

Local Economic Development, Human Development, and Decent Work

Paper 2: Best practices and trends

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LOCAL ECONOMIC DEVELOPMENT BEST PRACTICES AND TRENDS

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1. Introduction

This paper is part of the capitalization study *“Local economic development, human development, and decent work”* carried out in the framework of the ILO Universitas Programme, that is aimed at providing instruments for improving the capacities in dealing, making policies, and realizing innovations in the field of local economic development, social protection, local planning and environmental management.

It follows a first paper on the “overview and learned lessons” and it represents a complement to it.

This paper intends to provide a review of the best practices¹ in the field of local economic development. In particular experiences occurred in developed countries are analyzed, as well as practices implemented by some international organization which are now considering LED strategies as a powerful means to trigger those processes on which developing countries could base their development.

In the first part of the paper 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, through the realization of some Community Intervention Programs (CIP), and through the anti poverty Programme “Poverty 3” will be described. The Local Economic Development Agencies (LEDA) set up by UNDP/UNOPS/ILO with the support of the Italian Government will be analyzed as well as some smaller experiences of the Food and Agriculture Organization which have fostered the concept of Sustainable Livelihood, and of UNDP in Indonesia. The new strategy in terms of Local Economic Development of the World Bank and the Inter American Development 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 paper will contain the cases of national policies on local economic development, and it regards United Kingdom, Spain, and South Africa.

The third part illustrates 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 in Europe, Latin America, Africa, and Indonesia.

The paper does not intend to be comprehensive of all the best practices existing in the world. A first selection was done on the basis of the criteria illustrated in the next chapter, but even so we are sure that many other experiences could fit into the selection. Nevertheless the aim has been of choosing cases, which can be considered representative of typical approaches, as well as of the new trends occurring in the local economic development approaches.

¹ The sources of information have generally been documentation and consultation of web sites. In some cases direct contact were used to complete the information.

2. Criteria of selection

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 initiatives 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.

Less certainties occur when LED practices are aimed at pursuing human development or decent work objectives. So, in order to be able to describe good practices in local economic development in accordance with the approach of the Universitas Program, it is necessary to define these parameters and see whether the experiences taken into consideration respond positively to them. The parameters are 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 should be carried out as means to favor social inclusion of the vulnerable groups. Activities should be based on the broader concept of human development. 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.

For these reasons some experiences which are, in other means, very relevant, will not be analyzed. For example the establishment of Business Service Centers will not, under the assumptions made above, be considered real LED interventions. These SME service providers are a necessary support to the local entrepreneurs but, although they generally work at a local level, hardly any participated approach has been perpetrated in their creation. Although these service providers have links with the local authorities and the local stakeholders, these are not set up in a formal way to ensure that its activities come from a participated process, being the last not directly fostered by them.

3. The Experiences of International Organizations

3.1 The European Union

3.1.1 The Territorial Employment Pacts

The Territorial Employment pacts are just one of the tools used by the European Union to promote local economic development. These come in full recognition of the importance of local participation in the LED processes, which is also underlined by the fact that together with the concepts of subsidiarity and additionality, partnerships and coordination are among the basic principles of the guidelines for structural funds funding. The territorial employment pacts were elaborated originally in 1997 after the confidence pact of Mr. Jaques Santer, former president of the European Commission.

They are generally funded by the European Social Fund, which intervenes within the framework of the European Employment Strategy. The Agenda 2000, The document describing the policies, structures and regulation of the European Structural Funds for the years 2000 – 2006, launched by the Commission in 1999, states that “Within the policy fields set out in par. 1 the fund shall take account of support for local initiatives concerning employment, in particular initiatives supporting local employment and territorial employment pacts.”² The new regulations of the European Social Fund, therefore, give a strong role to territorial employment pacts which actually respect all the five principles requested by the EU in the implementation of the operational activities. Two of these principles are specifically important in this context because they underline the recognition on part of the EU of the necessity of participation at all levels in a LED initiative. These are the principle of Programming and of Partnership. Programming means that the programming of a LED intervention must be done with the participation of all the local stakeholders, at all levels, local, regional, national and over-national (i.e. EU itself). This is clearly the trial of creating a shared vision of the future of the territory concerned. Partnership means that the activities too must be undertaken jointly, with an effort of maximizing the comparative advantages which take place when each stakeholder does what he is trained to do best.

The importance of local economic development and of the territorial employment pacts are also stated in the new regulations of the European Fund for Development and redevelopment. Indications that the ERDF must support local economic development initiatives are present throughout all the regulation making specific reference to Territorial development, use of endogenous resources and indicating the territorial employment pacts as one of the main instruments which can be used to achieve them. The regulations of the ERDF clearly indicate the main aim of the fund in support of the activities for “The development of endogenous potentials by measures which encourage and support local development and employment initiatives and the activities of small and medium-sized enterprises”, and that the ERDF “should play a particular role in favor of local economic development, in the context of improving the quality of life and developing the territory, especially by promoting territorial employment pacts and new sources of jobs”.

The Pacts have been recognized as powerful tools in the European Confidence Pact for Employment launched in 1996 by Mr. Santer as a overall strategy to generate new jobs. They come from the recognition that to overcome unemployment problems it is necessary to rely on the capacities and specialized knowledge of local and regional bodies.

² Regulation of the European Social Fund Art. 2 Par. 2

The main objective of the territorial employment can be easily read in the "Guide for Territorial Employment Pacts 2000-2006"

"The basic objective of a pact is to encourage local regional partnerships in order to:

- identify the difficulties, concerns and future prospects facing each of the territorial players with responsibility for employment
- mobilize all available resources in favor of an integrated strategy accepted by all parties concerned, based on their real needs and expressed in a formal commitment – the Territorial Employment Pact
- improve the integration and coordination of job creation measures
- implement exemplary actions and measures in favor of employment"³

Territorial Employment Pacts are "participated tools" aimed at identifying and then implementing a coordinated set of interventions with the intention of mobilizing the necessary resources to trigger self-propulsive development, based on the endogenous resources of the territory. Promoting a bottom-up approach, through participation of all the local stakeholders from the public and the private sectors (who subscribe a formal memorandum of understanding which binds them to actively participate in the pact), various intervention on the territory must be planned and realized in order to render the territory more attractive to entrepreneurs. The strategy of intervention and the action plan following it are based on a local diagnosis undertaken by the local stakeholders. Innovative means for job creation, elaborated within a more complex framework of overall local development, should be one of the final outputs of the action plan.

No Clear indication is present within the "Guide to Territorial Employment Pacts 2000 – 2006" on the necessity to support the vulnerable groups of the local populations where pacts will be implemented. It is true that the structural funds of the European Union will be mainly disbursed within the areas defined as "objective 1" (areas lagging behind in development), in order to level up the inter-regional imbalances within the areas of the European Union, but to formally support activities directed towards the inclusion of the socially excluded would be a significant step forward towards the leveling up of the infra-regional imbalances and disparities.

3.1.2 The Territorial Employment Pact of the area of the Parma Apennines

The TEP, signed by the local actors of the area of the Parma Apennines in March 1999, was created to provide an answer to the growing recession gripping the mountainous areas of the Province of Parma. The recession is caused by the progressive aging of the local population and by the fact that young people are attracted mainly by the employment opportunities supplied by the productive settlements present in the plain area of the Province, causing a strong decrease of the agricultural sector in the last decade as well as a strong divergence between the mountainous area, the under-mountainous area and the plains. Also the area at the feet of the mountain is undergoing some kind of slowdown in the economic indicators. The agro-food industry is the most developed with territorially specific productions such as the famous parmigiano cheese and Parma ham. Due to the saturation of the domestic demand of this last product, the consortium which safeguards the quality of the ham, has undertaken an exportation policy, seeking for new markets and consumers abroad (Australia and China). Tourism is another sector which could be widely developed in

³ Guide to the Territorial Employment Pacts 2000 – 2006 – European Commission, November 1999

the area. A decrease in the fall of number of tourists in the last years have brought about the problem of what resources to valorize within the territory. The presence of various spas, of the historical pathway denominated "Via Francigena" and of cities with relevant historical sites needs to be exploited to this aim. Forms of non-conventional tourism are being tested, such as the setting up of agro-tourism resorts. The tourist supply of the area presents various potentialities which can host "different tourisms" (leisure, business, etc.) and in particular to satisfy an emerging demand of tourists who consider their time as a means to experiment innovative paths, refusing solutions considered banal and obvious. The presence of an important natural-environmental system constituted by various natural parks and of hydrological resources (rivers and creeks).

