

Session 1. Investing in rural areas: what are the priorities?

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Thank you for the chance to share with you a couple of ideas and experiences that we have accumulated after six years working in the rural, poorest regions of Mexico.

In terms of surface they represent around 80% of the territory. In terms of population approximately 20%, and in general terms they are characterized by their isolation, the highly dispersed population (100,000 communities, 62% of them with less than 50 inhabitants), high migration rates and very high degrees of marginalization.

Strengthening rural territories

1. Development is always the result from a territorial system, and it can only be operated locally by local actors in an agreed and concerted operation. According to Boisier ⁽¹⁾, territorial development can be understood as “an emerging property of a highly synergized, complex territorial system”. In consequence, development should be acknowledged as a process related to simultaneous, rather than sequential incidence of several factors. If so, establishing priorities for investment in rural areas becomes a challenging task.
2. In Mexico, we consider that a territorial development policy has to be conceived as a holistic system, in order to be environmentally and economically sustainable. It requires integrating social, institutional, economical and environmental dimensions, and should be able to handle properly on one hand the promotional triggers, such as macro economical and social stability, and on the other hand factors that restrict its successful operation such

as market failures, high dependence on subsidies and governmental patronizing.

3. It is also convenient to remember that in every territory always exists a system. Introducing development policies implies an explicit intention to improve its performance in terms of generating sustainable wealth and welfare.

4. Given that development is always an endogenous process, the effectiveness of any public policy will depend on the way it impacts on the territorial system. Every development program or measure implemented in a certain territory implies positive and negative effects. It is up to the policy makers to demonstrate that such programs or measures do not generate negative impacts or are at least innocuous.

5. If we look at territorial development in a systemic way, national or large scale territorial systems will work more effectively as long as they are integrated by sub national effective and feasible systems. This implies that the subsidiary trend in territorial policies is not only a matter of solidarity, but a matter of national and sub national strategy.

6. In a territorial system it is convenient to differentiate between two acting elements: territorial capital – natural and developed resources – and the Subject of development, which at the same time is the active driving force and beneficiary of the development process. Between both of them, territorial capital and the subject of development, exists a systemic interaction as it is “people who build the buildings and the buildings who build people”.

Increasing physical capital

7. Territorial capital, particularly the physical one, can and should be preserved, and above all should be utilized in the construction of a territorial system that generates sustainable wealth and well being. National and regional governments have the responsibility to assure the required territorial capital in order to deliver a minimum of well being and, overall, facilitate local actors its task to engage in a development process.
8. In Mexico, in order to support the highly marginalized rural territories, we have been implementing, since 2001, a model, the Micro Region Strategy, that prioritizes public investment in infrastructure and services in communities that act as *hubs* which provide social and economical services. We identify these hubs as Strategic Community Centers (Centros Estrategicos Comunitarios), or *CECs*. The purpose is to enable them to provide social services, supplies and basic information and communication technologies to the inhabitants of the community and to the smaller ones in their influence area. This model was selected facing the impractical task to grant a complete set of infrastructure and basic services to the tens of thousands of communities with fewer than 500 inhabitants.
9. The basic set of infrastructure that has been considered for these hubs is made of 1) An all year round viable roadway connected to the state or federal highway network; 2) electricity supply considering the operation of small industrial facilities; 3) adequate and functional schools; 4) public telephone service; 5) basic health services; 6) public internet access; 7) domestic tap water supply; 8) basic food supplies at competitive prices; 9) sewage systems and waste management; 10) rural business development; 11) domestic concrete flooring; 12) local urban development plan; 13) patrimony legalization and 14) providing official identity papers to the local residents.

10. After 5 years some improvement has been registered in several parameters of the marginalization index in the 1340 municipalities that are part of the universe of the Micro Region Strategy (2). With this information we conclude that we have to reinforce the governance mechanism in order to allocate more financial resources to the 3000 *hubs* within these municipalities, in order to establish in the next six years the conditions that enable them to act effectively as micro-poles of development.

Strengthening the Subjects of development (Building human and social capital)

11. While establishing priorities for investment in rural areas, it is possible to identify the required infrastructure or hard ware, the required knowledge and technical skills or software and the human ware, that is the individuals and groups of individuals who formally or informally organized, live and interact in a rural region.
12. They are the leading actors of the development process and at the same time are the main beneficiaries of it. We can consider them as the *Subjects of Development*. Investing in building this human and social capital is also a priority.
13. We identify as the primary Subjects of Development, those individuals that are committed to make their “own territory” a place where “a better living” is possible (whatever they understand for “better living”).
14. We identify also as Subjects of development the “*living community*” that is formal and informal local organizations; local and regional authorities and the public - private partnerships.

15. Strengthening the Subjects of development implies building technical skills, but particularly the strengthening of the mentality and determination of individuals and communities, raising their minds from a reactive and operational thinking to a systemic and strategic level.
16. When dealing with local authorities investment has to be aimed at developing administrative and technical skills, raising the role of participative planning and accountability, and improving their ability to evaluate inter municipal projects.
17. According to the Latin American Economical Commission (CEPAL-UN) (3), within the generic concept of social capital there are three different, complementary aspects: i) the internal cohesion of the community (union social capital) ii) the links with other communities (bridge social capital) and iii) the links with external entities of different nature such as development agencies, universities or upper level authorities (ladder social capital). Rural development requires fostering these three aspects simultaneously.

Governance

18. Sub national governments (state or regional) act as a link between municipalities and national (federal) governments, becoming a key factor in rural development. Investment should be made in order to improve regional and micro regional planning capabilities.
19. Federal investment in rural areas can be a useful governance tool by rewarding sub national governments that commit with rural development by matching regional or state funds with local investment.

Innovation and clustering processes

20. Economic and non economic incentives can be introduced to activate the potential of regional colleges and technical schools to develop innovation and to introduce and promote innovative practices in rural areas.
21. Territorial development directs us to the notion of competitiveness and the benefits of agglomeration. Investment should be directed to foster regional economic models that induce clustering.
22. In Mexico, concepts like enterprise culture, entrepreneurship, business, and cooperatives were for many years either banned from the educational system or distorted. Today investing in recovering these concepts and developing the notion of market becomes a priority.
23. Wrapping up, the priorities for investment in rural, poor chronically lagging territories are: People (human and social capital), and the infrastructure required to establish a basic platform of social and economic services. Fitting the priorities for remaining investments should be a result of sound local planning.

References:

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