

4th Summer Academy

on

**Social Capital
and Sustainable**

Rural Development

Ilmajoki 3-12 June 2005



**The Role of Governance:
How policies and institutions interact
with Social Capital**

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How can we use social capital as a resource for rural development?

First, we define the concepts

Sustainability

Continuous flow of social economic and environmental benefits

Sustainable development

maintains and enhances the capital resources of an area:

- **Physical capital**
- **Environmental capital**
- **Economic capital**
- **Cultural capital**
- **Human capital**
- **Social capital**

Rural development

A process of positive economic, social and environmental change aiming to improve the quality of life of local people

4 pillars

People Economy

Environment Institutions

Rural policy

mobilizes all types of capital resources, providing incentives, management and regulations to guide development

How can we use social capital as a resource for rural development?

First, we define the concepts

Social capital

“Refers to the norms and networks that enable people to act collectively”

It is based on :

*trust
networks
shared values*

Positive elements

Enhances the performance of economy

Enhances social cohesion
Facilitates cooperation and coordination

Reduces transaction costs
Improves communication and flow of information

Negative elements

Reinforces conservatism
Blocks innovation
Promotes segregation and social exclusion

Bonding Social capital

Strong ties between the members of a group or a community who feel cultural belonging and share a common identity

Bridging Social capital

Brings together people or communities that do not have much in common but wish to cooperate

Linking Social capital

Creates contact between actors that are unequal in their power and access to resources i.e. people, government, other institutions

Why should we look at the interaction between social capital and rural development policy?

Social capital becomes a tool for governance

It gives a strong asset to governance i.e. the way policies are implemented through the interaction between public, private and voluntary sectors

Social capital can influence rural development policy

When the bottom up approach is selected by governments and community involvement becomes an integral part of local development planning, the existence of social capital becomes a crucial factor for effective involvement of the community members

Rural development policies and initiatives can strengthen and expand social capital

So that they can count on a strong basis for policy implementation, especially in areas of policy and sectors or locations that are considered difficult

**Which way interaction
between social
capital and rural
development policy?**

The interaction goes both ways

Policy makers express a concern for building up the social capital of rural areas as a mechanism for implementing sustainable development policies

Local communities or interest-based wider communities can exert influence on policy-makers at local, national or EU level through social capital

Social capital is not a substitute for effective public policy but rather a prerequisite for it and in part a consequence of it

**Social
capital**

A cyclical process

**Public
policy**

**The role of the civil
society is vital**

**The voluntary and other non-governmental
associations – the so-called “civil society”
create the ethical basis for local development
policies to succeed**

The Italian Experiment

In the beginning of the 1970s Italy established 20 new
elected regional governments endowed with great
powers

Some of them proved to be dismal failures (e.g.
Calabria and Sicily)

Some others proved remarkably successful in
promoting social and economic development in their
region (e.g. Emilia Romagna, Tuscany)

Years later a team of social scientists was called to
study these differences between the regions

Although the regions differ significantly in terms of their
social, economic, political and cultural profile, none of
these factors was correlated with the performance of
regional governments.

The only factor that could explain the success or failure
of regional policies was the region’s tradition and
current practice in civil society participation

Good -and not so good- practice tells us more about how the interaction works

examples of good?? practice at regional or sub-regional level

The “pays” in France

The LAGs in LEADER

The business clusters in the CSF

Voluntary Eco-labeling associations

European project partnerships

**Interaction at sub-
regional level:
locality-based**

The “pays” in France

- An interesting initiative of the national government aiming to promote rural development by supporting and increasing the existing social capital.
- Created by legislation in 1999, the “pays” are based on the strength of community ties within a territory.
 - Territories are re-defined ignoring existing administrative boundaries
 - The new boundaries of the “pays” are defined to form a homogeneous unit in geographical, economic, social and cultural terms.
- A development strategy is proposed by the local bodies to the government to fit the resources of the area, called a “territorial charter”
- The charter is accompanied by a convention, signed by all important local actors, which reflects their commitment in the form of a “moral agreement” to support the development strategy for the “pays”.

**Interaction at sub-
regional level:
locality-based**

The LEADER LAGs

- In a centralised and inflexible environment of public administration, the celebrated and praised Local Action Groups may just become another quasi-public local institution, detached from the local community
- In some southern European countries and regions, LEADER has become yet another form of the CSF, which is managed centrally by the government without leaving much opportunity for local community involvement in the grant allocation decisions
- Thus, LAGs have lost their initial meaning and operate as intermediate administrative mechanisms rather than expressing the dynamics of local communities
- The social capital of the LEADER areas is damaged rather than enhanced
- Many people say that the administrative system introduced by the EC in LEADER I and LEADER+ does not leave much space for a genuine involvement of the local communities, as was the case with LEADER I.

