

## Overview and learned lessons on Local Economic Development, Human Development, and Decent Work

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*Territory is a work of art,  
perhaps the highest, the  
most coral, humanity have  
expressed.*

*A work that take form through  
dialogue of human entities  
– persons, nature-  
in the long course of  
the history.*

*alberto magnaghi*

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## About this paper

This paper is part of a study that the ILO Programme "Universitas" has realised with the aim of analysing the trends in the conceptual frameworks and the experiences in theme of local economic development.

It illustrates the fundamental pillars, that sustain the LED experiences, the advantages mainly for poor areas, the contribution to the human development and the decent work strategies, the main constrains and the learned lessons about the gaps to be overcome.

The paper is concluded by a chapter that provides preliminary recommendations for policy makers for fostering local economic development policies and instruments.

The other papers of the study are:

Paper 2: "Best practices on the issue of local economic development"

Paper 3: "Bibliography and web sites"

Paper 4: "How to establish Local Economic development Agencies: Case studies"

### Methodology

The paper has been written by Giancarlo Canzanelli (ILO), with the collaboration of:

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A preliminary draft was prepared, and a workshop<sup>1</sup> was organised on the base of the different comments from the collaborator's network. The workshop gave the final inputs to this paper.

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<sup>1</sup> Geneva, 22-23 October 2001

# 1. Introduction

In the course of the two last decades, the economies and societies of the developed and developing countries have been experiencing, on different scale and with different intensity, deep processes of **structural change**. This new phase of technological and organizational reconstruction affected so much the production forms, organization and enterprise management, the role of public intervention in economy and the relative socio-institutional regulations, as well as the activities of any type of public or private organizations, and the labour market, that many experts called it a radical or paradigmatic change.

The increasing **globalisation** of important sectors of the international economy adds complexity to this structural change. The answer offered to the weakest countries for allowing them to make use of the opportunities provided either by the new innovations or by globalisation, has been the **structural adjustment policies**, whose aim was of creating the national economic-financial conditions for participating to the global economy.

Macro-economic policies have been then applied for lowering the exposition to international finance, lowering the public expenses, controlling the inflation, stabilizing the monetary exchange market.

The result of such policies is evident: more poverty, more exclusion for women and men, less safe environment, more gaps between developed and developing countries, between rich and poor people.

*Economic and technological structural changes, globalisation, and structural adjustment policies did not assure suitable conditions for the consolidation of national systems of small and medium enterprises*

Conventional centralised policies had little effect to help the more marginalized areas to growth. Endogenous weakness, low income, poor human resources qualification, low productivity, difficult insertion in national and foreign markets remained. Furthermore conventional development policies did not correct depopulation tendencies, population aging and income loss<sup>2</sup>.

Such policies are too much concentrated on the provision of infrastructure instead of other goals, such as productive system stimulus, and have had little effect on the development potential of local resources<sup>3</sup>. They perhaps fostered the development of the most dynamic areas of a weak region, such as large cities or relevant urban centres, not mitigating, but increasing the regional unbalance.

In this vacuum bordered on one side by global processes, which leave apart the majority of the world population, and national macro-economic policies, which chase external investment and internationalisation, **local development initiatives** took place in many parts of the world, for providing the necessary answer to the needs of job creation and inclusion, and addressed mainly to **small and medium local enterprises** (including the informal sector). This sector, in fact, in many part of the globe, is the backbone of local economies and employment, and the producer of that 70% of goods not interested so far to global markets.

<sup>2</sup> See Andrés Precedo Ledo in "A regionalisation strategy to promote integrated local development", European Planning Study – Vol. 8, N.1, 2000

<sup>3</sup> See A. Rodriguez-Posé, "Socioeconomic restructuring and regional change: rethinking growth in the European Community", Economic Geography 70, 1994

Sometime local administration pushed by the community pressure on job creation and income, sometime the community itself looking for shared solutions, sometime group of entrepreneurs organising cooperative initiatives, sometime partnerships between public and private actors, sometime even national efforts, brought to develop initiatives with the aim of strengthening the local productive system.

Nevertheless creation and growth of smme's, the backbone of locale economies, depends on a number of integrated factors, such as mainly the following:

- a) availability of human resources
- b) availability of external economies (services, suppliers, markets, etc.)
- c) legal and fiscal regulations
- d) access to credit
- e) access to technology.

Especially (but not only) in poor contexts the access to the above-mentioned factors of **production** is difficult for single entrepreneurs. That is why entrepreneurs in many experiences gather together in mutual cooperative forms for realising critical mass and synergies and making easier to form human capacities, share business services, realise interconnected chains of value (supply-production-clients), organise mutual solidarity credit schemes, exchange and share innovations and new technologies.

Furthermore the modern competition is more and more generated by **territorial systems**. Local networks with suppliers and clients, as well as with business service organizations, human resources qualification, or others, in order to catch the externalities derived from the associative cooperation, the territorial proximity, the economies of agglomeration, reduce uncertainty levels and the costs of transaction. The territory become, in this way, instead of simple stimulus of innovations and amplification of information, a "pro-acting actor" of strategic resources and positive externalities for the productive efficiency and the enterprise competitiveness.

Another important aspect that comes from the international experience consists in the needs to involve not only the entrepreneurs, but also other **local actors**, if employment and development strategies have to be realised.

It is evident that local administrations are under pressure for providing answers to unemployed women and men, but they cannot provide it without the involvement of the private sector. On the other hand the private sector, even if strongly associated, cannot give solutions alone, because of the need of institutional framework and regulations, regarding the use of the space, of the natural resource, the training, the business services, and, least but not last, the consensus of the population about the development strategy for avoiding possible conflicts, and the lobbying with national and international institutions for different type of support (financial, legal framework, incentives, etc.).

A new role of the **Central States**, too small for globalisation and too big for economic development strategies, is then appearing, where devolution of decisions at local level is the core issue. The national governments have, of course, responsibilities over all the matter, because they can stimulate, impulse and support the development of local systematic initiatives; they have to provide regulatory scheme and national strategies, where local policies have to fit; they have to monitor, compensate, and balance the different local initiatives.

*Single enterprise has difficulty to access to the factors of production and to scale economies. Organised territorial systems compensate it, constituting "milieu's", able to generate and maintain competitive advantages and differential value*

It is, in fact, evident that local economic development cannot become local egoism, and the role of the central state in this is basic.

The territory is, then, considered a "specific resource" and as well as a "main actor" of the economic development, and not solely as mere space or frame of the economic or social activities, it constitutes a "milieu" with capacity of generating and maintaining competitive advantages and "differential value".<sup>4</sup>

The creation of this "territorial innovating milieu" is becoming more and more the crucial element of the competitiveness, also at international level.

**Competitiveness**, in fact, is the product of complex and dynamic interactions among the State, the enterprises, intermediary institutions, and society's organisational capacity. This complex organisation model must be supported by extensive dialogue among the productive sector, the technological-scientific sector, intermediary institutions, and the public sector, for the purpose of ensuring structural change.

Many economists look at the local specificities or differences (social, economic, ethnical, cultural) as a deformation or as an obstacle to the spreading all over the world of the possibility of exploiting the resources (labour force and nature) in an efficient manner, and for global market growth. Other ones highlight these differences may represent the fundamental resource for a more equilibrated, socially acceptable, human development.

Many ecologists have demonstrated the safeguard and the valorisation of the bio-diversity not only eliminates the risks of environmental resource destruction, but also it contributes to their more effective and efficient use.

Diversity may, in fact, produce knowledge and technology, facilitates participation, develops governance capacities, responds to needs and culture of people, and it follows non-standard paths and models.

Development appears, then, as a result of a complex combination of macro, micro and meso policies and initiatives, where the "local-meso dimension" is the right cross which links and drives each component.

At macro level macroeconomic stability, budgetary, monetary, and fiscal policies, competition rules, foreign exchange and trade stability will be pursued.

The micro level includes management capacity, integration of technological cooperation networks, business strategies, management of innovation, business logistics, improved practices in the entire production cycle, interaction among suppliers, producers, and users.

*Development is the result of a complex combination of macro, micro and meso policies, where the local meso-dimension is the right cross, which links the other ones.*

*Territory and its potential endogenous resources is the main "resource" for development, not solely a mere space.*

The meso level policies concern local development strategies, instruments and services; physical, educational, technological, and research infrastructure; industrial, environmental, and regional infrastructure; and finally the mechanisms enhancing interaction among the three levels.

This is the reason for the growth of "milieu's", territorial meso environments where small businesses can find those scale economy they cannot effort alone:

<sup>4</sup> see mainly F. Albuquerque "Desarrollo Económico Local en América Latina" Mujica Ed., 1999; Maillat D. "Regional Productive Systems and Innovative Milieux" OECD, 1999; A. Vásquez-Barquero and G. Garofoli, "Desarrollo Económico Local en Europa, Madrid, 1995.

research on innovation, professional training, information systems, flexible value chain, services to production, gender vision promotion, etc.

Their strength is based on few elementary factors:

- they exploit a critical mass of local potential resources (natural, human, traditional know how), rendering infinite the possibilities of generating new product (positive sum game)
- they, through cooperation (on external economies) and competition (on internal economies and products) realise frequent innovations and high productivity
- they are based on and they build a territorial awareness, a territorial system (businesses, services, governance), which turn as the real competitive factor, able to multiply the business opportunities and the attraction of new external investment.

Local economic development, therefore, because of its capability of creating suitable conditions for sustainable employment, small and medium enterprise creation and growth, is gaining more and more consensus from policy makers.

Two are the main virtues to Local Economic Development<sup>5</sup>:

- a) It overcomes market failures, mainly because it generates trusts, leads to match collective and individual interests, and reduces, after an initial period, production costs;
- b) It galvanises the population, mainly because it provides objectives and sense of purpose, and it stimulates citizens to participation and entrepreneurial ventures.

In many countries policies that turn local economies' potential to account have been designed and pursued.

The European Union (EU) has become active in local development by introducing the local development concept into the operation of the Structural Funds and certain Community Initiatives.<sup>6</sup>

The European Union has recognized the success of local cooperation and has launched substantial programs to foster it. Territorial pacts, area contracts, industrial districts, local system of small businesses, local economic development agencies, and cooperative networks are nowadays part of its policy lexicon and features of its largest programs. Many European Governments have adopted similar policies (England, France, Spain, Portugal). In the United States, Canada and Oceania as well, local economic networks and initiatives have been multiplying and gaining strength.

In Latin America a recent IADB (Inter American Development Bank) survey<sup>7</sup> on best practices shows many and different experiences on the effectiveness of the LED approach for fighting poverty and support the improvement of economic and social outputs.

*Local economic development, is an appropriate process for creating suitable conditions for sustainable employment, small and medium enterprise creation and growth; for promoting human development, and decent work.*

<sup>5</sup> See A. Rodriguez Posé, *ibidem*

<sup>6</sup> See OECD-LEED "Best practices in local economic development", 2000

<sup>7</sup> BID "Best practices on LED in Latina America", in publication

Many initiatives carried out by international cooperation programmes which included a partnership between ILO, UNDP, UNOPS and the Italian Cooperation led to establish **Local Economic Development Agencies (LEDA)**<sup>8</sup> in different countries (El Salvador, Nicaragua, Honduras, Guatemala, Costa Rica, Dominican Republic, Mozambique, South Africa, Angola, Bosnia-Herzegovina, Albania, Serbia) and other similar structures were supported by ILO in Croatia, Cambodia, and Bulgaria.

Such initiatives have demonstrated their consistency with the fight to poverty and social exclusion, with the promotion of decent work, with human development.

At local level the differentiation between development and welfarist policies can disappear, because there is the space, the knowledge, and the interest for orientating all the resources to profitable objectives.

At local level the relation between social and economic objectives is much more visible, because they lead to the same final aim, that is the well being of the population, the maintenance and improvement of the conditions for better living in the same place, including for the future generations. So attention to gender equality, education, health, social security, worker's protection, entrepreneurial values, and environment are part of the same strategy.

Human development and decent work are at the same time an outcome of LED initiatives and their strength. A LED policy, which have as focus human development and decent work principles, reinforce, as it will be seen after, the convergent factors to its success, such as social dialogue, participation and partnership, valorisation of the human resource, balanced distribution of the opportunities, socio-economic and environmental goals.

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<sup>8</sup> See ILO, UNOPS, EURADA, COOPERAZIONE ITALIANA, "*Local Economic Development Agencies*", 2000



## 2. The theme

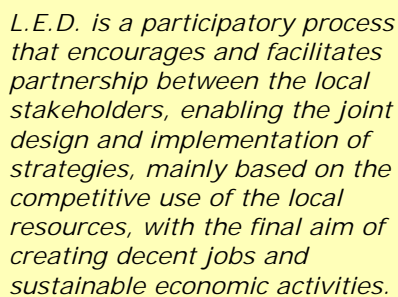
Local Economic Development is a process where the local actors shape and share the future of their territory.

We could define it as a participatory process that encourages and facilitates partnership between the local stakeholders, enabling the joint design and implementation of strategies, mainly based on the competitive use of the local resources, with the final aim of creating decent jobs and sustainable economic activities.

Of course different definition of such processes exist, prioritising one or other aspect of the process.

The OECD recognises that:

“One of the most important trends in recent years, and one that is linked to the emergence of the local development approach itself, has been a reorientation of economic and social policy away from ‘top down’ sectoral instruments towards ‘bottom-up’ local development strategies. ‘Top-down’ instruments to create new physical infrastructure (such as transport and communications facilities and industrial sites and premises), to implant externally-owned investments or to support declining sectors have often failed to lead to the anticipated trickle-down and growth in lagging areas. By contrast, it is increasingly recognised that ‘bottom-up’ support for endogenous development can be highly effective in supporting long-term development through measures such as support for entrepreneurship, developing human capital, spreading innovation and building local institutions and firm networks. The shift towards ‘bottom-up’ and endogenous development strategies is linked to new conceptions of the process of economic development and in particular new theories of the importance of local environment to the competitiveness of firms.”<sup>9</sup>



*L.E.D. is a participatory process that encourages and facilitates partnership between the local stakeholders, enabling the joint design and implementation of strategies, mainly based on the competitive use of the local resources, with the final aim of creating decent jobs and sustainable economic activities.*

The departure hypothesis is that the localities and territories have various resources (economic, human, institutional and cultural) and unutilised economies of scale, that constitute their potential for development. Each locality or territory is characterized, for example, by a determined productive structure, a labour market, an enterprise capacity and know how, a dowry of natural resources and infrastructure, a social and political system, and a tradition and culture, on which the processes of local economic development articulate.