The strengths and the weaknesses of the territory can be viewed within the memorandum of understanding of the pact itself which reads:

"The point of strength are:

- Territory characterized by valuable natural resources;
- Environment characterized by valuable presence of hydrological resources;
- Presence of a relevant historical and cultural patrimony,
- Renowned and acknowledged historical and cultural itineraries;
- High concentration of agro-food productions and of worldly renowned technologies;
- Precious gastronomic tradition;
- Presence of micro-districts with interesting possibilities of development.

The point of weakness are

- Absence of adequate service structures
- Absence of a promotional image of the territory
- Scarce use of the tourism-support structures
- Absence of a medium-long term promotional strategy
- Reduced usefulness of the present resources
- Presence of negative environmental externalities
- Absence of a strategic design of valorization of the "agro-food district"⁴

The strategic objectives of the TEP are to create the conditions to improve the quality of the life of the inhabitants of the area with the aim of guaranteeing them the possibility of living there without renouncing to socio-economic development, to favor the integration of stable relationships among the different areas with the aim of consolidating the image and identity of the mountainous area which is here viewed as a factor which can bring competitive advantages, and to improve the quality and levels of participation among the stakeholders in the public and private sectors with the aim of reaching higher degrees of efficiency in public expenditures.

The specific objectives of the TEP, in order to reach the general ones are divided in various themes. These are:

- Theme: "Quality of Life". The aims are to create useful services for the local populations, support the creation of entrepreneurship, and to plan and realize the recuperation of the urban centers respecting their culture and the materials utilized.

⁴ "Memorandum of Understanding of the Territorial Employment Pact of the area of Parma Apennines" march 1999

- Theme: “Integration and entrepreneurial development”. The aims are to valorize the existing communication infrastructure, valorize the existing productive settlements and to improve the tourist infrastructures
- Theme: “Participation”. The aims are to agree with banks and financial institutions advantageous and diversified forms of financial support, realize agreements with the local bodies for facilitating the release of authorizations simplifying the local bureaucracy, strengthen coordination through the settlement of “concertation tables” and to realize agreements with advanced training centers.

Several proposals have emerged within the participated process of the TEP including activities to support entrepreneurship, mainly for the young, concerning services (garbage disposal, the management of the forest areas, multi-service centres and infopoints), artisanship (the recuperation of lost and old professions), agriculture (new eco-compatible methods), tourism (restaurants, bed and breakfast, degustation of typical products) and light infrastructures. Other activities concern the rationalization of the credit systems and of the training and educational systems.

The various bodies who have undersigned the agreement have also agreed upon the division of the tasks to facilitate the implementation of the activities.

SOPRIP (Società Provinciale Insediamenti Produttivi), the Local Economic Development Agency operating in the province of Parma is in charge of the realization of the Territorial Employment Pact. A description of the SOPRIP experience can be found further below in this chapter.

Up to now, 47 have been the demands for funding through the Territorial Employment Pact, for a total amount of approximately US\$ 90 million (exchange rate of October 2001) in all the sectors foreseen in the memorandum of understanding, which has been signed by 35 actors from the public and the private sectors.

3.1.3 The territorial employment pact of the area North-East of Naples

The Territorial Employment Pact involves the territory of 9 municipalities of the North-Eastern part of the Province of Naples. The territory is inhabited by 275,000 people and it extends over 134 square kilometers. One of the main reasons for the creation of the pact is the strong unemployment rate which is at 47%, mainly among young people (75,72%) and women (59,91%). This high rate of unemployment gives also an insight on the widely present informal sector, which forms a real parallel economy with its markets, funding and job creation. Estimates show that the informal sector accounts for at least 30% of the present employment. This phenomenon is strictly related with a high presence of micro and macro criminality which strongly slow down the economic growth of the territory.

The productive structure of the area is characterized by myriad small enterprises of various kind fragmented and operating in complete isolation one another, with no market-oriented service providers and infrastructures necessary for development purposes. A wide range of large enterprises is also present, but these are working in total self-sufficiency with no contacts with the surrounding environment. The agricultural sector is quite strong although constantly declining because of the absence of links between productive orientations and markets. The main productive sectors are the industry and trade. The first one is mainly composed of the aforementioned large industries, while the second one is mainly composed on individual shops which have a very small impact on employment and job creation.

One peculiarity of the situation in the area of the pact is the low presence of the public sector, which is usually overwhelming in the rest of the Region Campania. If, from on point of view this can be considered positively, since it is one of the areas where the public sector is not the main source of labor, on the other hand it may be judged negatively since the quantity and the quality of the services on the territory is also very low. This can only reflect negatively on the quality of life.

The dramatic economic and social conditions have triggered the acknowledgment that responsibility for the development of the territory must be taken at the local level. For this reason a very wide and effective private-public partnership supplies constantly oxygen to this pact which saw the light in January 1996. Besides the 9 municipalities, the Province and the Prefecture of Naples are members as well as the provincial Consortium for the Areas of Industrial Development. The private sector is widely present through the participation of various banks, many association of entrepreneurs and of SMEs, the 4 main trade unions, foundations and private institutions and associations.

The knowledge of the possibilities given by self-induced development are reviewed in a series of points which can be found on the web side of the pact (<http://www.ptonordestnapoili.it>):

- "Cessation of the municipal individualism and of the logic of tariff belts as central element of the policies of the single local authorities
- Acknowledgment that the dimension and complexity of the interventions cannot find an answer within the resources of a single administration
- Acknowledgement of the fact that the renaissance of the territories of the pact go through a process of utilization and activation of the local human, entrepreneurial, organizational and cultural resources
- Consciousness that development can be self-induced activating consensus, participation, efficiency, transparency and legality within the behavior of the local public and private stakeholders
- Consciousness of the potentialities that the territory can offer in terms of employment starting from its weaknesses and courageously tackling the structural bottlenecks which slow down development
- Consciousness that the benefits of a participated action on the territory have to be evaluated within the framework of the overall territory and not of each single municipality
- Consciousness of the fact that the public resource do not constitute the conditions for the activation of the process, but a tool to be coupled with private investment."

The pact foresees 5 main fields of intervention for its participated efforts:

1. Development of the entrepreneurial environment. The main interventions regard the direct assistance to enterprises (the ongoing projects foresee now the creation of over 800 new SMEs on the territory), the creation of industrial areas in territories of more than 2 million square meters, and the creation of incentives to associations and consortiums which should act as service providers for SMEs.
2. Development of the agricultural environment. The main activities try to increase the added value of the farms through particular incentives (modernization, introduction of new technologies and the realization of integrative activities), to promote, valorize and commercialize the local agricultural products, to improve the logistics and distribution of the floricultural sector, and to promote and valorize the local wine production.

3. Re-assessment of the territory. The main intervention regard the restoration of buildings and the endowment of these with fixed and mobile equipment, the readjustment of the urban areas, of the internal viability and of the green areas, and the construction and enlargement of the areas for sports and for free time.
4. Policies for employment and labor. The main intervention in this field concern the attempt to promote new entrepreneurship and to match demand and supply, the support to new training activities and to the introduction of new technologies, the support to association building, and the attempt to reduce delinquency through actions with actions which tend to include the socially excluded.
5. Services to the persons, quality of life and self-employment. The main activities in this field regard the creation of incentive schemes for the creation of enterprises operating in the field of services to the persons, to the environment and to the territory, aimed at posing an end to social degrade.

The last progress report of the pact (June 2001) reports a detailed analysis of the state of the art of the pact. At present 288 projects have been funded within the pact through national funds, local funds and European funds (FESR) for total of over 50 million US\$ (exchange rate January 2002), of which almost 30% has already been spent, giving the idea that the ongoing work is proceeding speedily.

One of the most interesting qualitative indicators of the success of the territorial employment is the fact that the members have decided to canalize their participated efforts in a self-sustainable Agency for the Local Economic Development of the territory which should operate continuously coordinating the interventions and acting as a confrontation table for all of its 108 members.

3.1.4 The Community Initiative Programs EQUAL, LEADER+ and URBAN

The new Community Initiative Program (CIP) EQUAL is another new tool with which the European Union aims at reducing unemployment enhancing local economic development practices. EQUAL is a follow-up of the Adapt & Employment initiative and will tend to build starting from the results of the latter.

