikolic, 2012).

ABD concept was initially tested in three pilot initiatives by UNDP (UNDP 2003). Based on these experiences, the implementation of ABD approach continued in other vulnerable territories over the World. The approach reconcile long and short-term objectives such as: responding to immediate needs, alleviating crisis-induced economic devastation and promoting social reconciliation at the local level by facilitating the establishment of foundations for political, legal, economic, social and administrative reforms that should contribute to sustainable development.

The territorial focus of ABD approach was derived from the understanding that the space in which people live, should be the primary focus of recovery” (UNDP 2003, p.2). Harfst (2006) recognized the importance of this concept also for non-conflict areas, stressing that ABD concept “targeting specific geographical areas in a country, characterized by a particular complex development problem, through an integrated, inclusive, participatory and flexible approach”. ABDA aims at addressing root causes of regional disparities, thereby allowing disadvantaged areas to participate in national development processes. As such, ABDA targets geographical areas characterized by particularly complex limitations, induced by structural, political and governance, economic and social, cultural and perceptual and environmental factors (Brown 1996, p.12-22., Vrbenski 2008).

Apart from these factors, Vrbenski particularly emphasized the factors related to dysfunctionalities of socialist and post-socialist federalism (conflicts in Western Balkans and the CIS), including elements of transitional economies that newly independent states had to undertake such as the democratization, a shift to a market-oriented economy and nation-state building. Simultaneous presence of the most of these factors caused the formation of a broad zone with a high risk of both conflict and crisis situations on the territory of the Western Balkans.

In the scientific literature there is no evidence on the implementation of ABDA in solving specific problems of rural areas. Complex problems of rural areas have not yet been examined in the ABDA context, although by its character and the factors influencing them are highly complementary to it. Testing the ABD concept on the example of the bordering rural areas of the Western Balkans is a particular complex development challenge. Current situation of rural areas, especially border, in Western Balkans characterizes by same factors of relevance to the ABD: socio/economic consequences of recently passed war, necessity to develop functional governance framework, risk of marginalization in the context of both regional/regional and EU territory, lack of “fresh” and easily recognizable image and identity of the region, insufficiently attractive economic environment, neglected and not properly managed natural resources etc. With such complex and multidimensional development constraints, rural regions might become even less competitive, and consequently exposed to threats of marginalization. So, it seems that ABDA can be an efficient tool to deal with all mentioned development issues. Therefore, the main outcomes of exercise aimed to formulate Strategic development plan, by implementing core postulates of ABDA are used to argue our position: need to apply ABDA in order to ensure more sustainable development path for one WB cross-border region, namely Drina- Sava region.

3. Drina - Sava rural region in the context of ABDA

Rural region Drina-Sava is a specific geographical area, formed from the neighboring municipalities belonging to the territory of Bosnia and Herzegovina,

2. Accessibility of all dimensions of territorial capital is low and has strong reflection on the level of capital utilization. Although capital stocks exist, there is need for skills/capabilities to turn resources into assets. It is detected that four type of skills are missing, or being poorly developed: skill to analyze environment, skill to create links and synergy between sectors and individuals in order to maximize and retain added value, skill to raise joint actions and skill to liaise with other areas in order to make Region more attractive;
3. The traditional approach to resource utilization, to the economy and to the governance and administration is main constrain of harmonized and sustainable development of the region;
4. Assessment of economic capital confirms limited competitiveness of all economy sectors, low ability to build up or to become a part of attractive value chains and to follow market trend.
5. The most of recognized weakness are caused by quite low development of social and institutional capital;
6. The flow of information, knowledge and data availability about region is recognized as a key limitation factor of future Region integral development;

The assessment of territorial capital of Drina Sava region showed that regional economy is not able to offer products, business environment and well being of local people that can be competitive on the wider WB neither in broader European context. This is mostly due to the lack of systematic, well understood approach to the development that is able to raise synergy between sectors and turn existing resources into assets. Past development was based on individual energy and activity, and on traditional approach to the business activities and resource utilization, which is main characteristic of reactive, ad-hock approach to the development. Such approach is less efficient and it put on side major part of resources.

3.2. Selection of “development paths”

Based on SWOT analysis about the perspective of economic attractiveness, all economic activities are currently positioned in matrix field that represents weaknesses-opportunities link (Figure 1).

Such relation implies that its internal regional characteristics negatively influence main economic sectors. In fact, weaknesses are more pronounced in comparison with strengths, while external environment characteristics have favorable influence to the regions' economy, and offers development opportunities. Development opportunities are shaped by following factors: excellent geo-strategic position (main transport routes are crossing the region), the administrative reforms that are driven by EU integration process, EU structural funds, Danube river management

as a very high priority of EU policy agenda (Sava and Drina are the parts of Danube river catchment), favorable market trends that put more emphasis on concept of business social responsibility, “added value for customers”, “traditional and cultural heritage”, “home-made”, biodiversity and landscape, “green and smart”, eco-services etc.