The processes of endogenous development take place thanks to the efficient use of the local economic potential, which is facilitated by the support of the local institutions and by existing, although informal, mechanisms of regulation in the territory. The form of productive organization, the familiar structures and local traditions, the social and cultural structure, and the codes of conduct of the population condition the processes of local development, facilitate or limit economic dynamics and, really, they determine the specific footpath of local development.

The concept of endogenous local development grants a predominant role to the local companies, organizations, and institutions, and to civil society in the processes of growth

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<sup>9</sup> OECD-LED “Best Practices...”

and structural change. It is a " **bottom-up** " approach that considers the local, public and private actors in charge of the actions for investment and of the control of the processes.

At local level, in fact, the local stakeholders:

- know the resources they can valorize and they know how to use them.
- know their specific needs for development and how to respond to them.
- can gather and coordinate resources, thanks to the familiarity, the reciprocity, the common needs and objectives.
- can lobby and channel more resources.

The key success factors of such process appear to be an extra-economic one<sup>10</sup>: there is a general consensus that the **local social capital** is their real strength.

The willingness and the capacity of the local stakeholders of cooperating for establishing shared objectives, strategies, and actions for local economic development is demonstrated to be the base of the success of the Italian districts, the clusters and the productive area's systems, of the Ledas, and of all the other initiatives on local economic development.

If women and men recognise themselves into a common identity, concentrate their effort to turn the belonging to a territory as their strength and their competitive factor, they, in the years, will experiment (through trials and errors) their own specific development path: this will be their differential competitive advantage.

This competitive advantage often derives from a systemic competitiveness, which facilitates small and medium local enterprises to succeed, mainly through cooperative and competitive modalities. It appears also evident through forms of territorial marketing, beyond individual trade: everybody knows the Parmesan cheese because it comes from Parma, but nobody knows the individual entrepreneurs who produce it. Nobody worries about the producer, but about the origin, if she/he has to buy Champagne or Bourgogne or Chianti wines; or Swiss watches; or Sri-Lanka's tea.

The following scheme may be useful to provide a comprehensive approach to Local Economic Development processes:

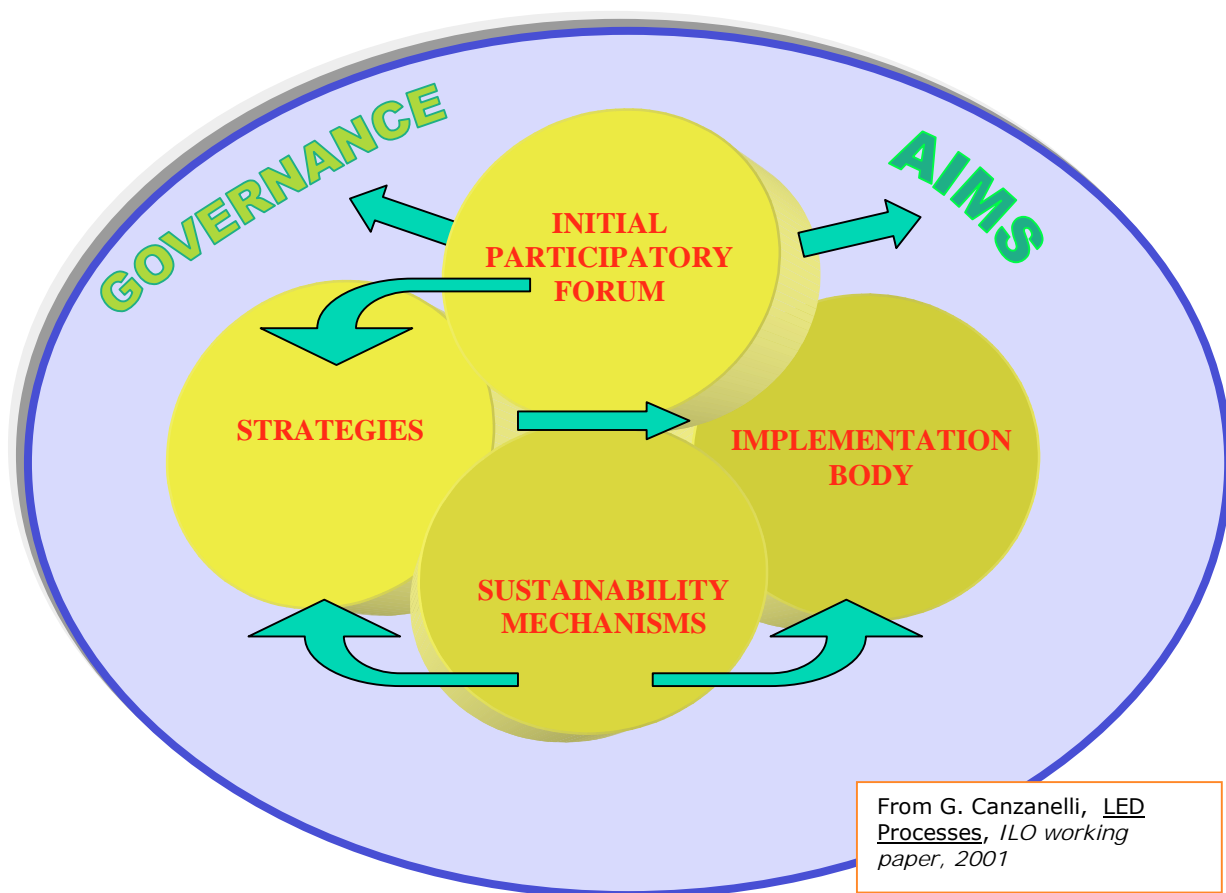
A LED process always starts when local people, eventually together with national or even international institutions, joint for discussing together about how to establish common strategies for achieving determined aims and objectives, generally dealing with employment, fight to poverty and exclusion, improvement of the territorial quality and competitiveness.

This initial Local Forum is also the embryo of the participatory forms, which will assure good governance to the development strategies in the area.

The embryo will then develop its own growth and models, according to the local culture, the cooperation levels, the established strategies, and the defined implementation instruments or structures.

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<sup>10</sup> See F. Albuquerque-Llorens "Desarrollo Económico local y Distribución del progreso técnico" Cuadernos del Ilpes, n.43, 1996



The initial Local Forum has the main task of identifying:

- 1) what is the vision the local actors have for the sustainable future of their area, what the main aims they want to pursue;
- 2) what is the strategy they consider appropriate for achieving the above-mentioned objectives and aims;
- 3) what are the operational and organizational instruments for implementing the strategies.

The strategy has to do with the definition of the priorities, the commitment of the actors, the feasibility of defined actions, and also with the identification of the sustainable structures needed for carrying on these actions. Without implementing mechanisms and organisations (it could be the network of already existing organisations, or brand new ones), especially in poor context it is very difficult to organise an effective plan of actions leading in a coordinated manner to established objectives.

Nevertheless in disadvantaged areas the problem of the **sustainability** of the LED process is critical. The scant resources often at disposal, either from the public sector (public investment, public budget) or the private one (private investment, savings), do not allow the provision of sufficient funds for supporting all the LED initiatives. The grants of the international cooperation, even if finalised to LED plans, finish when the projects are over. The credit lines, if not appropriate and not revolving for permanently financing LED projects, also have limited period of time.

The financial sustainability is then approached since the beginning of the process, and form part of the overall plan. Often a combination of the above-mentioned mechanisms

is needed, rendering possible to address and coordinate them towards the same objective, without spreading resources.

The sustainability is not only financial.

If the actors are not able to achieve agreements and share the same vision and the same strategy all along the process, it will become socially not sustainable.

If the local administrations are not fully committed to support the process and to channel to it all the public initiatives addressed to the area, it will become institutionally not sustainable.

Financial, social, and institutional sustainability are important at the same level.

From the local economic development experiences and from the international debate within universities, centres of research, and the international operators and agencies, the following common features can be associated to local economic development processes:

1. *Social capital*
2. *Strategic vision*
3. *Systemic competitiveness*
4. *Implementation structures*

## 2.1 The social capital

Social capital is “the ability of people in working together for a common objective and in an organised and voluntary manner, sharing rules and values able to subordinate individual interests to collective ones. The social capital is based on the reciprocal confidence, in the mutual expectation of future benefits, linked to the existence of cooperative behaviours and shared rules”<sup>11</sup>.

The social capital in local economic development processes is nothing pre-existent to it. It has a more pragmatic value and it is a rational answer to the individual logic; it depends on the local actor’s perception that mutual cooperation is necessary for achieving also personal objectives. Each actor, in fact, sees the territory in different manner and has different strategies, and inevitable asymmetry between them, for differences in power, prestige, resources, leadership, etc.), render the participatory process particularly difficult.

Nevertheless, in some circumstances, the individual strategies come to a common platform where cooperation is recognised opportune, when objectives, such as the quality of the territory, are considered common interest.

It happen when catastrophes occur, or for reinforcing peace processes, or because of economic crisis and changes, or due to new opportunities, or for the effort of leaders.

Cooperation is, in any case, a learning process, which is different case by case, and it starts from different conditions.

*The ability of people in working together for a common objective and in an organised and voluntary manner, sharing rules and values able to subordinate individual interests to collective ones, constitute the social capital for local development initiatives.*

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<sup>11</sup> Fernando Barreiro Cavestany, “Desarrollo desde el territorio. A propósito del desarrollo local” in Redel Documents, November 2000.

It is a learning process, that uses various instruments and tools for managing a long-term, permanent path, beyond conjuncture factors, and it is generally produced from specific circumstances of threaten or risk for the territory.

While market mechanisms are characterized by the absence of dedicated coordination among decentralised actors and hierarchic governance relies on government as an autonomous governance actor, the new forms of governance are marked by loosely coupled interaction between private and public actors, with the goal of shaping structures in a policy field. Government here acts as an impulse generator and moderator, promoting a dialogue-oriented industrial location policy. In other words, governance mechanisms "between markets and hierarchies" are based on a coupling of the logics of free-market mechanism and hierarchic, classically statistic forms of governance

The benefits of the social capital are evident:

- I. It reduces the transaction costs for complying to obligations, simply because it reduces the number of transactions, which are generally managed or controlled by third parts.
- II. It facilitates information exchanges and improve the exploitation of the economic opportunities and agreements
- III. It facilitates coordination between local actors.
- IV. It reduces the risk of opportunist behaviours, up to illegal actions, because of the social control, due to the frequent contacts, proximity, and cohesion.

The formation of the social capital has indeed a cost, mainly time cost, but the governance depends on it.

Generally, participatory governance improves the performance of the public and the private sector.

Neither one nor the other, in fact, has the appropriate resources for solving the development problems, but together they can pursue it.

Public administration, which continues to have the role of catalysing the local environment, to set legislation, and to establish local planning and operational rules, does not have –and it should not have- the capacity of delivering development services and activities. It lacks of professional competence, of flexible delivery organization, of capillary monitoring system on the economic processes. It is bureaucratic, financially constrained for expenditure's decisions (because of the necessary public budget control system), short-term objectives oriented, because of the electoral systems and the need to provide quick responses to the electorate, whereas sustainable development strategies need long-term management.

Public administration, therefore, needs the partnership with the private sector, in order to set up mechanisms, which allow deliveries in terms of projects, activities, fund raising, business services, financial support, in a coherent manner with the established strategies.

Private sector, which has the fundamental role of realising economic initiatives and businesses, relying on its capacity of exploiting market opportunities and organising the factors of production in entrepreneurial form for adding value to the local economy and creating jobs, cannot realise its role without legal framework, rules about location, administration, investment facilities and incentives, management of environment, labour market rules.

The private sector in this case is not represented only by the existing entrepreneurs, but –especially in poor regions- by all the potential ones, that are the majority of the active population of women and men, which is seeking for opportunities.

The performances of the public-private partnership are above the sum of performance of each one. In fact the result is not only the coherence between reciprocal commitments. It allows new added value for the development of the territory. It allows generating

development, jointly managed structures for the efficient delivery of projects and services, saving transaction costs, pursuing social objectives, and realising lobbies towards national and international institutions.

The meso-level can be shaped neither by government nor by the private firms or intermediary institutions on their own. What is meant here are policy arenas in which either government objectives can simply not be achieved via direct government action without cooperation from the firms and intermediary institutions; an implementation of government programs by public administration would require undue control efforts, thus rendering it too expensive, or would prove ineffective without active cooperation of the private sector. The shaping of structures at the mesolevel thus requires high levels of technocratic competence on the part of public actors, a high degree of social organizational skill, and willingness on the part of the actors involved to engage in strategic interaction.

Only in this way can the relative loss of autonomy of the actors, such as the dependence of the success of one actor on the effectiveness of others be translated into dynamic development."<sup>12</sup>

OECD also suggests reinforcing partnership at local level. It states "partnership is a key defining feature of successful local development approaches. Partnership helps bring synergy and co-ordination between different actors operating within the local area and can lever in additional project proposals, resources and competencies. Local development policies should aim to put in place a genuine partnership between public agencies (local and regional authorities and offices of central government) and social actors (including employers, community and voluntary organisations, trade unions, co-operatives, development agencies, universities and so on). It should nonetheless be recognised that there is no one model of partnership. Different models will be appropriate in different local conditions, depending on the characteristics of the problems, institutional environment, political factors, experience and culture."<sup>13</sup>

The new social dialogue enhanced by territorial coalitions or pacts overcomes the traditional entrepreneurial partnership of the first wave of the industrial districts, and also the new partnerships between business and finance. The new coalitions are among places of production, knowledge, research, and all the actors operating in the society. The aim is of creating a new climate, where the economic operators may derive the resources needed for competing.<sup>14</sup>

## 2.2 The strategic vision

The strategic visions elaborated by an ample group of social actors, represent a fundamental instrument for the structural change of a region oriented to the competitiveness, fulfilling an orientation, coordinating, planning and motivating function. In addition, they impel and they facilitate the consensus between different social actors, for example, between the expectations of the experts and other actors or between enterprises and institutions<sup>15</sup>.

Flexible long term strategic planning, integrating all the economic and people for drawing new development alternatives for the future conversion of the area has to be promoted for a sustainable development process.<sup>16</sup>

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<sup>12</sup> K.Esser, W. Hillebrand, D. Messner. J. Meyer-Stamer, "Systemic Competitiveness", Ed. F Cass, London 1996

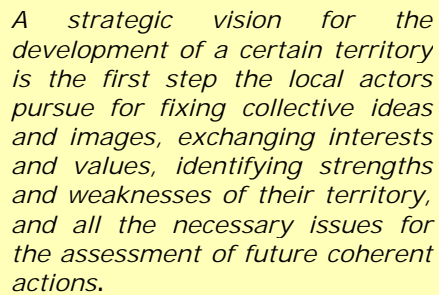
<sup>13</sup> OECD-LEED "Best practices in local development", 2000

<sup>14</sup> G. de Rita, A. Bonomi, "Manifesto per lo Sviluppo Locale", Bollati Boringhieri 1998

<sup>15</sup> see F. Albuquerque "La política de Desarrollo Económico Local", BID/GTZ, 2001

<sup>16</sup> Eurada, "Creation, development, and management of Regional Development Agencies", 1997

The elaboration of a strategic vision for the development of a certain territory is, indeed, the first step the local actors pursue for clarifying what achievements they share. It is also the first step for the learning process for building the social local capital and a fundamental exercise for fixing collective ideas, exchanging interests and values, identifying strengths and weaknesses of their territory, all the necessary issues for the assessment of future coherent actions.