It is necessary to point out that being, at present, this CIP new, there are no practices available yet, but the set-up of the initiatives, as stated in the EQUAL guidelines, render the methodology coherent to the themes expressed in this document and, in some ways, may result in a step forward in the implementation of the European Employment Strategy.

The European Union has stressed that under the Adapt & Employment initiative "successful projects have:

- built local or regional partnerships, involving a range of key actors that facilitated labor market integration and job creation
- used transnational cooperation to improve the quality of their results and to encourage innovative approaches
- based their work on a clearly defined and agreed strategy, tackling current and future labor market and training problems
- continuously monitored, evaluated and benchmarked their activities and results
- managed to integrate their results into policies and practice [...] using effective dissemination tools and methods and by meeting labor market and policy demands"

Yet another proof of the effectiveness and the importance of a participated approach.

The creation of Development Partnerships, at territorial or sectoral levels are a necessary conditions to access the funds made available. DPs are nothing but "committees" of relevant local actors which need to come up with an agreed vision of the problem to be solved and on the ways to implement actions to tackle discrimination and inequality experienced by workers and/or those in search of work.

The DPs must concentrate their actions on the thematic fields of the European Employment Strategy. This is not the site to review all of the EQUAL Themes, but it is very interesting to realize that some of the themes regard the necessity of providing job opportunities for the vulnerable groups of the local populations. They clearly express the aim of "combating racism and xenophobia in relation to the labor market" (theme N. 2), of "reducing gender gaps and supporting job desegregation" (theme N. 8) and "helping the integration of asylum seekers" (Theme N. 9). This appears to be a long step forwards if we compare the Development Partnerships envisaged for the participation to the EQUAL program and the Territorial Employment Pacts, where these issues were actually not requested. The review of the best practices of the TEPs, demonstrate that this issue is not a priority in the latter case, while it should become one in the next DPs.

Another interesting "building block" of EQUAL is the concept of transnationality, which aims to create a wide exchange of experiences among the DPs and the national authorities in order to be able to learn from the practices of one another. According to the guidelines of the EQUAL program, value added is incorporated in this practice mainly through the achievement of policy innovations. Another level of coordination is therefore required, not only local, not only coordination with the national authorities and with the European Union itself, but also cross-border coordination. Although this type of coordination is not in terms of strategic programming and of implementation of activities on the territory, but in terms of experience exchange, it seems that at least another (if not more) "local actor" has a counseling word. A further degree of participation.

Development Partnerships and Transnational cooperation are actually not a new concept for the European Union in the implementation of the Community Initiatives Programs. These are foreseen as a required elements also within the regulation of the LEADER+ program. Born after the successes of LEADER I and LEADER II, this program is aimed at sustaining the local development of rural areas of the Union. Within the guidelines of the LEADER+ program it is possible to compare the notion of DPs to that of "Local Action Group" (LAG) where "LAGs must consist of a balanced and representative selection of partners drawn from the different socio-economic sectors in the territory concerned", with the specification that "at the decision-making level, the economic and social partners and associations must make up at least 50% of the local partnership"⁵. This appears to be a means to decrease the usually overwhelming preponderance of the public sector.

The guidelines of the Community initiative URBAN II, which deals with the economic and social regeneration of urban areas, state that one of the objectives of the initiative is "the development of an integrated territorial approach, including, where appropriate, the promotion of other institutional partnerships" and that one of the principles to be followed is the necessity of "strong local partnerships to define challenges, strategy, priorities, resource allocation and to implement, monitor and

⁵ Community legislation in force: Commission notice to the Member States of 14 April 2000 laying down guidelines for the Community initiative for rural development (Leader+)

evaluate the strategy”⁶. Although these indications are provided it seems that the guidelines of the URBAN II initiative do not request a formal partnership to take place as in the case of the Development Partnerships and of the Local Action Groups.

While no mention is made in the LEADER+ guidelines of forms of support to the vulnerable groups of the local populations, the URBAN II program, on the contrary, envisages the possibility of directing funds to this aim. In fact the guidelines list some criteria that the areas must meet (in the minimum order of three) in order to be eligible for funding through this Community initiatives, and one of them expresses the necessity of being a territory with “a high number of immigrants, ethnic and minority groups, or refugees”. Furthermore there is the indication that the strategies set forth by the initiatives must comply with the priority of “an anti-exclusion and anti-discrimination strategy through actions furthering equal opportunities and targeting notably groups such as women, immigrants and refugees”.

An interesting feature of the LEADER+ program, which can be extrapolated by the aforementioned guidelines is the integrated approach. It is clearly stated that the projects to be realized must be part of integrated development plans for rural development. All the interactions between the projects, the actors and the economic sectors of the territory must be taken into account and the actions must be built around one of the priority themes set forward by the Commission in the field of rural development.

Within the LEADER+ program two kinds of cooperation are strongly encouraged. Inter-territorial cooperation is foreseen among territories within the same Member State and transnational cooperation among territories belonging to different Member States. The necessity of pooling the available human resources and know-how, which are dispersed around all the territories, is the main reason why the Commission fosters these practices. A wider range of technical assistance available can only increase the added value of the rural development plans. For instance, a transnational cooperation project took place for transferring methodologies for village development in the Area of Ballyhoura, Ireland. In that case consultants from the German town Mulfingen were invited by the Shannon Development Agency and the Limerick County Council to prepare a development plan for the town of Kilfinane, which redevelopment was a key element in the process of diversification of the rural economy. The success of the regeneration of Kilfinane from a derelict and declined town to a prosperous market center, has boosted confidence in locally-based planning partnerships and triggered the same mechanism in other villages of Ballyhoura. Another example of good transnational cooperation practices can be the one which took place in the Austrian Alps. The concept of “eco-museum”, as a museum having an impact on the region’s development, was transferred from experts of the French Alps to the Local Action Group in Otztal, Tyrol.

3.2 ILO – the International Labor Organization

ILO has a long experience in the field of Local Economic Development. Since the beginning of the 90’ in cooperation with UNDP and UNOPS, ILO has been promoting Local Economic Development Agencies in many parts of the world.

⁶ Official Journal of the European Communities – Communication from the Commission to the Member States “laying down guidelines for a Community initiative concerning economic and social regeneration of cities and of neighborhoods in crisis in order to promote sustainable urban development (URBAN II)

Recently an unit has been constituted in Geneva in the Enterprise Department of Employment Sector for providing technical assistance to the LED projects and promote them, and currently it manages programmes in Africa, Latin America, and the Balkans.

The programmes are focused on the assessment for LED strategies, through a bottom-up participatory approach, on the establishment of LEDAs, on the training, also in collaboration with other sectors of ILO, other UN agencies, and the ILO Turin Centre.

ILO manages the Universitas Programme, where the local economic development has an important part, and it is finalised to provide capacity building to developing countries for setting national and local policies in LED strategies and instruments. In the framework of the Universitas Programme the study on "Local Economic Development, Human Development, and Decent Work" summarises the framework for LED initiatives.⁷

Local economic development, according to the ILO principles, has also been recognised as an important contribution to Decent Work⁸, which represents the current philosophy and the major focus of the ILO policies, but it is becoming also more and more linked to other important ILO initiatives, such as the intervention on situations of crisis (Crisis In Focus Programme); the Global Compact programme, which is finalised to favour an economic development coherent with human and labour rights, gender equality, safeguard of the environment.; the Social Protection (STEP Programme), where a model, which links LED instruments to mechanisms for assuring social protection at local level is going to be experimented in the framework of the Universitas Programme.

The ILO Training Centre of Turin has developed the DELNET programme. The purpose of DELNET is to support local development and decentralization processes which are occurring in various parts of the world by promoting local capacity building through training, information, technical advice and networking. DELNET is an instrument through which knowledge, information, ideas and experience concerning local development in a globalized context can be shared.