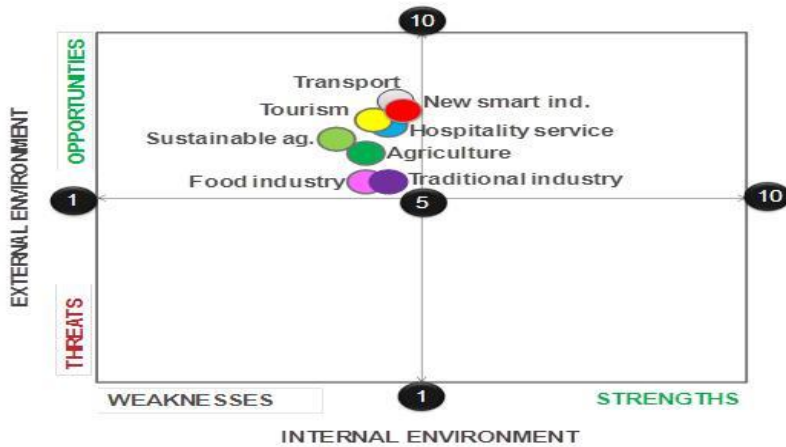


Figure 1 Assessment of current position of main economic activities of Sava Drina region

To see the whole area’s economy moving towards field “strength–opportunities”, the internal cohesion and synergy, based on understanding and sharing common distinctive values, resources and concepts, has to be developed. In fact, region’s capability to raise joint development actions would be driven by level of internal region cohesion, strong increase of knowledge and information about region and raising awareness about common responsibilities for its resources.

In order to address identified regional development gaps, the “gateway approach” was selected as proper tool. The aim of this exercise was to identify appropriate combination of territorial capitals and joint actions that will ensure sustainable environment for regional development. With such approach the root of problems instead symptoms are addressed. This approach is not “ready to use”, it calls for change of all stakeholders behavior asking to invest “sole and mind” to “create new combinations” which is according to Schumpeter (1934 re-cited in Nijhoff-Savvaki et al., 2008) defined as innovation leading to increased quality of life. It addresses needs of populations and facilitates creation of foundations for for political, legal, economic, social and administrative reforms. It calls for area based development approach, which will ensure simultaneous intervention in multiple sectors and at all levels.

It has to be added that, the sector's approach for sure can contribute to the development, but local community benefits from such kind of development will be very different. These differences in the benefits would prevent the development of the area as an integrated socio-economic region. So, the whole process of formation and development of the region would be affected.

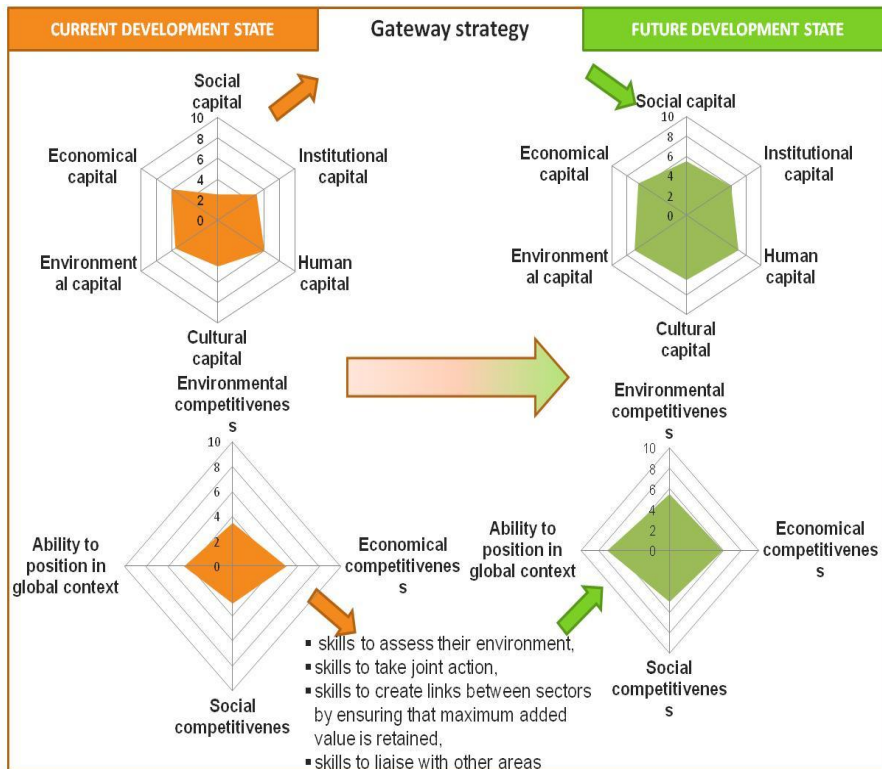


Figure 2 Assessment of territorial capital of the region and Gateway strategy

The development of capacities necessary to raise synergy between all actors will push up regional cohesion and socio-economic development which will bring benefits to both - region as integrated socio-economic space, and all local communities. So, the focus of development intervention has to be on horizontal measures which will enable strengthening of skills which enable creation and retention of added values through joint actions and skills necessary to build up adequate position within WB and EU environment in order to attract investment and people.

4. Conclusion

According to stakeholders' opinion, expert assessment and research evidence, ABDA concept confirmed as an adequate tool to address factors hindering development of cross-border rural areas through integrated, inclusive, participatory and flexible approach raising place-identity and sense of belonging, which is in literature recognised as a way to mitigate decline of rural areas (McManusa et al., 2012). In the same time, this approach is pushing forward concept such as leadership, professional excellence, performance and accountability for results as well as pressure to identify and engage key agents of change. In other words, it calls for development of robust social network and plan for transition which have to think about sequencing and integrating the different efforts, in order to leverage more fundamental, systemic and cultural change. Therefore, it is in near future expected to see one post conflict WB rural area (Drina – Sava region) more open, ready to cooperate and innovate and ready to take responsibility for its development.

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