*A strategic vision for the development of a certain territory is the first step the local actors pursue for fixing collective ideas and images, exchanging interests and values, identifying strengths and weaknesses of their territory, and all the necessary issues for the assessment of future coherent actions.*

The elaboration of the strategic vision represents an important way for improving the social cohesion. It is not an easy result; sometime it takes time, because of the different and contradictory positions and interests, but, once the local actors achieve an agreement on what they jointly want, on how they imagine their territory become in ten-twenty years, all the rest turns easier and more effective.

A rural area may be imagined transformed in specialised agro-industrial system; a marginal area could exploit tourism attractions for realising an integrated agro-artisan-industry-service system.

Forestry could turn as resources for tourism and wood industry; specific geographic location can be exploited for setting industrial and service's activities, etc.

Depending on the starting conditions, the way to achieve the above-mentioned strategic objectives could be long. That's why the consensus of the local actors about priorities, the identification of specific implementing tools, and of the decision making process is important.

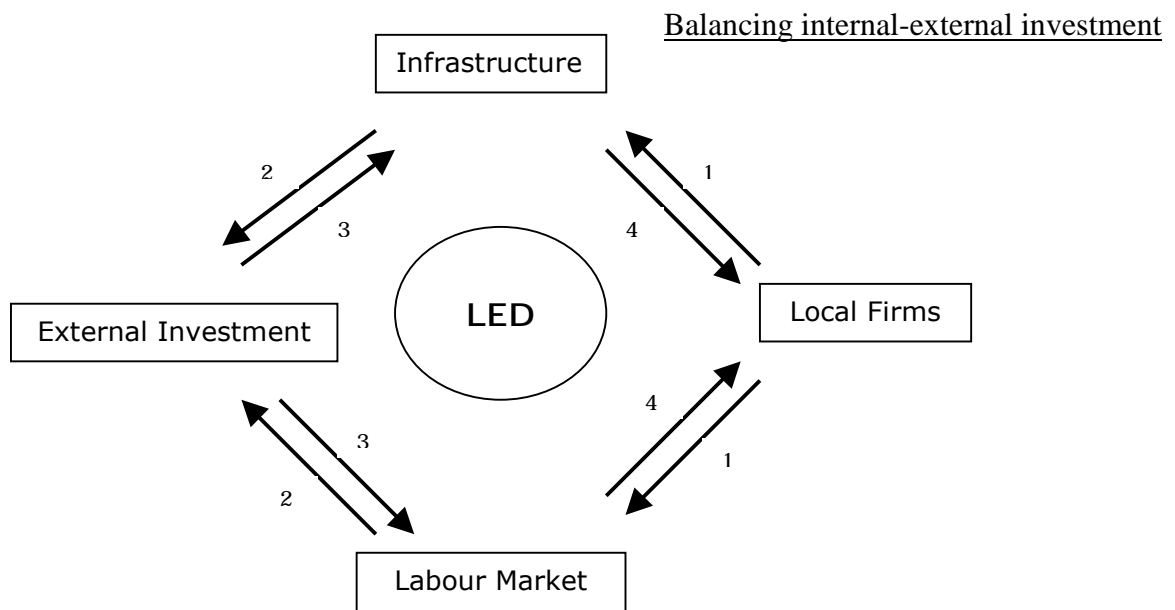
A development strategy is always a trade-off between the promotion of local firms and the attraction of external investment. All depends on the starting conditions, but in marginal areas local firms at beginning are preferable or the unique solution, due to the weak territorial context. It, furthermore, will reinforce the economic system, improve the labour market and stimulate new infrastructure , so to render attractive the area for external investment, above the advantage for cheap labour costs.

The risk of a development based only on local enterprises is a non competitive system or closed to local markets businesses. The risk of a development based mainly on external capital is dependence and fragility to respond to national or international crisis<sup>17</sup>.

A balanced strategic vision of the development consolidate through a virtuous circle either local businesses, or the infrastructure and the labour market (see figure)

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<sup>17</sup> Andres Rodríguez-Pose



### 2.3 The systemic competitiveness

As already mentioned before, competition in the current economic context does not depend on the antagonism of single companies, but relies on the environmental conditions that allow a certain territory or attracting investment or selling its products or services, or facilitating advantageous agreements.

*Competition in the current economic context does not depend on the antagonism of single companies, but relies on the environmental conditions that allow a certain territory or attracting investment or selling its products or services, or facilitating advantageous agreements*

The German Development Institute has elaborated the concept of systemic competitiveness<sup>18</sup>.

“Industrial competitiveness comes about neither spontaneously via a change in the macro-framework nor merely via entrepreneurship at the microlevel. It is, rather, the outcome of a pattern of complex and dynamic interaction between government, firms, intermediary institutions, and the organizational capacity of a society. One factor essential here is a competition-oriented incentive system that compels firms to undergo learning processes and increase their efficiency.

An economy’s competitiveness rests both on targeted and interrelated measures at four system levels (the meta-, macro-, micro-, and mesolevels) and on a multidimensional pattern of control and guidance consisting of competition, dialogue, and joint decision-making; this pattern involves the most important groups of actors.

Three elements are important at the metalevel: first, a social consensus on the guiding economic principle; second, a basic pattern of legal, political, economic, and overall social organization that bolsters national innovative, competitive and growth advantages; and third, the willingness and ability to implement a medium- to long-term strategy of competition-oriented development.

<sup>18</sup> Much of what is reported in this chapter is taken by K.Esser, W. Hillebrand, D. Messner. J. Meyer-Stamer, “Systemic Competitiveness”, Ed. F Cass, London 1996



*Four policy levels lead to the systemic competitiveness:*

- *meta*
- *macro*
- *meso*
- *micro*

The main concern at the macrolevel is to create the framework for effective competition, a stable macroeconomic framework that ensures undistorted prices and favorable financing terms; a competition policy.

The key issue at the microlevel is an effective management of technical and organizational learning processes at the firm level. The mesolevel is concerned with shaping the specific environment in which firms operate. This is where the state and societal actors on the national, regional, and local level are creating locational advantages.

Of particular significance are: a competition-related configuration of material infrastructure (transportation, communications, and energy systems) and sectoral policies, above all education/training policy, research policy, and technology policy; a specifically formulated trade policy and regulatory systems (e.g. environmental standards, technical safety standards), the selectively support to emerging industrial clusters, that contribute to the emergence of specific local/national competitive advantages.

Particularly important for is the **promotion of clusters** for exploiting the scant resources they have and build around them a coherent smme's system, which represents a sustainable way of constituting chains of territorial value.

Cluster promotes both competition and cooperation. Rivals compete intensely to win and retain customers.

According to the M. Porter definition a cluster is a "geographic concentration of interconnected companies and institutions in a particular field. It includes, for example, suppliers of specialistic inputs such as components, machinery, and services, and providers of specialised infrastructure. Cluster often extend downstream to customers and laterally to manufacturers of complementary products. Finally many clusters include government and other institutions, such as universities, think tanks, vocational training providers, information, research, education, and technical support structures.

Clusters represent a kind of a new spatial organisation form between the market and hierarchy, turning as an alternative way of organising the chain of value. Compared with market transactions among dispersed and random buyers and sellers, the proximity of companies and institutions in one location foster better coordination and trust."<sup>19</sup>

Clusters are the concrete way of realising the systemic competitiveness, and are particularly effective in areas with scant resources. Let, for instance, take the example of a rural area, whose main resource is fruit and vegetable.

One of the first steps for developing the production and the employment is, together with efforts to improve agricultural quality and productivity, to create a agro-industrial sector, which transform the rough material and open new markets at local, regional, national level.

This simple step implies, however, a number of collateral factors, such as:

*Clusters of small and medium local enterprises, utilising the territorial potential, are the concrete way of realising the systemic competitiveness, and they are particularly effective in areas with scant resources.*

<sup>19</sup> M. Porter, "Cluster and the new economics of competition" Harvard Business Review, November-December 1998

- the availability of working tools, instruments and technology, which may be afforded by new small business producing them, or by an information system, orientating the entrepreneurs in the choice and in the management of new technologies and techniques.
- The availability of trading support, such as transportation, packaging, storing, trade services, labelling, quality insurances, legal services, etc.
- The availability of skilled women and men, which implies the formation of professional schools and training schemes.
- The formation of agriculture and industrial competitive enterprises or cooperatives, which needs a comprehensive business service system, either for technical assistance, or training, or financial support.
- A marketing support programmes, which is able to promote the local products, eventually via a local trademark and related management, the organisation of fairs and the participation to international fairs.

All this leads to form a specialised territorial chain of value, also from simple common productions, and to provide opportunities for smme to born and growth in a sustainable way, because interrelated with all the other part of the system.

This first important cluster could, in a second phase produce sub-specialised industries. In the case of the Cesena fruit and vegetable district in Emilia Romagna (Italy), the need of the farmers for conserving, transform transport and the products led to create high-specialised small firms. These firm learned to realised more and more sophisticated products (trucks, freezers, dedicated machinery, specialised technologies, etc.), which attracted clients from all over the world, so creating an own market, still related to the original cluster, but with some independency.

The role of the University, the creation of a research centre for innovation (and recently of a Technological Park, Centuria) in the different sector of the chain was important for its development, so that of the Chamber of Commerce, and the local administration, as general stimulus and support.

Implementing all this return to the fundamental role of the local actors and on the instruments they decide to realise.

An economic geography characterized by specialiazation and dispersion, that is a number of diversified cities and metropolitan areas, each specialised in own clusters appears to be a far more productive model than one based on concentration.

## **2.4 The implementation structures: Local Economic Development Agencies**

In local economic development processes implementation structures are needed for making effective the realisation of the objectives, strategies and plans shared by the local actors, enabling their transformation into concrete projects, and into business proposal or orientation.

This function needs, indeed, the organisation of competent resources, which, networked with the other territorial organizations and institutions, make the projects feasible and compatible with the objectives.

In absence of such structures the management of the local networks and coordination is difficult and risks being chaotic.

Different models of such structures have been experienced either in developed or developing countries, and countries in transition.

Differences consist in specific aims, type of delivered services, level of involvement of the local actors.

The most comprehensive structure, established in the framework of local economic development initiatives, is the Local Economic Development Agency (LEDA).

It is not a case that OECD in its recommendation for promoting Local Economic Development processes gives priorities to the establishment of such structures.

"Initially local development structures need to be created, involving the creation or nomination of a lead agency, the recruitment and training of managers and development workers and the establishment of partnership mechanisms with other local agencies. This should be done within a supportive national and regional framework.

The creation of a functional structure, or Local Economic Development Agency, is likely to contribute to success. Such a structure will help establish an identity and visibility for the local development initiative and act as a vehicle for communication between partners and interest groups. This structure should be tasked with drawing up a long-term overall strategic plan and helping access finance for the implementation of projects. The structure should have stability and permanence, since few tangible results are achieved in less than five years and fundamental transformation requires at least ten years (Commission Européenne, 1994). It is also helpful if the structure has a degree of autonomy from political pressures so that it may develop a long-term strategy rather than be forced to respond to short term priorities"<sup>20</sup>

*The creation of a functional structure, or Local Economic Development Agency, is likely to contribute to success of LED processes. Such a structure will help establish an identity and visibility for the local development initiative, act as a vehicle for communication between partners, provide the technical skills for developing projects and support entrepreneurs, facilitate coordination of efforts and initiatives. It can have long terms objectives, since it is stable, self-sustainable and permanent.*

The secret of their success is in relationship among productive local priorities, and a joint service of technical assistance and credit, which allow the most vulnerable people to access to the economy, and the business growth according to the identified priorities.

They generally help elaborating strategic plans for the territorial development, choosing priorities, and creating a favourable environment for businesses. They provide a comprehensive service system addressed to the needs of the population without resources, for creating new businesses and reinforcing the existing ones.

They organise the local competences to make the best use of the endogenous resources and add value to local economy. They reinforce the local business and workers organisations, the cooperative movement, the civil society to take advantage of the economic opportunities.

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<sup>20</sup> OECD-LEED, "Best practices in local economic development", 2000

### 3. LED between decentralisation and globalisation

Two opposite trends seem to characterise the economic development: decentralisation and globalisation. Is this contradictory?

Decentralization of powers and initiatives leads to adapt the response to employment needs and economic paths to the local conditions where the enterprises act, and it allows more autonomy to local actors in deciding what is best for development.

Globalisation has different aspects: one is the concentration in the hand of the few large trans-national companies of the domain over each market of the world, the other one is the diffusion of opportunities offered by the fall of borders in communication, and possibly in trade for reinforcing capacities, and widening the trades.

The two processes are, indeed, interrelated: decentralisation can improve the international exchanges because it strengthens the local capacities, rendering them more productive and more competitive, and liberating not standardised new products; globalisation reinforces decentralisation, because provides opportunities for improving the local capacities, enabling exchanges and spread of practices, learned lessons, technologies, and methodologies; and it may also stimulate innovative ideas for new products or processes, or for the adaptation of existing ones to the local conditions (that is also innovation).

A new term has been formulated "glocalism", for meaning the possible role of local economies in a global context.

The reasons that have encouraged in the past states to centralise include primarily the rising density in towns, the concentration of companies, the development of social struggles, the emergence of national organisations (political parties, unions, etc.) and competition between states themselves. Thus, the creation of development models devised at a central level and that then trickle downwards in a homogeneous fashion to all levels has gradually come to affect all areas of public life, including education, health, social security, regional development and other policies.

Now all this is not possible anymore.

The Diputació de Barcelona identifies four main factors which pushed decentralisation in developed countries:<sup>21</sup> financial crisis faced by States, differentiation in needs for assistance policies, globalisation, and rise of organisations in civil society.

The report of the UNDP Global Forum on "Innovative Policies and Practices in Local Governance, held in Gothenburg (Sweden), on September 1996, gives a comprehensive understanding of the public commitment about decentralisation.

"In the process of decentralization, that is to say, the redefinition of structures, procedures and practices of governance to be closer to the citizenry the importance of a general sensitisation of the public and a heightened awareness of costs and benefits, especially for direct stakeholders, both at the central and local levels, has to be emphasized. The process of decentralization should be understood from such a perspective, instead of being seen in the over-simplistic, and ultimately inaccurate, terms of a movement of power from the central to the local government. The reality is that government capacity is not a simple zero sum game. In fact, experience shows that strengthening local government inevitably produces enhanced capacity at the center as well.