Participation, through the involvement of stakeholders which influence the local policies and through a bottom up approach is the starting point of the ILO initiatives, which can assume various objectives, such as job creation, decent work, economic restructuring, fight to poverty, inclusion of vulnerable people, or solution of crisis and to vulnerability (ecological, conflicts, economic cracks, etc.). The main strategy is to valorise the endogenous potential, fostering local SMEs and cooperatives, and promoting clusters, up to enabling the local environment to support local economic initiatives. The main tools are public-private Local Economic Development Agencies, for providing services to the enterprises and population, with priority to the most disadvantaged people. Articulated Business Development Services are also foreseen as tool for assisting the enterprise through specialised bodies, including financial services. In many cases a comprehensive provision of financial and non-financial services has shown crucial advantages, either for helping people with scant resources or for the same sustainability of the LED initiatives and bodies. Micro finance is generally seen as an important instrument for favouring the access to credit for vulnerable people. Territorial marketing is recommended as an important tool for linking the poor areas to the international context and attract external investment in a cohesive way to the local strategies.

⁷ ILO-Universitas-LED Paper N° 1 "Local Economic Development, Human development, and Decent Work", 2002

⁸ ILO-UNIVERSITAS-LED Paper N° 1, *ibidem*

Social inclusion is strongly pursued, as a specific priority in the Led objectives, because it is intrinsically part of the Decent Work strategies, and it is practised either through the LEDAs or through the inclusion of social protection policies into the Led initiatives.

3.3 UNDP/UNOPS/ILO and the Local Economic Development Agencies

The experience undertaken by the International Labor Organization (ILO) jointly with the United Nations Office for Project Services (UNOPS), and UNDP (United Nations Development Program) is mainly directed towards the establishment of Local Economic Development Agencies, that could be identified as one of the most powerful instrument for implementing LED strategies, specially for including disadvantaged people.

The approach of these LEDAs comprehends generally all the features described above. They generally help elaborating strategic plans for territorial development, choosing priorities, and creating a favorable environment for businesses. They provide or organize a comprehensive one-stop service system addressed to the needs of the population without resources, for creating new businesses and reinforcing the existing ones. They organise the local competencies 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. They are, particularly in the beginning, autonomous small structures (not more than 8 people working at full time), whose members are the public and private local stakeholders, including often also national institutions or their delegations or representations at local level. The public-private membership has turned to be one of the key of their success.

Within these LEDAs the role of the local or national administrations has been of two types: on one side the local administrator have been often the main supporter and promoter of such LEDAs, because they recognised their importance for fostering economic development and providing an answer to the employment problems, reinforcing the role of the local actors. On the other side the local administrators, having at disposal a technically valuable and managerially reliable body (the LEDA) , have had more chances for channelling resources put at disposal from national or international programmes, increasing the opportunities for job creation. Many examples could be made of how these LEDAs managed to reach the institutional level of sustainability.

International cooperation programmes that before could not find the condition for local management were rendered possible with the presence of the LEDA. Other initiatives, which before were carried on in a disarticulated manner, managed by one or another local or international Non Governmental Organizations, have found their coordination through the assistance of the LEDA.

The Local Economic Development Agencies experienced by ILO, often in collaboration with UNOPS, UNDP, and the Italian Cooperation, as explained in the book "Local Economic Development Agencies" published by ILO, UNOPS, the Italian Cooperation and EURADA, are service structures, which deliver a comprehensive set of services to the population, with particular reference to the most disadvantaged one, and to local administrations.

Generally these services are:

- Information to the population about the business opportunities, the provincial, national, and international programs and projects, and the relevant initiatives foreseen in the area
- Business technical assistance (from the business plan to the operation) to Smme and small farmers
- Access to credit for the most disadvantages people, with a viable business plan
- Access to markets, through promotional campaign, linkages and ad hoc initiatives
- Access to training
- Assistance to public institutions and administrations for issues related to LED management (planning, monitoring, information data base, diagnosis map of resources etc,)
- Business networking
- Territorial marketing

Thirst one LEDAs are currently operating (see table)

In the Balkan Region (where 5 LEDAs are so far operating) the problems linked to the transition to the market economy, to the abandon of the big "conglomerate" industrial complexes in favour of a more articulated system of small enterprises have been faced successively by the LEDAs in Bosnia-Herzegovina, Croatia, Albania, and Serbia. The LEDAs have represented also an opportunity for enhancing administrative decentralisation, approximating people to the institutions and reinforcing the civil associations, strengthening the financial structures, thinking to local planning.

In Africa the basic problems of the extreme poverty, and of the dispersion of the population in almost unreachable areas, with negative influence either on the economic development possibilities, and on the democratic access to jobs and income, was faced by the LEDAs in Mozambique, Angola, and South Africa through specific tools and organisations. Often, in these case, the main problems resolved by the LEDAS were related to the creation of a market economy, including entrepreneurial culture, finance support system, conditions for marketing, basic productive infrastructure (product storage, transportation, communication, and to the possibility for extreme poor people to access to economy.

In Central America, where the first LEDAs were established by ILO, UNDP and UNOPS, 16 LEDAs are now operating. Their efforts have been mainly directed to inclusive actions for vulnerable people and to the support to local actors in the integrated exploitation of the local resources through the development of the SME sector. Key indicators of their success are the numbers of permanent and seasonal jobs created throughout the five countries where they operate (El Salvador, Honduras, Nicaragua, Costa Rica and Guatemala). Indeed, during the first 8 years of their operations, they managed to create approximately 20,000 jobs, handling about 8 million US\$ in credit activities. These LEDAs managed to achieve self-sustainability though the joint provision of financial and non-financial services to SMEs. In fact, the management of the funds provide about 60% of their sustainability, while the rest is usually provided by the management of contracts with international donors and through the provision of the non-financial services.

To give an example of the LEDAs operations and functions, three cases will be examined: the LEDA operating in the Department of Jinotega in Nicaragua, the one operating in the Department of Ocotepeque in Honduras and the most recent experience, the newly created LEDA, Alma Mons, in the city of Novi Sad, Serbia, which will cover the Vojvodina region.

List of LEDAs promoted by Undp. Unops, Ilo, and the Italian Cooperation

Country	Lcality	Year of constitution
NICARACUA	GRANADA	1991
	LEON	1992
	NUEVA SEGOVIA	1995
	JINOTEGA	1994
EL SALVADOR	CHALATENANGO	1993
	MORAZAN	1993
	SAN SALVADOR	1999
	ZONA NORTE	1995
GUATEMALA	IXIL	1993
	IXCAN	1993
	CHIKIMULA	2001
HONDURAS	VALLA SENSENTI	1994
	INTIBUCA'	1994
BOSNIA HERZEGOVINA	TRAVNIK	1998
MOZAMBIQUE	SOFALA	2000
	MANICA	2000
	MATUTINE	2001
CROATIA	SLAVONIA	2000
	SPLIT	2000
SOUTH AFRICA	LOW ORANGE	2001
	NKOMAZI	2001
ANGOLA	BENGO	2001
	KUANZA SUL	2001
	BENGUELA	2002
ALBANIA	SKUTARI	2001
SERBIA	NOVI SAD	2002
DOMINICAN REPUBLIC	VALVERDE	2001
	DAJABON	2001
	MONTEPLATA	2001

3.3.1 Jinotega, Nicaragua

The LEDA was established in march 1995 in the capital of the Department of Jinotega. after the successes obtained by the LEDAs operating in other parts of the region. A very effective participated approach has been followed in order to arrive to the creation of the LEDA itself. In fact a strong public-private partnership is in place ruling and guiding the activities of the LEDA in all its aspects. The public-private partnership is expressed through the ownership of the LEDA itself, being the following members of the "General Assembly", the sovereign body of the LEDA:

Public Sector	<ul style="list-style-type: none">● The 7 Municipalities of the Department● The Ministry of Agriculture, Forestry and Zootechnics● The National Institute of Agrarian Technology● The National Institute for the Development of Water Distribution● The National Telecommunications Company● The National Electricity Company● The National Program for Rural Development● The National Institute for Rent Control
Private Sector	<ul style="list-style-type: none">● The Chamber of Commerce● The Farmers' Association● The Coffee Producers' Association● The CARITAS● The Cooperative "Flor de Pino"● The Cooperative "Metalmeccanica"● The Nicaraguan Bank● The Popular Bank● The Mercantile Bank

Source: UNOPS, ILO, EURADA and Government of Italy "Local Economic Development Agencies

The services supplied by the LEDA range from financial to non-financial assistance to Small and Micro Enterprises, from training to technical assistance throughout the various steps of the business plans, from information to the realization of studies and projects on the territory, from road reparation to credit activities.

