

FEATURES OF THE DEVELOPMENT OF RURAL TERRITORIES: POLICY AND MODELS

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The article briefly presents a theoretical overview of the concept of development of rural areas as a policy and process. Then the main models of rural development and the underlying policy are critically analyzed. The study of the models was carried out using a comparative method of analysis. In this article the study was focused on the analysis of European models and policy, aiming at identifying the main shortcomings that hinder the sustainable socio-economic development of rural areas. The study of scientific literature and international works helped to justify the model of economic diversification needed for the socio-economic development of rural areas. Then measures are presented which need to be taken into consideration for diversification policy. In order to identify the possibilities and scale of diversification of rural territories, it was proposed to carry out mapping, which will provide an opportunity to develop and implement a policy of targeted development, taking into account the specifics and potential of every individual rural territory.

Key words: models, rural development, rural policy, diversification, measures, mapping.

Introduction

Nowadays Armenian rural territories face a number of problems that prohibit sustainable socio-economic development of those territories. Alongside with socio-economic problems, rural territories are characterized with migration. These are conditioned by the poor developed or absence of infrastructure, poor conditions for development and advance as well as by generally accepted belief that there is nothing interesting in rural areas. Whatever the reason for underdevelopment, it is evident that the model of rural development is imperfect. In order to reach sustainable development, there has been an emphasis on evidence-based policy in the world since recent years which is a good shift, as it means that the policy will be developed based on precise and detailed elaborations. In this context, it is necessary to elaborate the kind of model that will be reliable, viable, evidence-based and sustainable.

Problem setting

For this reason, we have aimed at implementing research to find out basic models that have been used over different periods of time. We will analyze the main characteristics and work out the model based on evidence which will position rural areas for strong growth and guarantee socio-economic development of rural areas on the basis of sustainability. For this reason we have chosen to consider and analyse European approaches which went through different phases by constantly improving rural development models and underlying policies.

Outcome of the study

The issue of rural development as a special area of policy, practice, and research has become the subject of extensive discussion in scientific circles. Changes have taken place not only in terms of the nature of agriculture but also in terms of the policy and approaches adopted towards the development of rural areas.

The term "rural development" refers to the approaches that States adopt towards the intervention in underdeveloped economies. This is more comprehensive and specific than just "agricultural development". It is more comprehensive because it implies much more than the development of agricultural production. This approach assumes that the economy must develop as a whole. The

specificity is due to the fact that it focuses on poverty and inequality. On the one hand "rural development" is related to the agriculture and other aspects of rural economies, on the other hand analysis of distribution issues requires an interdisciplinary approach, during which the socio-political factors interacting with economic processes are also taken into consideration. The term "rural development" can also be used to describe the processes of changes in rural societies. At the same time it should be noted that not all the processes are related to government action (intervention). In this case, the activity of "rural development" which is a form of state intervention, should be considered as one of the stakeholders, although it is becoming more and more important [1].

Harriss finds that rural development can be viewed in the context of one of the following options

- activities carried out by the state, where the emphasis is on development **policy**
- a broader **process** of change in rural societies that may or may not involve state intervention

It is noteworthy to study the European experience related to the development of rural areas and the implementation of rural development policy. Here are the main models of rural development that show the changes and developments in terms of the accepted approaches towards rural policy. F. Mantino [2] gives the description of the three models to be as follows.

Table 1

The comparative description of the models of rural development of the European Union countries

Policy settings	Type of policy		
	Industrial	Redistributive	Territorial
1	2	3	4
The goals of policy	Aligning income with other industries Production growth (enterprise level) Intensification of production (capital per unit area / labor)	Compensation for the effects of adverse natural and socio-economic factors Bridging the gap between backward rural and urban areas Diversification of agricultural enterprise income	Use of internal resources of the territory Diversification of income of agricultural enterprises New forms of cost reduction Distribution of forms of diversified activities The formation of non-agricultural activities (industrial and craft production, services, etc.)
Privileged policy type	Support for investment in enterprise development Direct support to producers' income	Compensation to mountainous and depressed areas Support for investment in the development of an agricultural enterprise Diversification of agricultural enterprise income sources	Supporting income diversification Local Economic Development Policies Supporting the development of infrastructure and services for local people Support for investment in an agricultural enterprise