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<sup>21</sup> See [www.diba.es/promocio\\_economica/bones\\_practiques/welcome.htm](http://www.diba.es/promocio_economica/bones_practiques/welcome.htm)

Any significant reform effort will require the involvement and support of top political leadership. The role of politicians in the making of policy and the initiating of reform is always complex. It involves the task of representing many legitimate interests while resolving potentially destructive conflicts of interest. Development of democratic forms to accommodate this need is an important issue at all levels of government and even in the private sector. Multiple interests must be brought into a participatory policy-making process, without jeopardizing the capacity to govern. **A market economy is a sensitive organism that requires a firm, stable democratic system** in order to thrive and achieve its full potential. Local self-government creates a link between the state and civil society which can provide the basis for the effective building of democracy and the most strategic use of a society's resources. Consequently, well-established local democracy is a prerequisite for building a stable productive society.

Therefore, the challenge facing local governments is to gain or re-gain political strength by being more explicit when defining goals and more consequential in achieving them. Using market mechanisms when and where appropriate should encourage quality improvement and cost-effectiveness. Only by applying these strategies can local governments solve the dilemma of assuming a new relevance through simultaneously juggling the complexity of protecting stability and consensus while seeking to achieve significant change."

National governments sees a new challenge and a strengthened role when economic development is enabled at local level<sup>22</sup>. National governments could act like catalysts and mediators, fostering the different initiatives for local economic development; eliminating the obstacles and facilitating the appropriate instruments; decentralizing the information, the knowledge and the decisions; stimulating the elaboration of development plans by the local organizations, and incorporating them in the national development strategies; facilitating financial endorsement for the small companies (like capital seed, capital risk, societies of reciprocal guarantee, etc.), delegating functions of control and services to independent organisms, respecting the agreements of the territorial actors; and jointly reinforcing the functions of evaluation with the local actors.

Through decentralisation Local Economic Development policies will certainly take much advantage, but would it be sufficient to survive to international competition?

G. De Rita and A. Bonomi in their "Manifesto for Local Development", identify six fields of antagonism. They state:

- It is true globalisation exists and it is powerful, but it also true competitiveness relies on the strength of local development and on the local social cohesion
- It is true international coherence can be assured by budget policies, but it also true that the national capacity of facing internationalisation consists in the vitality and intelligence of thousands of small and medium entrepreneurs
- It is true the logic of the market has to be accepted, but it also true the social system prefer dominate them (through partnerships, participation, concertation)
- It is true a decisional concentration is needed at global level, but it also true it is not useful if it does not involve the representation of interests, rights, and collective needs
- It is true there is a need for vertical decisions, but it also true society remains oriented to polycentric mechanisms for development and decisions.<sup>23</sup>

The conclusion of the 1999 UNDP report on Human Development is that "globalisation is integrating economy, culture and governance but fragmenting societies"<sup>24</sup>.

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<sup>22</sup> F. Alburquerque, "Desarrollo Económico Local en Europa y América Latina" Mujica, 1999

<sup>23</sup> G. de Rita, A. Bonomi, "Manifesto per lo Sviluppo Locale", Bollati Boringhieri 1998

<sup>24</sup> *Human Development Report*, 1999, New York, Oxford University Press.

Economic growth may automatically translate itself in global benefit, if it is accompanied, or better, framed into the vision of human development.

The final recommendations of the Human Development Report are:

“To pursue human development, globalisation has to mean:

- *Ethics*: less, not more violation of human rights
- *Development*: less, not more poverty
- *Equity*, less, not more disparity
- *Inclusion*: less, not more marginalisation
- *Human security*, less, not more vulnerability
- *Sustainability*, less, not more degradation of the environment”

Meanwhile the international debate try to find out shared positions, also pushed by the increasing public opinion in favour of more equitable solutions, the main question remains: how is it possible to use the local potentialities of disadvantaged areas for allowing marginal areas be ready to face globalisation?

A local economic development approach could provide the right responses.

## 4. Local economic development, human development and decent works

### 4.1 Led and Human Development

The Copenhagen World Summit on Social Development (1995) was concluded by commitments agreed to all participants to fight poverty. The main one's were the following<sup>25</sup>:

- *"Integrate economic, cultural and social policies so that they become mutually supportive and acknowledge the interdependence of public and private sphere of activities."*
- *"Strengthen own capacity of people for participating in the formulation, implementation and evaluation of decision determining the functioning and well being of society."*
- *"Harmonise economic and social development with appropriate programs, that would entitle and enable people living in poverty and the disadvantaged, especially women, to participate fully and productively in the economy and society."*
- *"Develop policies to expand work opportunities and productivity, investing in human resources development, promoting technologies that generate employment, encouraging self employment, entrepreneurship and small and medium sized enterprises."*
- *"Improve access to land, credit, information, infrastructures and other productive resources for small and micro-enterprises, including those of the informal sector."*
- *"Promote access for all to education, information, technology and know how as essential means for enhancing communication and participation in civil, political, economic, social and cultural life, and ensure respect for civil, political, economic, social and cultural rights."*

"The challenge of globalisation in the new century—the Report states- is not to stop the expansion of global markets. The challenge is to find the rules and the institutions for stronger governance –local, national, regional and global- to preserve the advantages of global markets and competition, but also to provide enough space to ensure that globalisation works for people, not just for profits." The Report recommends "a globalisation with: ethics, to decrease the violation of human rights [...] ; equity, to decrease the disparity within and between nations [...]; inclusion, to reduce the marginalization of people and countries [...]; human security, to improve stability of societies and vulnerability of people, [...]; sustainability, to reduce environmental destruction, [...]; development, to reduce poverty [...]."

The recommendations of the UNDP Report certainly involve a vast array of actors and places where decisions are made. Many of the decisions necessary to reverse the current trends can only be made in the proper national and international political fora. But it is also essential that effective technical solutions and operational strategies for combating poverty and marginalisation become more widely disseminated.

If we could synthesise in one statement the above-mentioned conclusion, we could define human development a process that *integrates economic, cultural and social policies, harmonising economic and social development, and enabling the disadvantaged people to participate fully and productively in the economy and society; that expands work opportunities and productivity, encouraging self employment, entrepreneurship and micro, small and medium sized enterprises; that promote access for all to education,*

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<sup>25</sup> UN, 1995 "Report of the World Summit for Social Development", Paragraph 26, Principles item d.

*information, technology, and know how as essential means for enhancing communication and strengthening own capacity of men and women for participating in civil, political, economic, social and cultural life.*

The Local Economic Development approach could play a fundamental role in enhancing human development.

In fact, if the characteristics of such approach, as it has been illustrated in the previous chapters, are well analysed, it could be found how they fit the human development requirements.

*Through LED processes it is possible to harmonise socials and economic issues, favour participation and access to job opportunities in a "decent" way.*

### Harmonisation and integration of economic and social issues and policies.

Economic development is not an objective *per se*. It is a mean for achieving well being, according to the culture and the conditions of certain population.

Nevertheless the well being target is not the same for people living in New York or in Maputo; only who is living in New York or Maputo could fix what they want to achieve in the medium and long term.

This is a good first reason why processes designed at local level are more appropriate for harmonising social and economic policies.

Another reason relies in the fact that sustainable development is pursuable if it is focused on the human resource. Even in developed and technologically advanced countries human intelligence makes the difference and more and more investment are realised in improving human resources. In developing and poor countries often the human resource, together with natural resources, are the sole strengths. Safeguarding and developing them is the base for the future and this implies guaranteeing a physical, psychological, mental harmony as platform for development.

At local level strategy focused on human resources is more feasible for at least two reasons:

- a) it is possible to design a more effective path for taking into account the specific local social platform, culture, including needs, starting conditions, adequate responses
- b) it is possible to involve directly the local people in this effort, avoiding mismatches, future conflicts, and facilitating better performance.

The construction and the development of the social capital, which is at the base of local economic development processes, is the crucial element, guaranteeing the harmonisation and the integration of economic and social issues and policies, because it contains both elements: the assembly of women and men demanding and object of development, and the economic progress, as primary means for building community welfare and workfare, and for combating poverty.

### Participation in civil, political, economic, social and cultural life.

LED successful processes are based on vast participation of the local women and men and their representatives in elaborating and implementing the strategies, finding appropriate response to their specific and needs and unique conditions

At local level vast and representative participation is, of course, more suitable than at higher geographic dimensions.



If a community of tens of people is considered, it is evident that decisions can be taken involving everybody all the time.

In larger communities (five thousands people and more) participation is assured through representation of the different sectors of the population: entrepreneurs; workers; social, territorial, religious, and ethnical groups; women, youngsters, etc.

Participation is less direct, but realised through democratic processes.

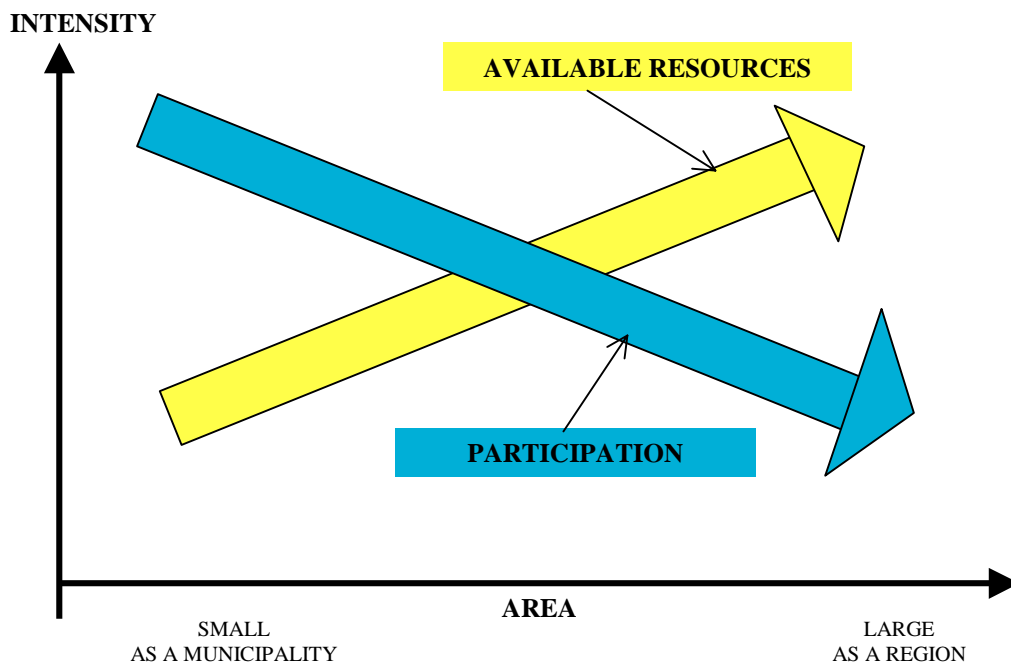
Problem is that at community level, although participation is maximum, economic resources for development are insufficient, and strategies based on clusters, scale externalities are impossible.

If, for instance, two neighbour communities want to develop the same agricultural product (probably they live on the same natural valley), they could face two constrains: a) they will compete on the same market, whereas they will not have the strengths for competing in larger markets, which require high volumes; b) they will duplicate costly service companies (often without having the possibility for affording it), whereas together they could use common facilities. Finally separately they will have less lobbying power.

Participation, to be effective and durable, has to be combined with the chances for finalising it to practical aims.

Two opposite elements should then be considered for optimising the development processes: participation and economic potential. Smaller the area, higher is the first variable, and lower the second one. The opposite happen for larger areas.

The following picture illustrates the problem.



### Expanding work opportunities and productivity, encouraging self employment, entrepreneurship and micro, small and medium sized enterprises

Local stakeholders, once they agree about development objectives and strategies, are in the position of identifying and creating new opportunities.

They know their potential, they often have activities with ancient know how, they know how to exploit their resources; if they are able to coordinate efforts, they will find resources for investment; they understand that they have to give priority to the development more than to personal interests. All this will liberate new ideas, new efforts, rendering possible the realisation of product and services for the market, more than in the case of a generalised, undifferentiated policy at national level, although a national policy for supporting new small enterprises at local level is required and should be in coordination with local initiatives.

The environment or "milieu" created at local level is certainly more adequate to address and solve different problems concerning employment, small businesses, business services, gender equality, harmonic relationships between economic and social stakeholders, and with public institutions and administrations.

Once one or more potentialities are identified as vehicle for competitiveness, a system of interlinked local businesses (the territorial chain of value) will be established for providing the necessary services, supplies, inputs, complementarities, and new jobs will be created.

LED more successful initiatives are based on clusters of smme's, exploiting the chains of local economic values.

Italian industrial districts, Spanish small business systems, American clusters, industrial parks are example of such possibilities.

The Ledas established by Ilo, Undp, Unops, and the Italian Cooperation created in Central America more than 15,000 jobs in their first five years of life, and more than 7,000 new small enterprises or cooperatives.

### Access for all to education, information, technology, and know how

Human resources are the backbone of LED policies.

Utilising all the available women and men's intelligences, capacities, potentialities, know-how, and relations, ideas, projects, and networks can be stimulated and realised.

Undoubtedly national initiatives cannot be so spread in contacting and stimulating all the hidden resources a certain place has. At local level two specific processes are moved:

- 1) proximity, which leads to achieve contacts and links with almost all the population (directly or through representatives)
- 2) Involvement of all, without exclusion, which makes the contribution of everybody as an added value to the overall economy, and reduces possible future conflicts. More alliance and less contradiction is needed for a sustainable development.

Access of all the people to economy means the implementation of concrete mechanisms and tools, such as credit, services, information, orientation, training, etc.

The experience teaches that such tools are more effective, if designed for the specific conditions of the local population of women and men.

In poor contexts, for example, national-based credit schemes generally fail, and private-based business services have difficulty to survive.

In the first case banks are not so much willing to lend money to small entrepreneurs (often if they are women), stimulation and support for application to credit is out of the

bank's commitments, return of the credit has heavy follow-up costs, and it has difficulty to be managed if people do not feel the belonging of the money to their community. Matching demand and supply of credit scheme become, in such situations, almost impossible.

In the second case initiatives which provide business services in poor territories have to face various problems. Many times small entrepreneurs are not aware of the services they may utilise in order to improve their business; they are not used to relating with consultants. Even in those cases where the initial scepticism is overcome, small entrepreneurs usually do not have enough resources to pay the fees for the services. Furthermore the needs that entrepreneurs have on the area are usually so numerous (technical assistance, administration and book-keeping, commercialisation, etc.) that it may be very difficult to satisfy the demand.