The activities of the agency have supported the birth and the strengthening of 850 SMMEs in agriculture and trade. The LEDA has created 28 cooperatives of coffee and vegetable production. 3000 jobs have been created by the LEDA from the beginning of its activities and 150 families have received support for the restoration of their homes.

The local people belonging to the vulnerable groups are the beneficiaries of the credit activities, and although the high rate of risk associated to this type of beneficiary, the credit return has reached very high levels arriving at approximately 95%. The management of the credit fund, besides providing new sources of self employment in the Department basing them on the existing local potentialities, has accounted for a 60% of the funds required for the financial sustainability of the LEDA, the other 40% coming from contracts stipulated locally and with other international organizations and donors such as the Inter-American Bank of Development. The management of the

credit fund not only provides an important factor of sustainability, but also gives the possibility of providing the technical services at a very modest price (if not gratuitously), rendering them accessible to vulnerable people who generally cannot afford to pay for them.

The LEDA of Jinotega appears to reach all the aspects of sustainability. It is able to cover its own expenses through the management of the credit fund and through contracts. It is socially strongly accepted, and this is proved by the strong participation within its General Assembly.

3.3.2 ADEVAS, Ocotepeque, Honduras

Created in March 1994, the Local Economic Development Agency ADEVAS, operates within the Department of Ocotepeque, situated in the western region of the country and it borders El Salvador. The region has 88,000 inhabitants over a territory of 1680 sq. Km. Composed of 16 municipalities. The Agency is located in the capital, San Marcos de Ocotepeque.

As the LEDA operating in Jinotega, a strong participation among the local stakeholders is assured by the by-laws of the agency through the representation in the General Assembly, sovereign body of the LEDA.

The members of the LEDA are the following:

Public Sector	<ul style="list-style-type: none">● The 16 Municipalities● The Secretariat of Agriculture and Zootechnics● The Honduran Institute of Coffee● The Institute for Professional Training● The National Agrarian Institute● The Honduran Cooperation for Forest Development
Private Sector	<ul style="list-style-type: none">● The Ecological Association of San Marcos● The Honduran Association of Coffee Producers● The Saving and Loans Cooperative "Rio Grande"● The Christian Commission for Development● The Honduran Brotherhood● The Community Program for Integral Development● The Honduran College of Education Professionals

Source: "Local Economic Development Agencies", UNOPS, ILO, EURADA, Italian Cooperation

The services supplied by the LEDA range from training to technical assistance, planning and business administration, formulation and management of projects, information as well as credit activities.

The LEDA is endowed of a credit fund of approximately US\$ 430.000, which are under a form of a guarantee fund. Credit recovery rate is around 90%.

From 1995 until 1999, 784 enterprises have been created thanks to the LEDA's support. The main sector of enterprise creation is agriculture, where the number of start-ups has been 651, the rest are divided between trade, housing, zootechnics and

services. Over 2,100 permanent jobs have been created while the number of seasonal jobs is around 53,000 man/months.

The success of the credit activities of ADEVA can be measured also on a qualitative level since from the start of its credit operations it has, with its modest fund, increased by a multiplier of 10 the total credit activities in the area, and attracted six more banks in the region and other donors (the European Union and the Japanese Cooperation) have committed other funds to the LEDA.

The Guarantee Fund of the LEDA is the main factor of financial sustainability of the LEDA itself.

3.3.3 Alma Mons, Novi Sad, Serbia

Alma Mons, the local economic development agency operating in Novi Sad, was formally launched on 18 December 2001. The agency covers the territory of the Vojvodina Region, in the northern part of the Federal Republic of Yugoslavia. The Agency is promoted by the United Nations Office for Project Services (UNOPS), the German Agency for Technical Cooperation (GTZ) and by the Italian city of Modena.

The mission of Alma Mons is to " promote the Small and Medium Enterprise sector of the Vojvodina Region giving support to entrepreneurs, local authorities and other actors, create access to the formal economic circuits for the disadvantaged sectors of the local population, thus supporting sustainable economic development of the region".

The Agency has taken the form of a limited liability company where every member joins fund to the social capital. Although the quota to be subscribed is limited, the only fact that it exists, is a sign of the real commitment of the local stakeholders to the objective of the agency which is to establish a sustainable business in consulting services, training and information supply to SMEs and start-ups with particular reference to the vulnerable segments of the local population, develop the market for such services, thus improving the otherwise disadvantaged situations of SMEs.

The involvement of the local stakeholders through the set-up phase of the Agency has been extremely intense, demonstrating a high level of commitment to the overall idea of the agency as a body which would provide support in the LED initiatives of the area. At present 14 are the members of the Agency, ranging from the municipality of Novi Sad, which has provided a poignant leadership throughout all the construction phase, the regional government, the Universities of Novi Sad, various associations of entrepreneurs, the Chamber of Commerce and various NGOs.

An assessment of the services to be provided has been one of the first steps. Given that the specific objectives of the Agency are to:

- Strengthen the SME sector
- Create access to market for new start-ups
- Provide opportunities for vulnerable people
- Support the elaboration of development plans
- Support the building of good governance
- Enable local, national and international networking
- Protect the local environment

A set of specific services has been drawn up to assess the needs of the SMEs, the building of a sound socio-economic environment and the need of economic animation.

At present it is impossible to provide a report on the ongoing activities, since the experience is in its starting phase and no real activity has had a chance to be implemented. The programs for the year 2002 include the mapping of the territory's resources, the elaboration, jointly with the municipality and the regional government, of an integrated development plan as well as the elaboration of the first business plans and the organization of training activities.

The agency appears to be institutionally sustainable since the local stakeholders, as mentioned above, are strongly committed to the overall idea of the agency and many of them have committed own resources for its success. This is the case of, for example, the Regional Chamber of Commerce, which has agreed to provide funds for its promotional activities, and of the Universities which have committed to provide the necessary researching support within the elaboration of the integrated development plan.

Financial sustainability will be assured for the first 2 years through the contribution of GTZ, which will cover the fixed and variable costs for the first two years. UNOPS will endow the agency with a fund which will serve as a guarantee fund for helping disadvantaged people, with a viable and sound business plan, to access credit through a local credit institution. The management of the guarantee fund will provide for sustainability in the following years.

The links activated through the channels of decentralized cooperation has given the opportunity to Alma Mons to take advantage of the technical and financial resources rendered available by the Italian city of Modena, where the local economy is mainly based on an acknowledged system of SMEs. The financial and non-financial service provision sector in the area is well advanced and much of the technical know-how, especially regarding the management of the guarantee fund, will be transferred to the local staff of the Agency of Novi Sad.

3.4 Food and Agriculture Organization and Sustainable Livelihood

Local Economic Development practices are not a core interest of the Food and Agriculture Organization (FAO), but more than thirty years of experience have brought about the concept of Sustainable Livelihood, which in some ways is close to the idea of local economic development described in this document.

Among the main components indicated as fundamental within the *Strategic Framework for FAO 2000 – 2015*, two of them arise some kind of interest because they deal with participated mechanisms and support to the vulnerable groups. These are:

- "promoting gender-sensitive, participatory and sustainable strategies and approaches, based on self-help, capacity building and empowerment, to improve the skills of the rural poor and the local, civil society and rural people's organizations
- improving the efficiency and effectiveness of public and private sector response to the multiple and differing needs of disadvantaged rural populations, notably of women and youth"⁹

⁹ Strategic Framework for FAO 2000 - 2015

Santiago Fuentes, Director of the FAO Sustainable Development Department, states, in the preface of the "Experiences and Lessons" from the Inter-Agency Forum on Operationalizing Sustainable Livelihood, held at the Certosa di Pontignano, near Siena in March 2000, that "One lesson that FAO has learned in its 30 years of promoting sustainable participatory rural development approaches in member countries is that rural poverty alleviation is not just an income problem, it is a livelihood problem involving rural people and their complex social and economics links with other stakeholders at community and higher levels that influence and determine their access to productive assets"¹⁰.

The Sustainable Livelihood approach in project implementation comprise two elements, the guiding principles and the Sustainable Livelihood Framework. Among the principles the most interesting ones, regarding the contents of this document, are the ones of active participation of the target population (the SL approach is "people centred"), of recognition of the existence of multiple actors (the SL approach is "holistic") and the one of sustainability if the poverty reduction project is to be lasting.