1	2	3	4
The role of territories	<p>“Container” resources / investments in agriculture</p> <p>Rural = agricultural space</p> <p>Dualism rural / urban</p> <p>Insignificant local context</p>	<p>The central role of weak rural areas (hilly, mountainous areas, depressed rural areas, disadvantaged areas, etc.)</p> <p>Attention to the criteria for the definition of “weak rural areas”</p>	<p>Attentive to everything rural</p> <p>Rural heterogeneity in a regional and European context</p> <p>Multidimensional definition of the term “rural”, borders with variable geometry</p> <p>Bridging the gap between weak rural and urban areas</p>
The role of industries	<p>The central place of agriculture and professional agricultural enterprise</p> <p>Integrating Agriculture and Agribusiness into a Global Context</p>	<p>The central place of agriculture</p> <p>Other industries as an opportunity for diversified development of agricultural enterprises</p>	<p>The central place of agriculture, the engine of rural development processes (the first version of the model)</p> <p>The central place of other industries for the diversification of the local economy (second version of the model)</p>
The role of social structures (operators)	<p>The central place of professional organizations, organizations of manufacturers</p>	<p>The dominance of producing organizations</p> <p>Great attention in relation to operators of non-agricultural sectors</p>	<p>Rural development as a process with multiple actors</p> <p>The need for forms and mechanisms for conflict management</p> <p>Central place to the concept of partnership</p> <p>Central place to distribution networks</p>
The role of institutional structures	<p>Concentration of policy management in the hands of the industry administration (regional and national)</p>	<p>The dominant role of industry administration in managing policy directions</p> <p>Dissemination of forms of cooperation and / or integration with the administration of other industries</p>	<p>Creating forms of local and decentralized government</p> <p>Multilevel management of policies and areas of development</p>

Mantino F 2010 Rural development in Europe: politics, institutions and actors since the 1970-s up to now

The industrial model is based on the ideology that links the development of rural areas to the modernization of the agricultural and agro-industrial complex, in which the agricultural sector is of primary importance. At the same time, the table shows that policy is directed towards achieving income equality with other industries which is unattainable. Therefore, the EU's Common Agricultural Policy (CAP) Strategy for the Modernization of the Agricultural Sector leads to conflicting and unacceptable results. European scientists admit that the identification of rural development with agricultural development becomes unsatisfactory and unstable over the years.

The redistribution model is used in cases where the goal of state policy is to mitigate the existing disproportion between the most backward rural areas and other sectors of the economy. This model focuses on the development of targeted programs aimed at focusing financial resources on the development of backward areas (equalization policy). In Europe, the rural policy redistribution model was used in the 1970s and 1980s, mainly in unfavorable mountainous areas, as well as in poor, backward, marginalized areas.

Territorial model: In case of territorial model, the development policy is not based on the industrial interest and is not directed to the certain group of people, rather, it is focused on the development of geographical areas (rural areas). Rural areas are seen to be favorable for the implementation of new economic activities that are often associated with more advanced fields of the modern economy, such as information technology, and many areas have gained employment from the establishment of new firms and types of employment [3].

However, there is no single sector that can be seen as a source of employment in rural areas, thus a lot of things depend on specific features of local characteristics. This means that due to the diverse nature, rural areas most benefit from local solutions which reflect conditions, capacity and capabilities within and around them. At the same time action at this micro-level is most effective when it follows a networked model, bringing together the local and the external, the bottom-up and the topdown, but with local actors enabled to steer larger development processes to their community's benefit [4]. LEADER initiative (French name for "Liaisons Entre Action de Developmentement de l'Economie Rurale" - Links between actions for rural development) which is a "tool for developing a territorial approach at microregional level concerning the diversity of rural areas" [5] is based on the above mentioned features. However, this initiative is considered important due to the ability to embrace the complexity of the territorial system, meaning the rural infrastructure, common goods, local and cultural heritage, organizational capacity, knowledge transfer and suggests [6] seven guiding principles, which are as follows.

Table 2

The seven guiding principles that make up the LEADER approach	
The Leader approach shall comprise at least the following elements:	
(a)	area-based local development strategies intended for well-identified subregional rural territories;
(b)	local public-private partnerships (hereinafter local action groups);
(c)	bottom-up approach with a decision-making power for local action groups concerning the elaboration and implementation of local development strategies;
(d)	multi-sectoral design and implementation of the strategy based on the interaction between actors and projects of different sectors of the local economy;
(e)	implementation of innovative approaches;
(f)	implementation of cooperation projects;
(g)	networking of local partnerships.