Two main factors seem to create problems when business services are located in marginal areas: a) the necessity of stimulating the local entrepreneurs, rendering them aware of the importance of the training and advisory services which are supplied. In fact this problem cannot simply be solved on a market-oriented approach; and b) the achievement of self-sustainability.<sup>26</sup>

If this is valid in general, however each locality will organise the services and the access in the most appropriate way, according to the local needs. The design will depend on the density of population, communications, prevalent economic sectors, education of the people, cultural homogeneity, and specific objectives.

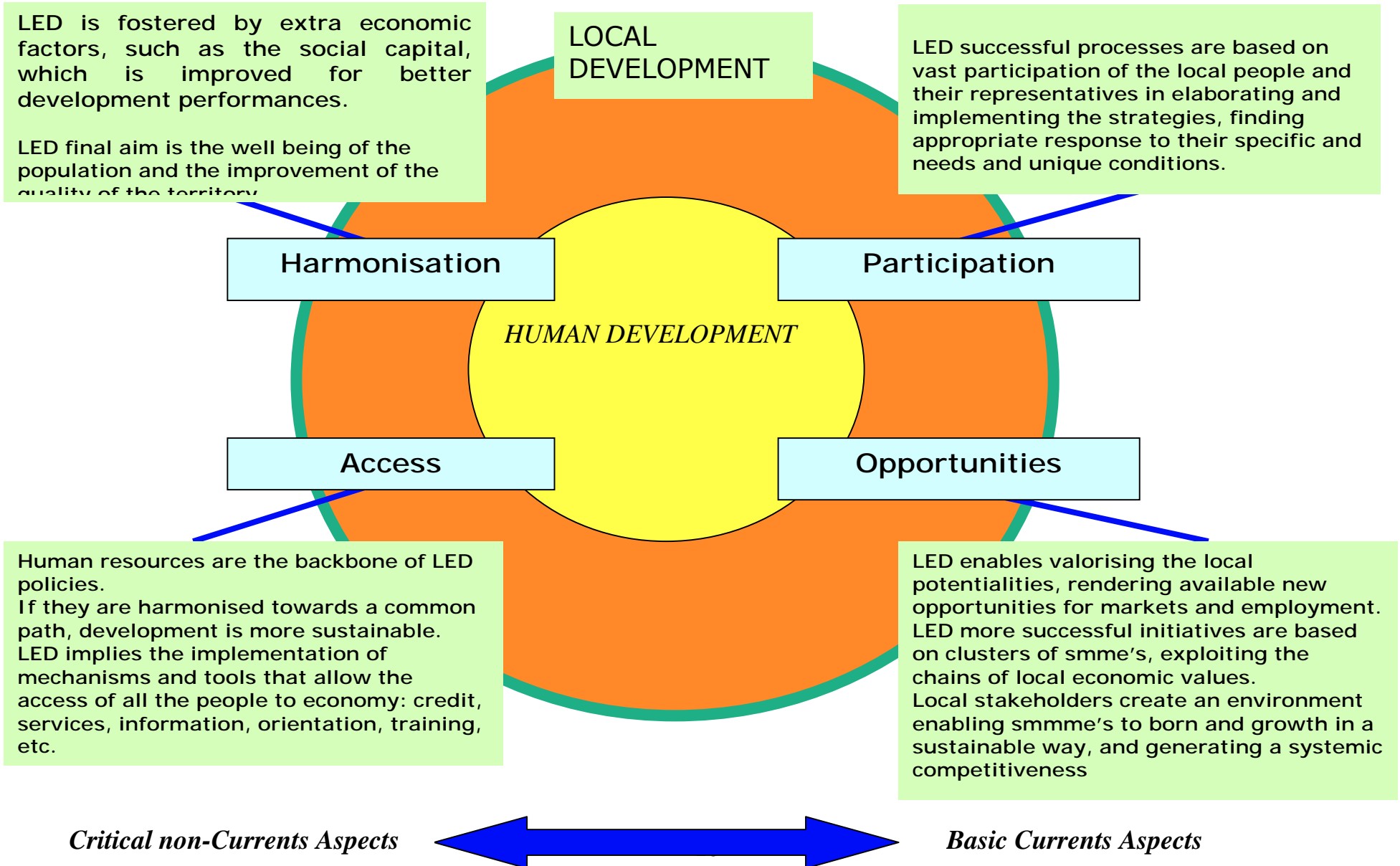
In rural extensive areas, agriculture services will be relevant; in urban areas small business services could take the priority; sometime, mainly in the beginning training will take the lead; credit scheme could take the form of guarantee fund or solidarity lines, or microlending: special attention will be paid to women needs, to disable people; specific environmental impact analysis will be carried on in risky areas; mechanisms facilitating economic conversion from large to small plants, or from public to private ownership could be useful in particular cases. As far as the different objectives, different access schemes could be designed if employment is the main aim, or economic rehabilitation and conversion, or cluster promotion, or support to cooperatives.

All this means that the access to the means of production, know how, information, and technology is depending on the specific conditions of women and men demanding access. National intervention in this field can only provide a general support, not taking into account all the national specificities, unless it is designed through a difficult articulation, where each different case is foreseen. But also in this case, a national management of all these differences seems to be out of the possibilities of a central bureaucracy.

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<sup>26</sup> These problems found a feasible solution when non-financial services are accompanied by financial ones, in a more comprehensive framework which stimulates the local economic environment, as illustrated in chapter 6.

# LOCAL ECONOMIC DEVELOPMENT AND HUMAN DEVELOPMENT



Local economic development is, therefore, an appropriate approach for achieving human development aims. However the relationship is not so automatic.

If, indeed, some aspects of the LED approach or policies are immanent to the human development philosophy, such as participation and economic opportunities, it is not so for the others, such as harmonisation of social and economic values, gender equality, and facilitation of access to opportunities for the disadvantaged people.

Examples and difficulties will be analysed further in the document.

Undoubtedly, concerns about rapid change in the economic development, efforts for short terms visible achievements, costs of capacity building, difficulty in coordinating social policies with economic support, constrain harmonisation and equitable access programmes.

Often, once the opportunity's picture is defined, the local authorities (either public and private) prefer facilitate the access to them for the more capable part of the population (existing entrepreneurs, educated women and men, up to foreign entries), for assuring rapid growth.

In other cases long term vision suggested to avoid exclusion and allow everybody to participate to the economic opportunities, for avoiding future social conflicts, and permanent charge on the public budget of the excluded part of the population. Welfare policies and economic development policies joint for gradually enabling the most disadvantaged to come out of the social assistance and become target for economic policies. Training programmes, supports to micro-businesses, employment tutorship, promotion of cooperative, of social enterprises are designed in an harmonised vision of the local development.

All this is not a philosophical matter, but a result of some experiences already realised in numerous regions and countries, where local economic development comprehensive approach has been utilised, and in any case protection of the local human resource and environment are resulted strategic pillars.

## 4.2 Led and Decent Work

The 1999 ILO International Labour Conference,<sup>27</sup> according to the proposal of the Director General, approved a special agenda for modernising and renewing the Organization, with several objectives:

- to focus the ILO's energies on decent work as a major global demand of our time;
- to develop a strong consensus on common ground shared by all three of the ILO's constituents – governments, workers and employers – in order to strengthen cohesive tripartism and collective action;
- to serve as the guiding principle for the institutional reform and modernization of the ILO;
- to give us a sharper policy identity in the minds of people, in order to help us in our dialogue and interaction with other institutions and actors.

The 2001 ILO International Labour Conference approved a resolution for translating decent work into realizable programmes and activities, within the context of a changing global economy.

**Decent work** means work, which is carried out in conditions of freedom, equity, security and human dignity.

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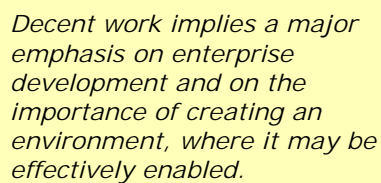
<sup>27</sup> ILO: [Decent work](#), Report of the Director-General, International Labour Conference, 87th Session, Geneva, 1999

It implies four strategic objectives:

- achieving universal respect for fundamental principles and rights at work;
- the creation of greater employment and income opportunities for women and men;
- extending social protection; and,
- promoting social dialogue.

The ILO strategy for Decent Work relies in the fact that while the tumultuous changes are transforming work in so many ways, the meaning of work in people's lives has not changed. The essence of what people want remains constant, across cultures and levels of development. Everybody seeks a fair chance to prosper in life by their own endeavours.

But it is equally apparent that work is where contradictions between human values and aspirations and real life often surface. Work can require to give up rights which we hold dear, to forfeit our autonomy, even our dignity. We can end up selling our labour to make products or services that may be meaningless, useless or even harmful to ourselves and others. Unacceptable trade-offs are a daily diet for far too many working people, trapped in circumstances and systems. This experience of work is profoundly at odds with what work at its best is about. Work can be an expression of our unique talents, a way of contributing to the common good, an avenue for engaging deeply and meaningfully with a community.



*Decent work implies a major emphasis on enterprise development and on the importance of creating an environment, where it may be effectively enabled.*

This complex reality lies at the heart of the ILO's mandate. As the Declaration of Philadelphia puts it, ILO obligations include the obligation to further programmes aimed at achieving "employment of workers in the occupations in which they can have the satisfaction of giving the fullest measure of their skill and attainments and make their greatest contribution to the common well-being".

That Declaration also affirms the right of everyone to "conditions of freedom and dignity, of economic security and equal opportunity". It underlines the importance of ensuring "a just share of the fruits of progress to all". That is the foundation of decent work.

These objectives are closely intertwined: respect for fundamental principles and rights is a precondition for the construction of a socially legitimate labour market; social dialogue the means by which workers, employers and their representatives engage in debate and exchange on the means to achieve this. Employment creation is the essential instrument for raising living standards and widening access to incomes, social protection the means to provide security of income and of the working environment. In addition, gender equality and development are themes that cut-across the strategic objectives.

The focus on decent work naturally implies a major emphasis on enterprise development and the importance of **creating an enabling environment** for productive investment. Enterprise development in an open world economy encompasses new challenges not least of which is to go beyond the outmoded idea that entrepreneurship and worker organization are conflicting objectives. Uncertainty for business and for working families is a drag on adaptation, which can only be overcome by a broader vision of the productive value of policies that promote both social justice and innovation. Increasingly, enterprises are recognizing that sound social policies and industrial relations are good for business.

The goal of decent work are jobs and future prospects; working conditions; balancing work and family life, putting kids through school or getting them out of child labour, gender equality, equal recognition, and enabling women to make choices and take control of their lives, promoting personal abilities to compete in the market place,

keeping up with new technological skills and remain healthy. It is developing entrepreneurial skills, receiving a fair share of the wealth; having a voice in workplace and community. In the most extreme situations it is moving from subsistence to existence. For many decent work it is the primary route out of poverty; for many more, it is realizing personal aspirations in their daily existence and about solidarity with others. And everywhere, and for everybody, decent work is securing human dignity.

The emphasis put on the connection among different factors, for influencing decent works strategies, and on the enabling environment for productive investment, made possible by the social dialogue, and for assuring human dignity recall the importance of local economic and "human" development approaches.

In fact experiences show that national efforts in this direction may certainly provide a necessary regulatory framework, able to promote, to incentive, and to facilitate the strategies conducive to decent work. Nevertheless, when the social parts have to put together for matching social and economic goals; when the appropriate environment has to be created for smme development and job creation; when financial strategies for social protection have to be implemented; when people want to affirm their aspiration and they can do it only if they participate to the decision making processes, what more adequate than the local dimension for finding out specific answers to these specific needs, in a specific context, that is where people leave and they want keep leaving?

Social and environmental protection may be better favoured by harmonising social and economic policies, as it is pursuable through the common interests and actions realised through the accumulated social capital at local level.

Respect for labour rights, and decent labour market is made possible by focusing the development strategies on human resource, as it is more feasible at local level, through favouring the access to work for everybody without exclusion, and because local communities want to build a sustainable future, based to the contribution of everybody.

Social dialogue is enabled by proximity and common interest of local actors.

Decent jobs are created by favourable environment and shared aims, controlling that risk against discriminations and insecurities are avoided.

It was not a case that the ILO general Director, in fact, stated:

"Many efforts have sought to promote integrated approaches to economic and social development at the local level. Some are modelled on the Local Economic Development Agencies (LEDAs), social enterprises first launched in Europe which offer an integrated model that is well adapted to the ILO's agenda."

Therefore human development and decent work achievements are strictly interrelated, and local economic development policies can make them affordable.

The following picture illustrates the connections between decent work, human development and local economic development.

Human development recalls four basic principles: harmonisation of social and economic issues, participation, creation of equal opportunities for women and men, and access to society.

Decent work is also based on four basic propositions: social and environmental protection, social dialogue, respect of labour rights and human dignity, creation of jobs.

Local economic development policies are vehicle to build the conditions for the application and operation of the above-mentioned principles:

- the social capital enhances harmonization and an environment where social and economic measures can be pursued without contradictions;

- proximity and commonality of interests and aims at local level favours effective participation and social dialogue;
- shared strategies and coordinated economic objectives realised at local level facilitates new opportunities for jobs and creates an environment viable for decent work;
- fight to exclusion, rendered possible by the focus on local human resources typical of the LED approach, enhances access for everybody to the means of production, respecting labour rights and human dignity.

In practical way, according to the Ilo experience, the above-mentioned LEDAs have achieved the following results in terms of decent work:

- 1) in terms of social protection, the small business promoted by the LEDAs are committed to register as formal activities and the employers are guaranteed according to the national social protection legislation;
- 2) in terms of social dialogue, Ledas act in two ways: on one side, by statute, their members are mainly public authorities, employers and employees organisation, together with other social actors, such as associations, territorial corporations etc.; on another side they reinforce the participatory mechanisms promoting associations where they do not exist, and strengthening the existing weak ones.

*Eleven Local Economic Development Agencies, promoted since 1994 by Ilo, Unops, and the Italian Cooperation in Central America are providing 6,500 decent jobs per year.*

In some cases where workers or entrepreneurs associations do not exist at local level, the Ledas involve the national organisations and help them to constitute local branches.

- 3) In terms of opportunities, the Ledas spread information to all the population about opportunities deriving from the strategic plans shared by all the stakeholders, stimulate people, especially the most vulnerable ones, for exploiting the opportunities, help them in realising business ideas and business plans.
- 4) In terms of access, Leda provide a comprehensive set of services for allowing vulnerable people to enter into the economic system: technical assistance, training, credit, tutorship. This is realised or directly or networking the existing structures. Gender equality was pursued in many cases.