One interesting program of the Food and Agriculture Organization, rooted within the framework of the Sustainable Livelihood approach, is the People Participation Program (PPP). The lack of active participation of the local population in programs which were meant to enhance the standard of living of the rural communities was the main reason for the failure of many of them. Therefore, one of the main indications which came out of the World Conference on Agrarian Reform and Rural Development was to increase local participation as much as possible. This was felt necessary also to give to the direct interested, the vulnerable groups, the possibility of benefiting from, and being directly part of the development processes. The lack of formal associations among the poor and the vulnerable people, the scarcity in the territories of associations which should foster their rights is usually a harsh reality. The PPP, forming small groups to sustain the identification and realization of projects may give a first push in forming a more complex and complete social environment, with local bodies representing more thoroughly the local context. In the People Participation Programs, groups are only thought to provide directions to the implementing agencies, so the aforementioned result is not granted, but the groups may represent a valid starting point. In fact, as stated in the document Participation in Practice, Lessons From the FAO People's Participation Program, people's participation in small groups offer, among other things "Building of democratic organizations. The limited size and informality of small groups is suited to the poor's scarce organizational experience and low literacy levels. Moreover, the small group environment is ideal for the diffusion of collective decision-making and leadership skills, which can be used in the subsequent development of inter-group federations"¹¹. Furthermore FAO considers sustainability issues recognizing that "Participatory development leads to increased self-reliance among the poor and the establishment of a network of self-sustaining rural organizations. This carries important benefits: the greater efficiency of development services stimulates economic growth in rural areas and broadens domestic markets, thus favoring balanced national development; politically, participatory approaches provide opportunities for the poor to contribute constructively to development"

¹⁰ Inter-Agency Experiences and Lessons, from the forum on Operationalizing Sustainable Livelihood, Pontignano (Siena), 7 – 11 March 2000

¹¹ "Participation in Practice, Lessons from the FAO People's Participation Program -

3.5 The Organization for Economic Cooperation and Development

The main experience of the OECD in the field of Local Economic Development is within the framework of the Local Economic and Employment Development (LEED) program, born after the experience of the Program for Local Employment Initiatives in 1993. The LEED program mainly is set up in order to assess innovation practices in job creation, entrepreneurship and LED practices. The LEED program mainly focalizes on:

- Decentralisation and local management of employment and training policies.
- Entrepreneurship, self-employment and job creation.
- Local strategies and partnerships to combat unemployment and social exclusion.
- Partnership and co-operation with the private sector, sub-national organisations and Outreach activities with non-Member countries.

In one of its "Policy Brief" documents published in February 2000 OECD confirms the widely shared agreement that bottom-up approaches and partnerships are actually the most effective way to promote sustainable local development. But participation alone is not a sufficient condition, in fact, "To increase effectiveness, recent reforms have therefore integrated local agencies into new 'partnership' implementation structures...". Therefore participation must be conveyed in a structure with the main objective of carrying out the activities and strategies decided by the overall local community. This view is confirmed in the conclusive chapter of the document "Best Practices in Local Development" where a precise assessment of three study cases brought to some policy advice among which the following: "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 overall idea therefore is to canalize the strengths of a participated approach within a structure capable to lubricate it and to come out with projects and activities on the basis of the agreements subscribed by the local community, supported on all levels by the local and national authorities, clear sign of the acknowledgement of the relevance of the achievement of institutional sustainability.

Another aspect on which the LEED program gives strong policy advice is on social sustainability. Recognizing the fact that the opportunities and benefits brought by the globalization process have not benefited everyone and that the disparities among local populations are widening constantly OECD admits that "it is not a just or sustainable option to allow such poverty and exclusion to continue, often to coexist adjacent to areas of prosperity and often within the same city or neighbourhood". The answer to this problem are localized policies which have to be part of a broader development plan associating all aspects of development and involving all the local stakeholders.

3.6 The World Bank's Experience

The World Bank Group (WBG) came across the concept of local economic development very recently recognizing that LED initiatives are strong tools in the development processes of urban areas. The LED criteria used by the WBG can be viewed in its web site (<http://www.worldbank.org/urban/led>) where it is stated that Local Economic

Development is about "local people working together to achieve sustainable economic growth that brings economic benefits and quality of life improvements for all in the community. 'Community' is here defined as a city, town, metropolitan area, or sub-national region". So, although the possibility of extending LED intervention at regional levels is not excluded, mainly the WBG focalizes on LED as a means to intervene in the urban contexts. This seems quite reductive since developing countries agriculture-related industries are usually one of the main sectors on which to plan development.

The web site outlines also the necessary steps which the WBG deems necessary in every LED implementing initiative. The WBG indicate that within the Steering Committee members of all sectors of the community should be represented, giving though the indication that "... the ultimate configuration of the stakeholder group should really be determined by a strategic assessment of the local economy and the important local economic actors". The concept of "important local economic actor" may be arguable since it seems to be too much bind to the realization phase where a clear division of tasks among the parties concerned is necessary in order to exploit the competitive advantages which are implied in a rational division of labor where who is most indicated in one task should concentrate on it, keeping in mind that coordination is anyway necessary. During the strategy elaboration phase, since the WBG indicates that a "vision should be developed and agreed on by all stakeholders" and that generally a LED strategy affects all levels of society, the concept of "important stakeholder", which may be discriminating, if conducted to the extremes.

The assessment that has to be undertaken on the territory is, according to the WBG crucial. It is necessary to have a clear notion of what is present on the territory and what can be used to implement LED activities. So the first steps to be undertaken, after the creation of the stakeholder group is to gather all the information available and process the data through SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis on various levels: a) a SWOT analysis on economic conditions, b) a SWOT analysis of the local community and c) a SWOT analysis of local government hard and soft infrastructure. Therefore LED strategies appear to be focused on the exploitation of the endogenous potentials, although the WBG states that one of the main objectives of LED activities is to attract foreign investments, although no real limits are posed to this issue.

Much of the analysis carried out by the WBG within the field of Local Economic Development highlights the importance of partnerships to better enable the local authorities to better conduct their governance activities, but very little is present on the necessity of providing opportunities to the disadvantaged segments of the local populations, which doesn't appear to be a pre-condition without which Local Economic Development process loose much of their impacting effects.

The WBG recognizes the fact that a LED approached intervention must be socially, institutionally and financially sustainable. The initial step of creating a stakeholder committee is in practice the expressed need of social sustainability, the attempt of agreeing on a common vision. The indication that it should be the local governments to support the LED process appointing specific personnel from his team is a clear indication of the need of institutional sustainability. Certainly, the LED strategy developed by the stakeholder committee must have a budget, but the WBG doesn't provide clear indications on how to fund the strategy, it only says that "Funding a LED strategy is often very difficult. One of the reasons for this is that local authorities often do not have a statutory responsibility to deliver LED services. When it comes to budget time, LED is competing for scarce resources with Departments such as housing, health and education.". It appears that public funding should be one of the

main sources, but this is of course very difficult to achieve for the reasons stated above. The Sources of funding of LED initiatives for the WBG include:

- Local authority revenue raised for the usual sources including property taxes and user fees
- Sale or renting of local authority-owned industrial or commercial buildings and land
- National and state government intergovernmental transfers
- International donor grants and loans
- Private sector funding such as corporate donations
- Foundations, especially for environmental improvements, human resource initiatives and poverty alleviation

The World Bank then gives a full insight is the role of Local Economic Development Agencies, explaining that the agencies are local structures which “set up, run and support endogenous network able to catalyze development. The essential mission of a LEDA is to:

- Create Jobs
- Promote and support small and medium sized businesses in the various branches of production
- Improve the economic context and opportunity of the territory”.

Emphasis is mainly put on the promotion of the SME sector and on the support to the entrepreneurs through business services with the aim of creating jobs. But, as can be seen above, some activities of the LEDAs must be directed to the building of a sound environment where enterprises can actually find a fertile ground do start up and strengthen themselves.

Another characteristic of LEDAs, according the WBG, is that it should “provide tools for economic development that include the weakest and most vulnerable” and it should “use business as a weapon in the fight against poverty”. So the narrowing of the social gaps existing within a territory seems to be a main objective for local economic development policies and the LEDAs should be one of the main instruments to use in the achievement of this objective.

The World Bank then details the core characteristics of LEDAs through a thorough list. The fact that a LEDA should act as a Forum for social dialogue must be highlighted. The LEDA should provide a space for concerted decision-making processes in the territory. A space where “local actors can promote and determine their own processes of economic development”, explaining that the LEDA is not accountable to single parties but to the General Assembly where the members, the stakeholders of the private and the public sector, are represented. The use of a Forum for social dialogue is to create a common vision, a shared strategy for local economic development.