Source: (COM 2005 p. 25)

As we clearly see, over the years, there has been a sharp decline in the relative economic viability of agriculture. Subsidies are no longer considered the main tools for development, other tools and measures are being elaborated and implemented. These circumstances create a need for new solutions. OECD's New Rural Paradigm report in 2006 [7] reflects the new approach by shifting the attention on competitiveness of rural areas, where different sectors of rural economies come to play, investments replace subsidies and the range of actors is extending. There has been a shift towards a new approach as shown in Table 3.

Table 3

	Old approach	New approach
Objectives	Equalisation, farm income, farm competitiveness	Competitiveness of rural areas, valorisation of local assets, exploitation of unused resources
Key target sector	Agriculture	Various sectors of rural economies (rural tourism, manufacturing, ICT industry etc.)
Main tools	Subsidies	Investments
Key actors	National governments, farmers	All levels of government (supranational, national, regional and local), various local stakeholders (public, private, NGOs)

Source: OECD, The New Rural Paradigm: Governance and Policy, Paris: OECD 2006
<http://www.oecd.org/gov/regionaldevelopment/thenewruralparadigmpoliciesandgovernance.htm>

As we see, the policy has shifted towards territorial development (rural areas). However, the territorial model presumes multidimensional nature of rural areas due to their multifunctionality and the necessity to reduce the diversification gap [8]. At the same time, F. Mantino [2] proposes to divide the model of territorial development into two different options. The first option offers to focus on the development of agricultural and agri-food sectors as the engine of rural development. The second one focuses on the **economic diversification of the local economy**. With the second option, rural development will not be based on a mono-functional industry mostly related to agriculture. This is important because on the one hand, it cannot be considered a major source of employment and income for the rural population, on the other hand it will fail to create resources and guarantees for the state.

Thus, the analysis of foreign models and related policy shows that transition to a new model is required that can promote the increase of production capacity and living standard in rural areas, as well as the stability of the rural population and labor force. Based on the analysis of aforementioned models we suggest a model of diversified economic development.

In their work of “Diversification of rural economy in the function of sustainability of rural areas” [9] the authors represent research conducted by Špička and Picková (2007) which showed that the greatest changes within the EU 27 rural policies were made in the period from 2003-2005. In order to improve rural areas and increase the agricultural households’ income, there arose a need to adopt the new concept of the Rural Non-Farm Economy.

The Leader axis (axis 4) also contributes to the diversification of rural economy. Leader projects support bottom-up rural development priorities, such as business competitiveness, environmental sustainability, economic diversification and quality of life. Local development strategies (part of the Leader approach) often aim at creating new jobs in non-agricultural activities [10]. One of the external advantages brought by diversification at local and regional level refers to innovation, favoured by the knowledge spillover effects, more likely to arise between rather than within industries [11].

Economic diversification as a model for rural development

As the conducted research shows, the new paradigm is connected with increasing competitiveness of rural areas and developing various sectors of rural economies. Economic diversification, in fact, implies diversification of people working, so it is a key factor for territorial attractiveness. People, in particular talented, creative people, are especially attracted by places that concentrate highly differentiated people and jobs, in terms of knowledge, skill, culture and ethnicity [11]. Thus, diversification of the rural economy can serve as a foundation to make life in rural areas to be sustainable, as well as to improve the living standards and strengthen the link between agriculture and other sectors of the rural economy. Therefore, we think that development should be based on economic diversification with territorial dimension, which means taking into account all the possibilities that every single rural area offers due to its unique resources and specific conditions. Rural economy diversification requires holistic approach. The authors of “Diversification of rural

economy in the function of sustainability of rural areas” article present direct and indirect measures for rural economy diversification suggested by Ludwig [9] as represented in Figure 1.