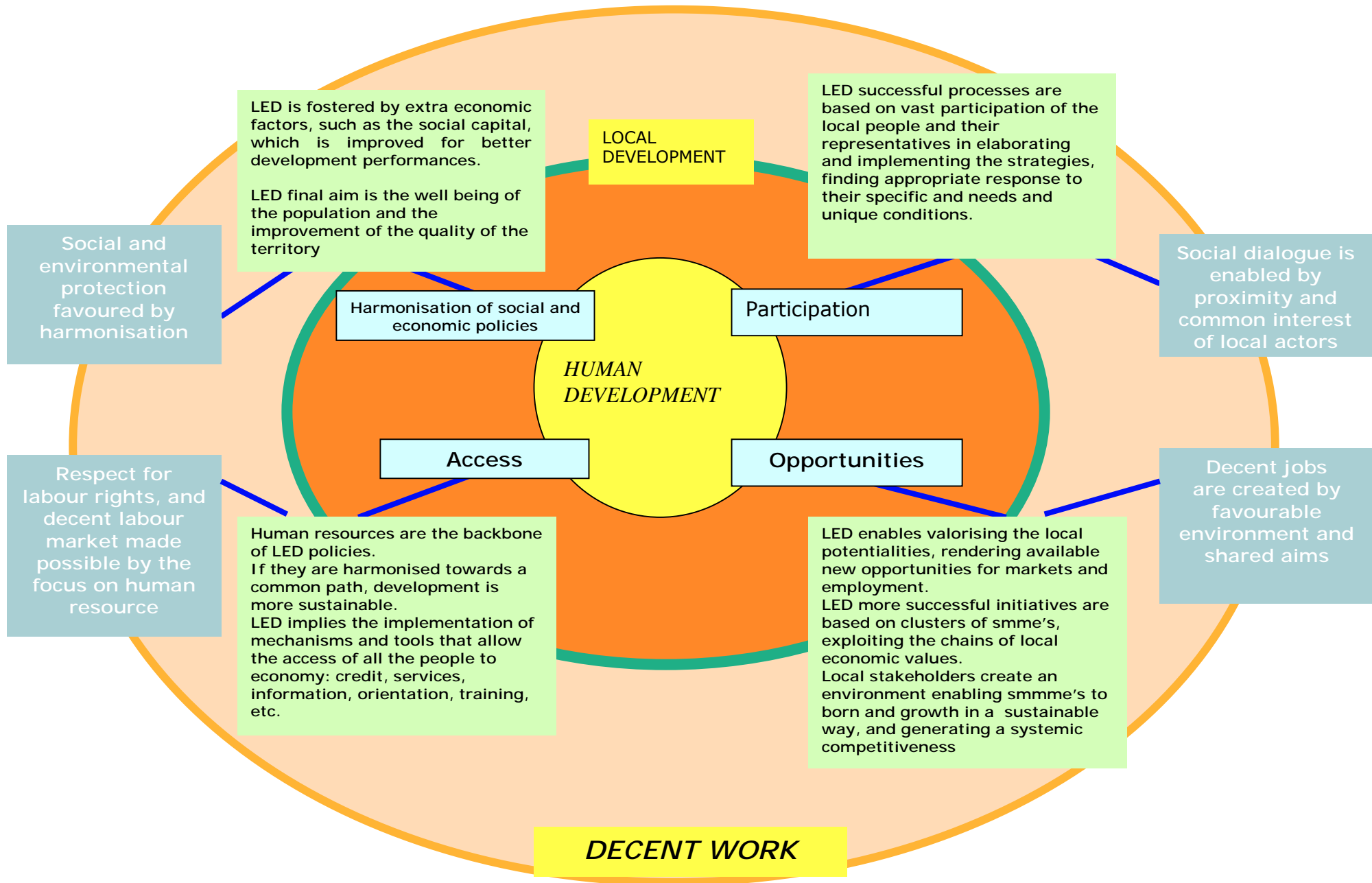
*The result of this is that the majority of the 1100 enterprises created annually by 11 Ledas in central America since 1994 provided 6,500 decent jobs per year.*

The Decent Work initiative involves a number of other initiatives undertaken by ILO, such as the global compact, social dialogue, social protection, and reduction of social vulnerability.

Local economic approach may help the achievement of the objectives of the above-mentioned initiatives in a coherent and cohesive manner, through coherence and cohesion made possible by people living and operating in the same territory.



*DECENT WORK, HUMAN DEVELOPMENT AND LOCAL DEVELOPMENT*



## 5. Practices in Local Economic Development and learned lessons

### 5.1 Criteria for the analysis

The development opportunities made available by the features which characterize what so far we have been describing as local economic development have been recognized by many international organizations as well as local governments. At local levels there are many realities where the necessity of realizing LED strategies have led to the implementation of specific initiatives in response to specific economic and social situations. The birth of many of the European Regional Development Agencies (RDA) during the 60s and the 70s meant to be an answer to the growing unemployment which was gripping various depressed areas of Europe. The RDA's operating in the regions of Spain are actually the tool on which the regional governments rely to respond to the problems arisen from the decreased competitiveness of the regions themselves. The Shannon Development Agency, operating in the Irish region of Shannon, opened thanks to the unemployment problems arose after the closure of its airport. Since, with new technological innovations it wasn't necessary any more, for air companies, to plan stop-overs in Shannon when undertaking international flights. Therefore the whole sound and vibrant industry and infrastructure developed after the airport suddenly collapsed.

Soprip in Italy started up because of of unbalance between one part of the province of Parma and the other one. More than two hundreds RDA's are now operating in Europe.

The best practices are described in detail in the Universitas-Led Paper N° 2. In particular experiences are analysed, such as those promoted by:

- local initiatives
- national initiatives
- international development cooperation initiatives.

Practices of local economic development can be picked almost in every part of the world. On a quantitative level they have increased constantly, thanks to the successes occurred in terms of results and of processes activated to reach those results. But much confusion is present when it comes to define LED strategies since no clear parameters have been agreed upon by economic developers in order to be able to draw a line of separation between what can be defined a LED intervention and what, for different reasons, should not. Initiatives for SME support, community building projects, micro-credit programs are a clear example of this. Although they tackle some of the problems which also LED intervention tackle, they are not comprehensive programs, which try to build on the strategies set forth in the previous chapters of this document.

Other problems occur when LED initiatives should be analysed considering their impact on human development and decent work approaches.

To the scope of the present study, then, the experiences will be reviewed considering some specific parameters, such as the ones described below.

**Participation.** It is clearly understood that, in order to realize sustainable development at local level, it is necessary that the stakeholders share a mutual vision of the future. This necessary, albeit not sufficient, condition is generally lacking in developing countries, being the contrary rare exceptions to this rule. Usually the first thing to be done is to create participation. Sharing a mutual strategic vision of development may be one of the most difficult things to achieve and the only way to meet this condition is to commence a long and tortuous dialogue among the local actors which may also be

unsuccessful. The difficulties of succeeding in the elaboration of a mutual shared vision are strictly related to the wideness of the territory concerned, being these two factors indirectly related. As previously stated the territory must be big enough to ensure the presence of a critical mass of resources on which to base a LED intervention but also small enough to allow a proper bottom-up participated approach. A LED intervention may be considered such if it has created the conditions for future dialogue, which is deemed a necessary condition for social and institutional sustainability.

***Endogenous resources.*** A Local Economic Development approach should be based on the exploitation and development of the local endogenous resources. The sustainability of the intervention strongly relies on the positive response to this condition. "Chain of value" which can trigger local development are necessarily based on local resources. Foreign direct investment is not excluded a priori, but this should anyway be directed towards the use of local potentialities.

***Support to vulnerable groups.*** Local Economic Development practices, which are undertaken at the light of human development and decent work principles, should be carried out as means to favour gender equity and social inclusion of the vulnerable groups. So issues such as the access to economic opportunities, the provision of decent work, the safeguard of the environmental bio-diversity should be considered within a LED approached activity. Empirically it is proven that this issue is better tackled by LED practices if financial sustainability is achieved. It may happen that the activities are undertaken with the intention of reaching sustainability, and this often vies with the aim of supporting vulnerable people which knowledgeable are more risky.

***Sustainability.*** This issue is the logical consequence of the previous ones. A LED approached intervention should seek to reach the following aspects of sustainability:

- Financial Sustainability. A lasting LED intervention should be able to cover its own expenses, possible detaching itself as soon as possible by the funding of the donor agencies which sustained the intervention at the beginning
- Social Sustainability. This is achieved when a shared vision of future development is reached among all the local actors
- Institutional Sustainability. This is achieved when local administrations and authorities are fully committed to support the process and to channel to it all the public initiatives addressed to the area.

In the first part of the paper N° 3, the experiences of some international organizations directly involved in LED strategies and interventions will be reviewed. In particular the experience of the European Union, which fostered LED based actions through the Territorial Employment Pacts and through the realization of some Community Intervention Programs (CIP), will be described. The Local Economic Development Agencies (LEDA) set up by UNDP/UNOPS/ILO with the support of the Italian Government will be analysed as well as some smaller experiences of the Food and Agriculture Organization which have fostered the concept of Sustainable Livelihood, and the initiative of the IADB (Inter American Development Bank). The new strategy in terms of Local Economic Development of the World Bank will be outlined as well. The analysis of the above-mentioned themes will be accompanied by the description of good practices on the field where these are available.

The second part of this chapter will contain the experiences carried out without the direct imprimatur of an international organization, sprung by the necessity of responding to specific economic conditions of a territory where a LED approached strategy has proved to be successful. Practices in Europe (particularly England, France, Germany, Ireland, Italy, Portugal, and Spain), as well as in Latin America (Argentina, Brazil, Chile) will be overviewed.

## 5.2 Gaps and constrains

The local economic development initiatives illustrated in the Universitas-Led Paper N° 2 have substantial issues in common, but they register differences in objectives, governance, ways and tools of implementation.

In general we can say that the equation  $LED=H.D.+D.W.$  is not necessarily valid in all the cases (LED stays for Local Economic Development; H.D. for Human Development; D.W. for Decent Work). LED processes not necessarily include Human Development and Decent Work approach and aims.

Nevertheless the equation  $H.D.+D.W.=f(LED)$  has demonstrated its validity: Local Economic Development processes have the potential and the main features for enhancing human development and decent work. In other words such strategies can rely on local economic development for their implementation, in an effective way.

Many gaps and difficulties are generally encountered in promoting and realising local economic development processes and strategies, and several others constrain the coherency with human development and decent work vision.

We can frame these gaps in five categories:

- a) Political constrains
- b) Strategic constrains
- c) Skill constrains
- d) Financial constrains
- e) Operational constrains

### I. Political constrains

Generally the experiences developed in environments enhancing local decentralised decisions, have achieved better performance: the Italian Districts, the recent Spanish Ledas, the Lander initiatives in Germany, the municipal development in France, etc..

Decentralisation of decisions, in terms of financial allocations, regulatory frameworks about smme's policies, and local planning, facilitate the implementation of LED strategies. Countries such as England, Portugal, Ireland, Chile are, in fact, considering and structuring adequate legislation favouring decentralised national policies.

Strong support from the national governments is generally needed for fostering LED practices, and it regards three main efforts: one is in implementing decentralised regulations, the second one is in providing a regulatory framework, either for facilitating the functionality of local implementing structures, or for promoting jobs and enterprises, and the last one to spread, stimulate and promote such policies, involve local and national actors (business associations, trade unions, chamber of commerce, etc.) to have a supportive behaviour for managing such processes, and realise tools for harmonising, monitoring, and addressing such initiatives.

Decentralised regulations regard the possibility that decisions about planning, financial schemes, incentives to the creation and support to smme's, training strategies, fiscal regimes can be taken at local level.

The regulatory framework has to do on one side with laws that regulate the establishment of local implementing structures, such the LEDAs (public-private partnership, fiscal regime, incentives, statutes), their role in the general development strategy, the monitoring mechanisms and indicators; on the other side it implies all set of measures facilitating smme's development: fiscal allowances, banking, export, labour rights and duties.

The promotion effort implies a national joint effort, which involves contemporarily national and local governments, associations, and NGO's, for providing an homogeneous platform for local initiatives.

All this is not easy to achieve.

Difficulties partially rely in a traditional vision of the development, which looks at it as a spontaneous result of the structural adjustment, of the control of the macro economic indicators (debt, public budget, inflation, etc.), and commits to market the best allocation of the resources, no matter about spatial locations.

The two-speed development often is recalled for justifying the primary need of responding to economic emergency or crisis, the support to the strongest or more capable actors (located often in central sites) as locomotive of the growth, expecting a second phase for spreading the well-being derived from the first one.

Another type of difficulty regards the lack of the resources developing countries suffer for supporting such efforts, in terms of financial and human capacities, although often is not just a question of how much is needed, but how to use the existing resources and what to prioritise.

In countries where there is little support from the national government to local policies,

Many experiences –including the Ilo about the establishment of LEDAs- have been realised at local level, with the national level consensus, without, however, their effective support. The risk, in these cases, is quite an isolation of the local efforts and distance from national strategies, and it regards:

- a) Legitimacy: although the LEDAs are totally legitimated at local level, often national governments tend to ignore their action. It happen that national and international programmes, realised in the area where the Leda operate, do not realise links with them, generating confusion and also conflicts with the local population.
- b) Communication: in very poor areas communication infrastructure are often scant. In some villages of Guatemala, for instance, only one telephone line exists, and few hours of electricity during the day limit communications by telephone or e-mail, whereas 7-8 hours are needed for reaching the capital.
- c) Strategy: if the strategic focus is limited too much to local markets, the need for national opening is little felt, whereas local economies needs to open themselves to national and international opportunities.

Not necessarily this kind of local-national linkage comes through a top-down approach.

Many experiences shows that, starting from the local, it is possible to establish positive relationships with national and international environments, and also to push national governments to carry out local policies.

It is, for instance, the case of Angola, Ireland, South Africa, and Mozambique. Leading factors were the positive results of consolidated pilot experiences (Ireland, Mozambique), or the awareness that the social dialogue at local level produced effective conditions for fighting poverty or enhancing peace processes (Angola and South Africa). Sometime LED initiatives at local level and LED policies at national level interacted for strengthening and improving each other, as in the case of Spain and England. National frameworks allowed the implementation of local processes, whereas the local experiences and innovation have been utilised for re-planning the national efforts.

## II. Strategic constrains

LED initiatives imply the local actors having a strategic vision of the territorial development. Human development and decent work strategy require harmonisation of social and economic issues, to allow a balanced growth, respecting human dignity, gender equality, and the environmental resources.

Often in LED practices the strategic vision is poor, and this includes the identification of a medium-long term design, and of the strategic steps for pursuing it. Sometime local actors elaborate generic aims, but forget them at the time of carrying out concrete projects and actions. It could happen that protection of environment is one of the development objectives, but huge tourism infrastructure or polluting factories are allowed. In other cases, despite to prioritised strategic production, incentives and support are provided to different initiatives, or gender equality is pursued, but little opportunities to women are concretely enhanced. Coherence between strategy and action is not practised.