Emphasis is put on both, the planning and the implementation side of local development. Beside the above-mentioned programming activities the World Bank states that the LEDA should also “indicate the most promising sectors, priority interventions and their configuration”, not expressly stating, giving a hint that the local economic development must be directed towards the use of the existing local potentials.

On the implementation side it is interesting to note that within the characteristic of the LEDA the provision of both financial and non-financial services is recommended, when it states that a LEDA should “help the beneficiary to draw up business plans and

provide inexpensive credit”, acknowledging the fact that LEDAs currently “boast high repayment rates”.

Various practices are listed in the web site which serve as examples of LED activities in various parts of the world. Among these much space is dedicated to the Local Economic Development Agencies’ experience of UNOPS/ILO/UNDP and the Italian cooperation where the synergies existing with the WBG’s concept of local economic development are defined. Much of the real experience of the LEDAs in terms of the undertaking of socially inclusive actions of course is omitted, but interesting synergies exist and it could be possible to build on them.

3.7 The Inter-American Bank for Development

The concept of Local Economic Development, although not thoroughly present within the programs of the Inter-American Bank for Development (IABD), is being now the center of a debate among the organization itself. The first document, which can be found on the IABD web site, which defines the concept of Local Economic Development is a discussion paper edited in March 2000, and written by Juan J. Llisterri. The author immediately puts a large emphasis on the necessity of building local economic strategies through a participatory approach where the “actors involved are those people, enterprises and institutions which form the social capital of the area”. Furthermore, Llisterri states, that “since the enterprises and the clusters which they form, are the principal agent of local economic development[...] the organizations of the private sectors and the associations of entrepreneurs are the most genuine actors for participation within the competitive development policies, as well as the national, the provincial and the municipal governments.”.

Institutions and/or Local Economic Development Agencies are seen as one of the possible tools for the implementing activities to take place. These are deemed necessary along with the creation of the conditions for public-private partnerships. The author then states that other operative areas for local economic development agencies are the improvement of the entrepreneurial dynamics through business support services to SMEs, the improvement of the environment where SMEs operate to enhance their competitiveness, the funding of small local infrastructure and the funding of job-generating activities.

During the month of November 2001, IABD organized an international workshop on Local Economic Development in Latin America which results have been synthesized by prof. Francisco Albuquerque, where he defines the objectives and the main lessons learned in the field of Local Economic Development. The objective specified are:

- “The Valorization of the local endogenous resources with the aim of enhancing productive diversification and the start-ups of new enterprises
- The Organization of networks of local public and private stakeholders with the aim of promoting productive and entrepreneurial innovation
- The establishment of municipal consortiums in order to increase the efficiency and the efficacy of the initiatives of local development
- The constant search for new employment opportunities
- The promotion of activities for scientific and technological progress at the territorial level

- The creation of new credit tools for SMMEs
- The incorporation of “marketing” policies of the cities for promoting systemic territorial competitiveness.
- The search for strategic agreements related to environment and sustainable development”

As can be seen the above-mentioned objective refer to almost all the aspects of local economic development we have been taking into consideration up to now. The creation of public-private partnerships are viewed as one of the objective of LED interventions, as well as the necessity of empowering the SME system with credit facilities and service providers, marketing strategies and the search of new employment opportunities through the exploitation of the endogenous resources. Although the objectives are clear, the document doesn't provide any indications on the necessity of organizing the local economic development tools in sustainable structures. Another point which is not considered is the reference to the need of supporting the people belonging to the vulnerable segments of the local population, as if this is not a priority objective of any LED intervention.

3.8 Italian Cooperation

Italy has a vast experience in LED practices. Its industrial districts, the small business local service structures and its decentralised model in many regions have been world wide studied.

At the beginning of the 90' the focus on local economic development has been utilised also in the technical international cooperation. The first Local Economic Development Agency in a developing country has been established in February 1991 in Nicaragua by a socio-sanitary programme of the Italian Cooperation, with the main aim of providing jobs for vulnerable people.

Successively international cooperation programmes, namely those pursuing human development at local level, have assumed the LED approach as a pillar of their intervention, and the LEDA as a model.

The particularity of this Italian approach is due to the integration of the LED initiatives in a more comprehensive strategy for pursuing the human development, and then linking them to other aspects of the local needs, such as health, education, civil rights, citizenship, environment. Participation has been pursued forming local planning groups, which include actors of the different sectors and coordinating activities among them.

Another particular aspect of this Italian initiatives is the promotion of stable links between the local areas in the developing countries and Italian and European local groups, promoted by the local administrations, for using the expertise and the financial resources available at this level.

Sustainability has been one of the main preoccupations, and it has been pursued through the establishment of sustainable and permanent LEDAs, that, in fact, until the current days are still operating, after the end of the Programmes that promoted them.

The more visible result of this approach are, in fact, the LEDAs previously mentioned.¹²

3.9 The PLED: partnership for local economic development in Indonesia

Many regions in Indonesia fail to develop primarily because they are inadequately connected to the mainstream economy. Rural areas with weak links to urban areas are handicapped in competing in regional, national and international markets. This undermines motivation to produce, invest, raise productivity diversify production, or engage in new activities.

The PLED is a direct result of the programme PARUL (Poverty alleviation through rural and urban linkages) supported by UNDP and UNCHS, which attempts to look at alternative policy options how to strengthen rural-urban linkages to better integrate rural areas (and backward regions) into overall social and economic development.

Its objectives are:

The principles of PARUL approach are as follow:

- Promoting local economic development based on export out of the region
- Focusing on particular cluster(s) of economic activities associated with key export commodities.
- Applying “market driven” approach to local economic planning and development.
- Linking small-scale producers to broader markets through collaboration with larger scale enterprises.
- Establishing Public–Private Partnerships to formulate action plans, mobilize resources and implement the plans for promoting local economic development.
- Empowering farmers, fishermen and small and medium entrepreneurs through their participation in planning and decision making in the Public and Private Partnerships.

By developing an innovative methodology focusing on the linkages between urban and rural markets within a region and beyond, and by identifying specific development potentials, the programme will generate Action Plans to promote production and trade for clusters of associated economic activities

Central to this strategy is public and private partnership to facilitate collaboration between government, private firms, farmers and other components of civil society in designing and implementing actions and initiatives.

The objectives of the PARUL programme as a whole, including the initial Development Phase and the subsequent Implementation Phase, are:

- To promote a more balanced pattern of urban and rural development, enhancing the capacity of central and local institutions, led by broad-based

¹² see ILO, Unops, Eurada, Italian Cooperation “Local Economic Development Agencies”, 2000

public-private-civic partnership, to design and execute plans and strategies for strengthening rural-urban linkages as a means to promote local economic development in a way that attempts to improve the economic situation of the poor;

- To promote Local Economic Development (LED) of selected regions
- To raise incomes and create productive employment opportunities for poor households in less developed regions

In its development, especially in implementation phase, the project name has become PLED (Partnership for Local Economic Development).

Five pilot provinces in Indonesia have been selected for pilot studies. They are: South Sulawesi, North Sulawesi, Irian Jaya (Sorong district), West Java (Lebak district), and DI Yogyakarta. Pilot studies in these regions culminate in Action Plans to be implemented early during the implementation phase.

The PLED programme has achieved a number of important results. These include:

- establishment of public-private partnership at the provincial and district level in all pilot regions;
- improved insights into urban-rural interactions at the national, regional and local levels, and a better understanding of how such linkages can be strengthened using public-private partnerships;
- an analytical methodology for understanding rural-urban linkages and defining appropriate interventions;
- initial stage of implementation of the proposals for actions and initiatives to expand production and trade among clusters of associated economic activities;
- an overall framework for applying a rural-urban linkage approach to planning and development that can be adopted in other projects, particularly those to be funded by UNDP, and eventually institutionalized in the regional planning process and replicated in other parts of Indonesia,
- a contribution towards formulating a national strategy for poverty alleviation, regional development, and response to the economic crisis.