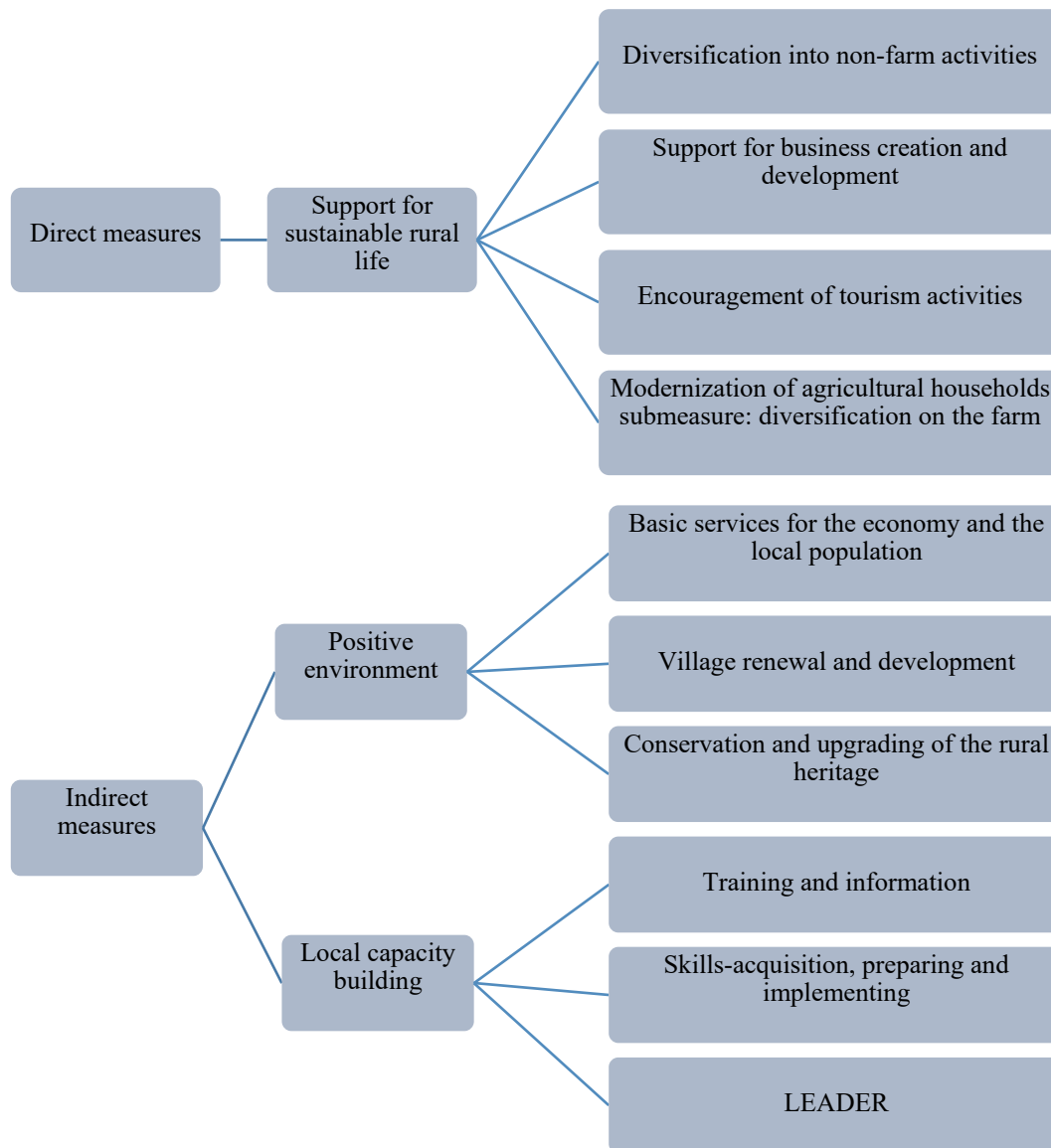


Fig. 1 Direct and indirect measures in rural economy diversification by Ludwig et al. (2010)

The diversification of economic activities and the multiplication of forms of external integration have become a singular characteristic of the development of rural localities and regions. The strength of rural development is based not so much on the scale economies of farms as on the economies of diversity especially when the diversification of agricultural activities is combined with the development of industrial and service activities [12].

Therefore, the model of diversification should consider the structure of the rural economy with their multifunctionality. At the same time, the level of diversification should be taken into consideration, which will make clear the real state of development potential and the possibility of investment and new businesses in rural areas.

Besides that, the social sphere influences the reproduction of labor and has a significant diversification potential to develop new types of economic activities encompassed in the social services system, which are aimed at meeting the needs of the rural population. Diversification not only promotes economic development, but also ensures the social development of rural areas in accordance with the criterias such as the level of employment of the rural population, the average monthly salary and living standards.

Experience from foreign countries shows that not only investments, development of necessary infrastructure, but also support to the rural community, indigenous people, and especially to the traditional cultures, are essential for the socio-economic development of rural areas.