In these cases the difficulty relies in the contradiction between the need to have rapid responses, for instance for employment, and the time necessary for consolidating slower, but more and sustainable processes. Social cohesion and clear consensus in such cases needed, but difficult to be sustained, if some of the main actors abandon the strategy.

International cooperation programmes, that generally have short life (2-4 years), experience particularly such difficulty. The need for achieving results in short periods does not always match the need for consolidating the base of a sustainable development.

Further and more substantive gap regards the harmonisation of social and economic objectives. In the LED experiences there is a general consensus that the main objective is the well being of the population, the improvement of the local context for allowing people to live better, a satisfactory employment, good environment, services, social protection. The economic performance are seen as a instrument for achieving all this.

Women are often excluded by the decision process taking place at local level for establishing development strategies and actions. Often they are beneficiary of technical and financial support, due to their entrepreneurial aptitude, but still they are a minority in the decisional places. Cultural constrains and traditional exclusion, which influence the gender relationships, are still far from being removed.

Many difficulties, however, rise when such situations have to be faced and correspondent actions have to be carried on specially when short terms results only are pursued.

Many difficulties, however, rise when such statements have to be translated in concrete policies and actions.

First of all, again, pursuing quick responses to emergency decrease the possibility of harmonisation. It is the case when support to well established business is prioritised, although it does not include social performance, such as inclusion, fight to poverty, gender, labour rights, social protection, etc. In many cases social and anti-poverty policies are committed to special programmes and initiatives, that increment the gap between advantaged and disadvantaged people.

National policies and measures, of course, contribute to incentive and support such behaviours also at local level: if welfare programmes are available, or special micro-finance initiatives are launched, or support to women not integrated into a comprehensive gender vision is provided, the local people are stimulated to use them, and if no autonomy is given for establishing coordination between social and economic initiatives, the gap is impossible to be filled.

The open questions are how to make use of the economic development achievements for addressing social needs; how to combine market and competition requirements with pre-competitive human development requirements; how to balance short and medium-long terms strategies; how to make synergies between private profit and local solidarity.

Few best practices are available and innovation in this field is required. Special mention goes to the experiences of accompanying the enterprise economic balance with a social balance; the ILO Global Compact programme is another frame initiative for stimulating the entrepreneurs and the local actors to face new ethics; the LEDAs promoted by Ilo, Undp, Unops, and the Italian Cooperation are further example and they have great potential for implementing harmonisation; an Ilo pilot programme is going to be designed for involving the LEDAs in micro-insurance initiatives for assuring health protection to disadvantaged people.

### III. Financial Constrains

Sustaining Led processes implies financial resources, that often are not immediately available.

Problems regard two aspects:

- The start up
- The permanent sustainability

In the majority of the cases the initial start fund is provided by public finance (national, regional –as in the case of the European Commission-, local budget), or through international co-operation programmes, as in many cases of developing countries and countries in transition.

In the case of the international co-operation two kinds of constrain are encountered:

- Lack of information about programmes and funds available for LED
- Lack of harmonisation among different program operating in the same area.

The local actors often do not know all the possibilities exist: United Nations agencies, such Unido, Ilo, Undp, Fao, World Bank, or National cooperations (Canada, England, France, Germany, Italy, Netherlands, Spain, among others), or the European Commission have programs and technical capacities for sustaining local economic development initiatives. Decentralised ccooperation is becoming also a relevant source of funds, and, recently, also IBD for Latin America has launched a programme line for LED.

Often the problem is to get such information (web-sites, internet, local embassies, local cooperation units, etc.) and to have the capability of assembling a rigours and attractive project for use the opportunity.

On the other side, the international co-operation often have money to spend, but not interesting projects. They may be willing to respond to concrete needs of the population, but do not receive sufficient inputs.

Nevertheless many times we assist to different cooperation projects carried out in a certain locality, without a coordination, but duplicating actions, structures, current costs. The role of the local communities is of avoiding all this. The experience show that if a structures, committed to realise and coordinate LED initiatives, such the LEDAs, are capable enough, they can catalyse the interest of donors, organise the coordination, address it towards real needs, facilitate the implementation.

Major problems and difficulties occurs in providing continuity, when the starting up resources and period goes to an end.

The experienced way of sustaining financially such processes are the following:

- Public subsidies from local or national budget
- Contributions from the local community
- Sell of services
- Project financing

- Financial engineering

Many difficulties, however, occur especially in developing countries.

Public subsidies are difficult to maintain in the generalised cases of finance constrains in governmental budgets. Also when initial enthusiasm occurs, not always there are conditions to continue feeding such initiatives.

Contributions from local communities (private and public sector) much depends on voluntary efforts, and they could stop during periods of economic crisis, just when initiatives to sustain the local economy are more needed.

Sell of services is generally difficult in the pre-competitive field (stimulation, basic training, first aid, information and communication, feasibility studies, etc.), and it is possible when the following conditions occur:

- Governmental commitments, through prioritised strategies and programmes, which assign to local communities part of the public budget, harmonising different interventions usually articulated in social and economic programmes (welfare, social inversions, support to smme's, fight to poverty, training, etc).
- Strong commitment of the local community, through consolidated practices of social cohesion, strategic planning, and coordinated actions, which allow also to address possible external incoming projects and finance towards the objectives jointly identified.
- The establishment of Local Economic Development Agencies, as autonomous and self-sustainable structures, which permit to manage funds in a entrepreneurial and efficient manner, on behalf of the members of the local community and coherently with national policies. The LEDAs, specially when financial engineering and commercial services are combined together, have achieved the objectives of providing pre-competitive and business services, attending also the most vulnerable people. They need, of course, a strong initial investment (for start-up operations and for the capital for financial/credit operations), that has generally been provided by national or international programme funds.

#### IV. Operational Constrains

A number of components is necessary for LED process to have real impact on economic and social indicators.

The need for national regulatory framework, institutional and administrative decentralisation, planning participatory development, harmonisation of economic and social policies, coherence of local and national strategies, local social cohesion, strategic long term vision, and financial support has been mentioned.

Nevertheless, although all such factors would work out, operational difficulties could still rise, and they are referred to the banking system, to the decision making process, to the service organisation, to the monitoring and evaluation of the results.

##### Banking system

National banks hardly may accompany local development. The experience teaches that local bank, especially if based on mutual solidarity, such rural co-operative banks, are the most appropriate. People is eager to deposit their money if it is used for supporting local initiatives and local people, to improve their economic and social environment.

**Local banks** are also more flexible to establish rules and procedure adapted to specific situation, provided national regulation allows it. They can more easily establish agreements with local actors (local administration, business associations, chamber of commerce, local economic development agencies) for special credit lines, guarantee funds, and mutual solidarity funds, or for special conditions. In some cases we have also seen local banks using part of their funds to support local social initiatives.



National banking legislation or conditions often make impossible or difficult the establishment of such local banks for supporting territorial economic development initiatives, or of procedures which allow easier access to credit.

Access to credit to all the population, also the most vulnerable one, is one of the main constrain to the promotion of an equilibrated development, which makes use of all the human resources a certain territory has at disposal.

Banking requirements are almost the same world-wide: collateral's, confidence, rigorous financial planning on credit recovery. If disadvantaged people could be supported in realising the business financial plan (by experts or service providers), certainly are not able to meet the other two requirements.

Guarantee and mutual funds, and venture capital initiatives have been experienced as alternative systems to provide access to the banks, but they need regulatory national and local framework to be established in an efficient and remunerative manner.

#### Decision making process

Political, strategic, financial, and operational decisions have to be made for making efficient local economic development mechanisms.

Often confusion rises in such process. Politicians want make decision about final destination of the financial allocations, local administrators want to impose their strategic vision, business associations wants interfere with general policies, or, more generally, there is little habit to make common decisions and to be coherent with them consequentially.

Difficulty have been encountered for transparent and effective decision making processes, mainly due to the gap in know how, in individual behaviour, in absence of national frameworks.

The Ledas experience shows that, although national policies do not include participatory instances as mean for making decisions, their internal mechanisms and organs, including all the relevant local stakeholders, have worked out efficient ways of actualising political and strategic decisions in coherent actions.

Critical nodes are, then:

- the identification of **who does what**: national governments, local administrations, civil society, implementing structures;
- the establishment of **transparent interactive processes** among the different levels;
- the **monitoring process**, allowing improvement and updating of the decisions.

#### The Service organisation

Support to local economic development includes capacities of putting at disposal specialised know how.

This implies different factors, and gaps could occur in pursuing and achieving:

- a) comprehensive services: pre-business assistance, business assistant, credit and financial support, project development, information, territorial marketing, etc.;
- b) coherence of the service providers with strategy and objectives of local economic development;
- c) access to services, especially for people without resources (know how, finance);
- d) sustainability.

In many developing countries one of the main initial gap is the poverty or the total absence either of business service capacity supply, or of the service demand (few

businesses, lack of financial capacity to access, or knowledge how to use it). Building a **system capable of demanding and supplying business services** is one of the principal gaps to fill.

Nevertheless organising an effective service system is a not easy job.

It has to do with the identification of different areas of intervention, such as:

- a) *pre-business services*, which regard information and stimulation of the population to make use of the territorial business opportunities, as they come out of the strategic plans; introduction and basic training towards entrepreneurship; skill training.
- b) *Business start-up services*, which regard all the activities (business plans, training, market and technology assessment) needed for starting a new businesses.
- c) *Standard business services*, which regard activities independent on the specific product/market/technology combination, such as administration, accountability, legal advises, human resources management.
- d) *Specialised business services*, which regard activities dependent on the specific product/market/technology combination, such as technology information and assessment, production, commercialisation, marketing, control of quality, business finance, export.
- e) *Financial services*, which regard credit and credit access, financial assets, venture capital, mutual solidarity funds, capital insurance.
- f) *Territorial marketing*, which regard activities aimed at promoting the area, attracting external investment or funds, trading comprehensive set of local product, realising trade marks.

The experience in developing countries teaches at beginning such services are mostly comprehended in one or few structures, either a Leda or other ones linked to it. As long as local development consolidate the demand and supply of the services in the area, the same Leda could promote and support more specialised private providers, specially in fields of standard, specialised, and financial services.

Nevertheless one of the question is how to assure that private service providers pursue individual market strategy coherently with the comprehensive economic development. Their participation as member of the LEDAs or similar structures, and specific service agreements could overcome such risk.

Access to services is one of the main difficulties vulnerable women and men encounter for entering into the economic circuit. Scant knowledge of what they have to request, and lack of economic resource for paying services are critical factors. Mechanisms that overcome such difficulties are needed, such as free services (mainly the pre-business or the start-up aforementioned ones), special financial arrangements for accessing to credit without collateral, payment-by-results.

The last, but not least, difficulties is related to the sustainability of the overall service system. In a situation of market weakness avoiding duplications and realising cooperation are the best approaches.

A coordinating structure, such as the LEDAs, could have the role of stimulating matching of demand and supply, providing special services (pre-business, start-up, territorial marketing), addressing special credit lines, and coordinating local competence for territorial development projects, whereas business associations (on the base of member's contributions) could be on charge of standard business services and private operators of specialised ones on the base of market transactions and agreements with LEDAs, specially for dealing with disadvantaged people.

### Monitoring and evaluation

Local economic development processes and achievements related with human development and decent work aims lack of shared measurement indicators.

This makes uncertain also the planning processes, where the measure of the results and of the impact on the territory and the population is necessary for forward steps and improvements.

Many experiences have been monitored and evaluated through absolute quantitative measures, such as number of jobs created or sustained, number of enterprises promoted and supported, volume of production and exportation, number of people trained, etc.

Few attempts have been made for putting the accent on dynamic variables, such as the strength of the social cohesion created; the local capacity in facing difficulties, changes, contingencies; the overall social balance; the capacity in avoiding social conflicts; the quality and sustainability of the jobs and enterprises created and supported; the capacity of facing the challenges of globalisation.

Such parameters are very important for carrying on strategy and planning exercises, which allow to learn from experience and continuously improve the development processes.

This should be one of the future main challenges of how many within national policies or international development cooperation strategies are committed to promote and sustaining human development and decent work.

### **V. Skill constrains**

LED processes imply differentiated and specialised skills. Lack of professional preparation may produce two negative effects:

- a) constrains for the effectiveness of the impact of LED on the territory
- b) risk of leadership of someone –better skilled- of the stakeholders, which could exclude the others from the decision making process.

Skill's gap implied in LED processes regard mainly:

- *for National public administration:* Promotion Agents, Legal assistants, Smme's experts (regulations), Financial experts (regulations), Monitoring experts, Planning experts (regulations), and gender experts;
- *for Local public administration:* Planning experts (operators), Monitoring experts, LEDA managers, Sectoral experts, and gender experts;
- *for Local Economic Development Agencies:* LEDA managers, Economic Animators, Project financing experts, Smme's experts (operators and counselling), Business administration experts, Financial Experts (credit mechanisms), Planning experts (operators), Territorial marketing experts, and gender experts;
- *for Private sector:* Entrepreneurs, Business Managers, Business Service Providers, Sectoral experts, Trainers, Technology Diffusers, Smme credit operators, and gender operators;
- *for Universities and Educational Centre:* Trainers at different levels, Researchers.

In many countries it is very difficult to find the above-mentioned skills.

No university courses are realised in the current academic schedules, few post-graduate courses or masters are available only in some countries (England, Consortium of 9 European universities, United States, Italy, Costa Rica, Argentina).

Specialised skills are available in many of the aforementioned sector in developed countries, such as Smme credit operators, sectoral experts, business service providers, business managers, entrepreneurs, territorial marketing, planning, business administration, smme's, and project financing experts. In developing countries such skills are more difficult to find.

Nevertheless there is, generally, no organic connection between these capacities and the way of operandi within a local economic framework. It is not the same thing for a professional to provide counselling to some entrepreneurs only on an individual-based commercial transaction, or to help him, taking into consideration the local environment moving towards certain shared objectives in a cohesive way.

The Unesco Human development faculties, the European consortium of universities for a LED master, and the ILO Universitas Programme, for forming local economic development agents, are typical and useful initiatives addressed to fill the existing gap in this field.

## 6: Recommendations

### 6.1. Introduction

This chapter will report briefly some suggestions and recommendations which are derived from the previous chapters, and particularly from the constraints encountered in the LED experiences.

The following comments will be useful to policy makers and LED operators, when a comprehensive intervention to enhance local economic development policies and practices, specially in developing countries and countries in transition.

The recommendations regards: the regulatory framework, the promotion, the monitoring, the instruments, the internationalisation, the education, the fund raising.