**Interaction at sub-
regional level:**

Interest-based

Business clusters

- Geographically concentrated businesses of different sizes, horizontally or vertically linked
- Clusters occur when there is sufficient number of firms sharing common needs, attracting resources and services that would not be available to an isolated company.
- Based on particular relationships among firms generated by social capital
 - Social interaction is prominent in the process of cluster building, consisting of a mixture of co-ordination, co-operation and competition, extensive use of market exchanges, connection with suppliers and users
 - Share a common identity outside
 - Innovation, ability to adapt to change and added value are characteristics of clusters that are attributed to the social capital
 - Significant obstacles to the development of clusters in rural areas are the lack of sufficient demand and the distance from suppliers
 - Strong family ties, which are usually present in rural areas, may hinder the formation of business networks.
- Clusters in rural areas have been specially supported by the Community Support Frameworks in Objective I areas because they are important tools for economic development.
 - Many of these efforts were not successful

**Interaction at national
and international
level:**

**The contribution of
the third sector**

Voluntary Eco-labeling initiatives

- Eco-labels are voluntarily adopted by businesses which have high environmental protection values
 - Their shared interest in nature and its protection forms the basis for the creation of social capital that finds expression in the adoption of a common label.
 - Such labelling systems are usually introduced by voluntary associations
 - The Swedish Ecotourism Association is an interesting example
 - Service providers of eco-tourism, including tour operators, accommodation providers, guides, activity leaders, sport equipment providers etc agree voluntarily to undergo a series of audits, to improve their infrastructure and services up to a specified standard, be granted the eco-tourism label and become a member of the wider community that shares high ecological values
 - The national policies on rural tourism and environmental protection are both served well
 - The Swedish government supports these efforts by recognising officially the eco-labels

**Interaction at
European level:**

**Interest-based
partnerships**

The Euracademy Association

Transnational projects funded by the European Commission provide opportunities for building interest-based partnerships and networks, generating social capital at European level

- To achieve social capital, the transnational “community of interest” should create lasting bonds and trust, responding to a real need for sharing resources
- The proof is at the legacy of such partnership – whether they continue to exist after the end of the funded project
- The Euracademy Association is a good example of a project partnership that evolved to an independent transnational community generating social capital at European level
- Important factors in the creation of social capital have been
 - ✓ the commitment of a core group of members
 - ✓ the high level of trust and cooperation between them
 - ✓ The existence of a clear objective - capacity building for sustainable rural development
 - ✓ The accumulation of experience in the development and delivery of capacity-building activities
 - ✓ A strong identity and outside image
 - ✓ ICT has helped to keep the members of the transnational community in continuous contact
- ✓ **The Association implements EC policy for sustainable rural development through capacity building activities**

**Interaction at a
strategic level: a
global point of view**

Social capital affects all spheres of life

Social capital and public policy interact also at a more strategic level which affects all spheres of life, as shown by empirical research in the US

R. Putnam and his team measured social capital in all the States through a number of indicators and were impressed by the results:

A strong relationship was shown to exist between social capital and

- Educational performance
- Health tax evasion
- Crime levels
- Self-assessed welfare

A strong interest in the measurement of social capital was generated at government level in both the US and Europe

Some governments decided to introduce policies that help to (re)-generate and maintain social capital

Does declining social capital matter?

The measurement of social capital

In some countries such a measurement has been incorporated in the population census and other regular surveys by government

Several Indicators have been proposed and agreed upon, on the initiative of the OECD

The cultural background plays an important role in each country/region so the indicators have been adapted to fit the national/regional background

Examples of indicators

- Membership in formal networks – voluntary associations, clubs, trades unions etc etc
- Membership in informal networks – neighbours, friends, co-workers etc
 - Social trust
- Involvement in local/national politics
 - Contributions to charity
 - Volunteering

How to stimulate and strengthen social capital?

National strategies

Proposals from the Saguaro Seminars for Rebuilding Social Capital in the USA

Area	Policy (example)
Education	Citizenship education and service learning in schools. Volunteering for college credit
Work	Legislation to enable workers to work flexibly and take time out for community activities
Urban design	Reducing urban sprawl and commuting times. Pedestrian-friendly design. Availability of public space.
Faith	A new “great awakening” and engagement in “one or another spiritual community of meaning”
Technology	Foster new forms of electronic entertainment and communication that reinforce community engagement rather than forestalling it
Arts	Increase participation in cultural activities “from group dancing to songfestivals to rap festivals”
Politics	Increasing participation Campaign finance reform

The social capital approach helps to formulate new strategies for rural development, more efficient, more democratic, more sustainable...

but we have to be well aware of the benefits and the dangers...

and of the positive and negative aspects of policies and their institutional environment

Positive factors

- **Transparency in public administration**
- **Training and advice for encouraging networks**
- **Minimum interference by governments in the process**
- **Use of ICT as an aid to communication**
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Negative factors

- **Bureaucracy**
- **Institutionalization of the process of creating social capital**
- **Top down approach by policy makers**
 - **Weak civic society**
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