The discussions have led to the conclusion that economic diversification is a justified model for development. However the success is conditioned by the features of rural areas. Every rural area has its own characteristics that determine the possible directions of development. The potential for economic diversification is based on multifunctionality of rural areas. This creates a lot of opportunities especially for micro and small enterprises which are the backbone of the economy. Disclosure of these opportunities requires clear measures. For this reason, we propose to carry out mapping:

- by geographical area
- by climatic conditions
- by the typology of the rural areas

Such mapping will work as a tool for identifying opportunities for diversification and clarifying means of cooperation promoting innovation and enhancing competitiveness of rural areas and the contribution to socio-economic development.

Conclusion

The article discussed rural development as a policy and process. International practices of rural development models have been studied in line with the objectives that define the current policy and territorial peculiarities.

In the article territorial development was discussed at different levels disclosing tools and mechanisms for targeted development. The revealed weaknesses in each model served as the basis for the elaboration of the new diversified rural economy model which in our opinion will help to contribute to the socio-economic development of rural territories promoting future sustainable growth of those areas.

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ԳՅՈՒՂԱԿԱՆ ՏԱՐԱԾՔՆԵՐԻ ԶԱՐԳԱՑՄԱՆ ԱՌԱՆՁՆԱՀԱՏԿՈՒԹՅՈՒՆՆԵՐԸ: ՔԱՂԱՔԱԿԱՆՈՒԹՅՈՒՆ ԵՎ ՄՈԴԵԼՆԵՐ

Ա.Ս. Առաքելյան

Հայաստանի Հանրապետության պետական կառավարման ակադեմիա

Հոդվածում համառոտ կերպով ներկայացվում է տեսական ակնարկ «գյուղական տարածքների զարգացում» հասկացության մասին՝ որպես քաղաքականություն և գործընթաց: Վերլուծվում են գյուղական տարածքների զարգացման հիմնական մոդելները և դրանց հիմքում ընկած քաղաքականությունը: Մոդելների ուսումնասիրությունն իրականացվում է համեմատական մեթոդի կիրառմամբ, հենվելով Եվրոպական փորձի ուսումնասիրման վրա, որի նպատակն է հայտնաբերել այն հիմնական թերություններն ու բացթողումները, որոնք խոչընդոտում են գյուղական տարածքների կայուն սոցիալ-տնտեսական զարգացմանը: Գիտական գրականության և միջազգային աշխատությունների հետազոտման շնորհիվ որպես գյուղական տարածքների սոցիալ-տնտեսական զարգացման առանցք, հիմնավորում է տնտեսական դիվերսիֆիկացիայի մոդելի կիրառումը: Ներկայացվում է դիվերսիֆիկացիայի նպատակով իրականացման ենթակա միջոցառումները: Գյուղական տարածքների դիվերսիֆիկացիայի հնարավորությունների և մասշտաբի բացահայտման նպատակով առաջարկվել է իրականացնել քարտեզագրում, որը հնարավորություն կտա մշակել և իրականացնել նպատակային զարգացման քաղաքականություն, հաշվի առնելով յուրաքանչյուր տարածքի առանձնահատկությունն ու բնատեսուրսային պոտենցիալը:

Բանալի բառեր. մոդելներ, գյուղական զարգացում, գյուղական քաղաքականություն, դիվերսիֆիկացիա, միջոցառումներ, քարտեզագրում:

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ОСОБЕННОСТИ РАЗВИТИЯ СЕЛЬСКИХ ТЕРРИТОРИЙ. ПОЛИТИКА И МОДЕЛИ

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В статье кратко представлен теоретический обзор концепции развития сельских территорий как политики и процесса. Затем, в статье анализируются основные модели развития сельских территорий и основополагающая политика. Исследование моделей осуществляется с использованием сравнительного метода анализа, основанного на изучении европейского опыта, целью которого является выявление основных недостатков и упущений, которые препятствуют устойчивому социально-экономическому развитию сельских территорий. Изучение научной литературы и международных работ обосновывает применение модели экономической диверсификации для социально-экономического развития сельских территорий. Представлены меры, которые необходимо предпринять для диверсификации. В целях выявления возможностей и масштабов диверсификации сельской территории было предложено провести картографирование, что даст возможность разработать и реализовать политику целевого развития с учетом специфики каждой отдельной территории.

Ключевые слова: модели, сельское развитие, сельская политика, диверсификация, меры, картография.

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