### 6.2 Regulatory Framework

Putting budgets and policy decisions at the discretion of different local development agencies raises a number of issues about the relationship between local development agencies and national and regional agents, that implies a need for appropriate national and regional structures. Policy-makers are concerned to ensure that decentralisation does not lead to unacceptable inequities between policy provision in different areas, in particular between those with strong budgets and those with weak budgets. They also need to ensure that local development approaches are sufficiently co-ordinated with each other and with other levels of the territorial hierarchy. A third issue concerns the need to strike a balance between allowing local development bodies sufficient autonomy to assess and respond to local needs on the one hand and achieving a clear accountability for public funds and a responsiveness to broad national and regional priorities on the other<sup>28</sup>.

A national regulatory framework shall be established in order to render local economic initiatives effective. The absence of such reference could, in fact, produce:

- a) lack of institutional sustainability, in terms of weakness in the national-local relationships, difficulty in the use of national resources and international networks;
- b) weakness of financial resources, because of the difficulty in the access to national financial channels;
- c) inefficiency in the support to smme's, in absence of specific regulations benefiting the process of generating new enterprises for disadvantaged people, the promotion of clusters and groups of small enterprises, etc.;
- d) difficulties in the provision of credit to disadvantaged people.

The regulatory framework consists of national bills and regulations, including:

- a bill, which establishes local fora for strategic local planning and Local Development Structures;

The British, Portuguese, Campania Region, Angola, and German legislation's could be taken as reference. Fora, including public and private stakeholders, will be established at local level, with the task of identifying the medium-long term strategies for economic development, the economic potential, the way how to use it in the more advantageous and competitive manner,

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<sup>28</sup> OECD/LEED "Best practices in local development", 2000

the correct approach for gender policies. National reference for the fora should be identified as well, for the necessary proactive links between the local and the national policies. The fora will be coordinated by the local administrations, which should take their outputs as reference for their plans and decisions.

Local Economic Development Agencies, such as the once promoted by ILO, UNDP, UNOPS, and the Italian Cooperativa and illustrated in the previous chapters could be taken as reference for establishing Local Development Structures. National indicators should be established at this scope (general objectives, typology of beneficiaries, typology of the membership, organisational framework, general managerial indications, process for their creation), whereas the local fora should be allowed to identify specific objectives, modality of functioning, the organisational chart, the financial rules.

- a bill, which allows local administrations to decide how to spend national resources on local economic development initiatives and issues;

The European devolution initiatives could be taken as reference in this case. Either letting local administrations to directly use local taxes for economic development initiatives or devolving resources from the national budget, the local administrations should autonomously decide about sectoral or factorial policies or priorities, typology of beneficiaries and companies to support, business services, economic infrastructure. National indicators should be identified for measuring the effectiveness of the local initiatives, with respect to the specific established objectives, and so annually assign the required resources.

Compensating mechanisms to support weaker areas should also be taken into account.

- regulations for establishing specific guarantee funds for facilitating the access to credit for disadvantaged people;

The guarantee funds established by ILO in support of the LED initiatives, the French or the Italian experience of solidarity or mutual funds could be taken as reference for guiding national policies in this sector.

National funds generally addressed to anti-poverty policies, for social investments, for incentives for the creation of new businesses, or granted by international cooperation programs could be reverted to constitute a national guarantee fund deposited in a certain bank, and to be used by the local economic initiatives to support the creation or the reinforcement of small enterprises, particularly benefiting women and men, which have difficulty to access to the regular credit system, and assuring a proper gender equity.

Stimulus and incentives to constitute mutual or solidarity funds could be established as well, through tax reduction or subsidiarity mechanisms.

- a policy which facilitates the coordination of different national ministries, that address resources to local initiatives, for avoiding duplications and harmonising the use of the funds;

Ministries of Finance, Economy, Labour, Industry, Local Authorities, Agriculture, Tourism, Energy and Education guide, influence and finance the economic initiatives and opportunities. Instructions should be given to the decentralised departments or representatives at local level to participate to the fora and to the Local Development Structures, in order to coordinate their policies.

Inputs from this level to the national instances should then be taken as reference for the formulation of the national plans and budgets.

- a policy which facilitates the coordinated use of the international cooperation resources, for avoiding duplications and harmonising the use of the funds.

Ministry of Foreign Affairs, in coordination with the other ministries and the local administrations should establish criteria for distributing in an efficient and effective manner the resource put at disposal from the international cooperation, providing indications to foreign

countries about the needs and the opportunities, and making agreements according to the interest and the capacities of the donors and the sectoral or territorial optimum destination of the funds.

### 6.3 Promotion

National governments could act like catalysts and mediators, fostering the different initiatives for local economic development, decentralising the information, stimulating and impelling the development of local systematic initiatives; monitoring and balancing the different local initiatives.

National initiative should be, then, implemented, such as:

- Assigning a responsibility for the promotion of the LED initiatives (LED Department), which will spread the necessary information about the regulatory framework and the world experiences, through different media systems (brochures, bulletins, web site).

The LED department (such as in the example of South Africa or the English Regional Policy Forum)) should gather all the information related to LED experiences, opportunities, and realise a promotional program, addressed to the local authorities, as well as the major private and public stakeholders. It should organise meeting and seminars to promote LED initiative all over the country; realise a web site for information and counselling.

Methods for enhancing local Fora and Local Development Structures should be put in place.

This unit will establish links with international networks related to LED: ILS-LEDA, Eurada, OECD, European Union, etc.

- Promoting the LDS network, in order to facilitate the exchange of experience and to realise scale economies.

The different LDS established at local level will be networked through a specific instance, with the task of allowing exchange of experience and providing special common international services (marketing, promotion, fund raising, and international operational links). This instance should be supported by each LDS of the network.

The experience of Canada, Central America, Europe could be taken as reference.

### 6.4 Monitoring and indicators

National and local governments, together with other public and private stakeholders, should establish a Committee for monitoring the different LED initiatives, for establishing an unique evaluating and measuring mechanism, which is at the base for successive national support. The monitoring activity should regard the sustainability, the impact, the efficiency and the effectiveness.<sup>29</sup>

A social balance, together with the financial balance should be required to the LDS.

- Sustainability

It regards the long term permanence of the LED activities. The main indicators are referred to the functioning of the social capital, to the different sources of finance, to the trend in the gross product generated, to the trend in the job creation (quantity and quality), to the competitiveness of the businesses, to the environment safeguard mechanisms, to the economic cooperation, to the gender equality, to the effectiveness of social integration mechanisms, to the influence on national policies and initiatives.

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<sup>29</sup> see at this regard ILO; UNOPS, EURADA, ITALIAN COOPERATION, "Local Economic Development Agencies", and Barreiro " Desarrollo desde el territorio. A proposito del desarrollo local" in [www.redel.cl/documentos](http://www.redel.cl/documentos)

#### □ Impact

It regards the effects on the local population of the LED initiatives. The main indicators are referred to the change in the behaviour of the local stakeholders in terms of control of the actions, the creation of new business and new business services (quantity and quality), the creation of jobs (quantity and quality), the gender impact, the social impact (inclusion), the financial flow created, the realisation of development projects and infrastructure, the export rate, the generation of new ideas, technologies, best practices, and methods.

#### □ Effectiveness

It regards the achievements of the objectives compared to what was foreseen. The main indicators are referred to increased capacity of the local actors to work in cooperation and towards results, to the quality of the response for satisfying the needs of the population, to the difference between foreseen and real results.

#### □ Efficiency

It regards the evaluation on the use of the resource with respect to the achieved results. The main indicators are referred to a management system able to measure for each result the cost, compared to the starting situation.

## 6.5 LED Instruments

National and local governments, according to their duties and responsibilities, should facilitate the implementation of LED instruments, in terms of infrastructure, services, financial schemes, and training facilities in coherence with the established strategies.

#### □ Infrastructure.

The national budget for public works, or the local budget for infrastructure could prioritise economic initiatives such as industrial parks or zones, incubators, technological parks, etc.

Incentives (de-taxation), or light long terms credits could help building such structures.

#### □ Business Services, with particular attention to the people without resources could be supported by public-private partnership.

At local level a policy for establishing a differentiated and specialist service system should be pursued. The different potential and current local resources could be utilised, such as business associations, chambers of commerce, trade unions, local NGO's, women associations, universities, trying to avoid duplications and coordinating the different providers.

A gender vision for managing business services should taken into account.

The LDS is the reference for this system, and the Local Economic Development Agencies promoted by the ILO/UNDP/UNOPS and Italian Cooperation programmes are the most effective example.<sup>30</sup>

The complete set of business services should be promoted, as mentioned in the previous chapters.

Incentives for establishing the LDS and the other services should be established, such as bureaucratic and financial facilitation for registration, taxation, labour cost discounts, etc.

Training services for business start up, capacity building at technical and managerial level should be included as well in the service system. National training programmes should be quite flexible to allow local people to tailor them to own needs. A quote of the salary could be used as levy for financing training projects.

#### □ Social Services could be supported thanks to the increased economic local gross product, and to the consolidated local public-private partnership.

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<sup>30</sup> see ILO; UNOPS, EURADA, ITALIAN COOPERATION, "Local Economic Development Agencies".



At local level the public-private partnership build through the fora and the LDS could define a policy aimed at identifying priority social needs, and using the income derived from the increased economic activity for providing appropriate responses.

Promotion of social enterprises for services to disable, kids, old people, micro-insurance companies for complementing social services, as well as public-private companies for municipal services could be promoted.

Plans for using in a more efficient manner the public social structures and services could be formulated and realised, through agreements with the national systems, and fostering national facilitation to realise them.

#### □ Financial services could be promoted through public-private partnership

The LDS could use its technical skills and credit for promoting and supporting micro-credit companies tailored to specific territorial, community, sectoral, gender needs.

The LDS could also use part the financial patrimony as equity or venture capital in special cases.

## 6.6 Education

The entrepreneurship culture, as a way to find stable solution to employment and to income, needs to become a solid value in the community. It implies a multiple effort, which requires the contribution of the education system.

Furthermore, specific skills have to be created and reproduced for sustaining local economic development, as the previous chapter has mentioned.

At local and national level education structures and systems should coordinate curriculum including issues related to LED and business initiatives, and programmes such as courses, masters, and training-actions at high school and university level should carried on.

#### □ High school

Basic principles about how build the future employment of the new generation should be introduced in the high school curriculum. Guided visits to local entrepreneurs and local development structures shall be organised to get the youngsters familiar and confident about the local job opportunities. Information about the local economic structure will accompany the process as well. Students of the last years should be helped if they want to go to University in choosing the faculty, according to the labour demand and the local opportunities, and this issue should be coordinated with the competent local structures.

#### □ University

Local economic development could form part of the university's curriculum, within the economic faculties. The competent Ministry should take the responsibility for enhancing it. Specific Masters of post-graduated courses should complete the curriculum.

Grants should also favour practices of students in their original places of residence, within service or development structures, and local administrations.

The involved University or Universities could become part of international networks, such as the one promoted by the Universitas Inter-University Program, and particularly linked to the European Master on LED and International Cooperation, which involves a number of European academies.

Inter-university cooperation programs could be activated through these links, for enabling exchange of students and professors, international study tours, and other initiatives in support of the Master.

The national Universities should become a reference for reproducing and updating the skills required by local economic development policies.

Research in this field should also be pursued for innovating methods and practices.

Relationships between the university's system and the other stakeholders involved in this issue is important for allowing the continue correspondence between the labour and innovation demand and the supply capacity of the Universities.

## 6.7 Internationalisation

Local areas, organised as a system, may achieve enough strength for international competition. Nevertheless a number of national services and initiatives are needed for facilitating their international competition, such as an harmonic territorial marketing, recognised quality control of goods and services, international networking.

### □ Territorial Marketing

A common framework which guides each local territorial marketing could be realised, including a national web site for international communication and information, a common communication scheme which include all the information, etc.

At national level training for the local structures committed to territorial marketing should be organised.

Coordination for avoiding area's competition for the investment attraction would be also a national task.

### □ Quality Control

The guarantee on the quality is one of the main requirements for exporting goods and services. Generally this is certified by specialised centres and through standardised quality control processes.

A national regulatory framework for these issues is then needed, which is recognised at international level. University and research centres shall accompany the efforts of the business associations and the chambers of commerce.

Sometime new structure or specialised laboratories are required, which can be carried on by national initiatives in coordination with the local development structures.

### □ International networking

A systematic policy for assuring the link of the local economies with correspondent international environments has to be implemented. The national LED network could be the reference for this issue. The networking is needed for channelling experiences, technologies, methods, and finance.

Many international networks could be taken as reference, for establishing interesting links. A complete list of these networks will be given in Universitas-Led Paper N° 3 (LED Bibliography and Web Sites).

## 6.8 Fund raising

Many international agents are currently interested to promote cooperation partnership programs with developing countries and countries in transition in the field of local economic development. At national level, through the LED department information about these opportunities should be continuously updated. As example of the main current agents a list of them follows.

- ❑ European Union, through programs Phare and Tacis, and the Stability Pact Program for East Europe, in general for ACP countries different opportunities exist, through programs managed by the DGII and DGVIII (decentralised cooperation). See the web site [www.europa.eu.int/comm/development](http://www.europa.eu.int/comm/development), which gives all the information about the European Union initiatives by countries and sectors.
- ❑ United Nation agencies which develops local economic development projects are ILO ([www.ilo.org/led](http://www.ilo.org/led) and [www.ilo.org/universitas](http://www.ilo.org/universitas)); FAO ([ww.fao.org/tc](http://ww.fao.org/tc)), which provides information about emergency, investment, training, advisory, development and inter-country programs; UNDP ([www.undp.org/poverty](http://www.undp.org/poverty)), which gives information about the anti-poverty programs by countries and sectors; Unido ([www.unido.org](http://www.unido.org)); Unops, which is an executive agency with quite an experience in LED programs ([www.unops.org](http://www.unops.org))
- ❑ World Bank has recently open a new initiative ([www.worldbank.org/urban/led](http://www.worldbank.org/urban/led));
- ❑ IABD (Interamerican Development Bank) also recently is developing a working line on Local development ([www.iadb.org](http://www.iadb.org))
- ❑ Many bi-lateral national cooperations could be contacted for this kind of project. Italy, Netherlands, France, Germany, Switzerland, Spain, and Portugal, have quite an experience in this field.
- ❑ A new frontier is represented by the partnerships between decentralised institutions of a country. Many European regions are developing cooperation projects: Catalan, Basque, and Andalusia Regions in Spain; Emilia Romagna, Tuscania, Campania, and Veneto in Italy; and Shannon in Ireland, Ille de Paris in France, just to mention only some of them.
- ❑ Inter-Universities cooperation programs represent other opportunity for build capacities in the field of local economic development. National cooperation should in this case be contacted. Possibilities are currently present in countries such as Canada, France, Spain, Italy, Netherlands, England.