3.10 Local economic development in the European Commission Poverty 3 Programme

The theme of local development has been present in Poverty 3 since its outset.¹³ Local economic development has been central in the Programme, where projects have been recommended to experiment with innovative organisational models of anti-poverty actions within a given territory. Both the economic and social aspects of poverty and social exclusion have been approached on an integrated basis and the projects have promoted the participation of the target population into local strategy and planning. Projects were, in fact, aware that lasting changes in the situation of the target groups could not be brought about without local contextual changes taking

¹³ This chapter has been taken almost entirely from J.M. Henriques "Local development in Poverty 3", Poverty 3 Report

place. They have developed interesting experimentation dealing with key issues in local development: the creation of local organisations, enlivenment of local development projects, and methodological inputs in territorial planning.

Several projects have created new local organisations or introduced changes in their structures in order to reinforce their organisational capacity.

In Belgium a "Neighbourhood Development Agency" (B.O.M.) was created in Antwerp integrating local development to encourage integrated development in combining local and exogenous resources and ensuring coherence in the management of the available resources. A Business Centre and a Technological Centre were generated to enter the rationality of the business world, attract entrepreneurial initiatives and organise quality training.

In Denmark a "Employment Committee" in Copenhagen was created to foster collective responsibility into an organisation through which the development objectives could be organised in conjunction with the participation of the people. The main objective was to ensure that unemployed people benefit from local urban regeneration processes. Specialised training, a business promotion enterprise (mainly for tourism), were promoted for providing stable job opportunities.

In Burgos the Poverty 3 project recognised the role that local organisations can play in promoting the participation of local groups processes in local development processes. Regional identity was promoted through a network of local organisations (Lord of Mayor's Committee, family organisations, employers' association, co-operatives of shopkeepers, etc.) that were represented on the Steering Committee of the project.

In France the project "Mosaïque" in Doubs took a leading role in setting up the "Groupement d'Employeurs pou l'Insertion et la Qualification" (GEIQ) which brought together local and regional employers, with the aim of facilitating training provisions and occupational integration by better co-ordinating the different steps involved in fostering individuals into the labour market.

In Italy (in Bucaneve ad Alto Belice) the role of an Agency in local development and anti-poverty strategies has been a key issue. The project developed as agency model as "Agency Network", which is a structure for strengthening the dialogue between social demand and institutional supply at the same time assuming the role of a centre that designs, monitors and evaluates projects and initiatives.

The three Portuguese projects have set up new local organisations, such as the "Foundation for Historical Centre" in Oporto, for assuring adequate institutional framework to the current urban renewal process. A "Centre for Integrated Community Service" to increase the quality of public services on a intersectoral basis, using a household and community-centred approach, and a "Socio-Educational Centre" to establish links between educational policies and the development of occupational skills, were also set up. In Almeida a "Local Development Agency" has been created for reinforcing local capacity to support and develop entrepreneurial activities and at developing appropriate training. A "Federation of Local Associations" was also created for establishing links between the Local Agency and the villages. In Covilha a "Resource Centre" was set up to contribute to the capacity building and development of the potential role of non-profit organisations in productive activities.

The objectives of these bodies, included in the general aim of fighting poverty and exclusion, generally regard socio-economic (employment and economic development) and socio-cultural (social networks, communication, recreation) activities. They tend to mobilise and valorise local resources, promoting small scale enterprises and co-

operatives, social enterprises, non-profit productive organisations, and in some cases combining them with exogenous resources in a coherent way.

Strategies for achieving the above mentioned objectives generally were identified through concrete development planning exercises or pushing anti-poverty dimension into the conventional territorial or regional plans. It was also assumed that local production might be partially related to the local consumption structure and that the consumption patterns, as locally defined, could meet basic needs in the community. Coherence between development activities and social protection measures which guarantee a basic standard of living has had a key role in the strategic vision.

Local development structures represented the main tool for implementing the anti-poverty strategies, with the role of inducing changes of attitudes and behaviours, stimulating ideas, turning the good ideas into concrete projects, preparing bids for funding, generating specialised bodies for development services and addressing public and private services to improve their quality.

All the projects were initially funded by the Poverty 3 programs and their sustainability assured by the local capacity of raising new funds, either from the European Commission (Leader, etc.) or from regional or national programmes.

A typical case of sustainability is represented by the French projects in relation to the "services de proximité". Central government is playing a key role in supporting the development of local employment initiatives and helping to ensure their economic and financial viability via the tax system, through mechanisms, such as "avantages fiscaux", "chèque services", "contrat emploi solidarité", "exonération des charges sociales", etc., and via innovative economic structures, such as "entreprises d'insertion", "associations intermédiaires", "régies de quartiers", "chantiers écoles", etc.

4. National Policies

4.1 Spain

Three circumstances caused the establishment of Local Economic Development Agencies in Spain.

- The productive and employment crisis due to the structural adjustment in the post-Franco era;
- The challenge of democracy and the correspondent decentralization
- The integration perspective in the European Union and new derived competitiveness problems.

The regional policies were, in the first phase after Franco, left apart when centralist macroeconomic policies were favoured for promoting the economic restructuring. Nevertheless this caused many problems for different enterprises, which entered in crisis and for employment. In the same time, with the decentralisation to the regions, the population started to claim their demands for jobs and development towards the local administrations, obliging them to find out adequate responses.

Public Administration were not in the position of realising projects and actions in an efficient manner, because of the bureaucracy of the procedures, the short term of the elective mandate, the scarcity of technical and managerial resources, and the difficulty of recruiting professionals with public administrations rules.

A new legal status was then created by the national government for public structures, operating in the private right for contracts with third persons (companies, individual, etc.).

In this context in 1981 the first LEDA was created: the "Sociedad para la Promoción y Reconversión Industrial del País Vasco (SPRI)", and in 1983 another one, the "Instituto de Fomento Regional de Asturias (IFR)", and in 1984 the Instituto para la Mediana y Pequeña Industria de la Generalitat Valenciana (IMPIVA), and the Instituto Madrleño para el Desarrollo (IMADE), were established.

Since then other regions followed the example and now eight LEDAs are operating (in Cataluña, Murcia, Andalusia, Galicia as well).

In the mean time Spain joined the European Union and the LEDA turned as a powerful instrument for the integration, either for the establishment of linkages with other European regions, or for attracting funds addressed to local development and small enterprises.

The Spanish LEDAs are financed mainly by regional funds, and the regional administrations maintain direct control on their management, either appointing the director, or providing and monitoring the funds.

Nevertheless, due to their agility in managing these funds, in taking rapid decisions according to the needs and opportunities, to the possibility of disposing of a technical structure, which is permanent and overcomes the short political mandate (only the director could be changed according to the election's results), The Spanish LEDAs have become effective instruments for dynamizing the local economy.

The Spanish LEDAs are quite large structures, with a number of employees which is generally over 100, and they are assuming the role of catalyst agents in the regions.

In fact, they do not only provide services to enterprises, such as information, consultancy, facilitation to access to credit and direct credit, marketing and commercialisation, but also promote and intervene in a number of relevant projects for regional and small enterprise development.

Among them Technological Institutes, Scientific Parks, Centres for Business Innovation, Financial Guarantees Companies, Venture Capital, are examples of the LEDAs initiatives, often financed through European Projects.

4.2 The English act establishing regional development agencies

A deep debate was launched by the future Prime Minister Tony Blair in the election campaign of 1997 about the need for England of more participation and democracy in the decision making processes.

The regional devolution therefore took place in the political and economic life of the country.

The "Region" was identified as the level where a critical mass of resources could turn to be the optimum for facing competitiveness, organising the local resources and knowledge, entering into relations (cooperation and competition) with analogous territories in Europe, balancing the inequalities between the urban-central areas, where economic, scientific, and cultural resources tend to concentrate, and the rural-peripheral areas, condemned by the free market rules, to the abandon.

This policy reflect also a peculiar characteristic of the English culture, that is the lack of the conception of citizenship to territories which people recognise as their own, whereas people complain their political system to be too much centralised.¹⁴

For these reasons the municipal scale was seen too limited and regions appear as a modern decentralised level for fostering strong identity and a widely shared sense of purpose, on the declared example of Italy and Germany.

It was intended to pursue various objectives:

- More democracy, for making people closer to the public administration and vice versa;
- More economic efficiency, avoiding the fragmentation of numerous bodies dealing with economic and social issues at regional level
- More competition
- Easier links with Europe, through decentralised practices

Local economic development agencies were identified as the instrument committed to organise and catalyse the local economic resources, to assess strategic regional planning, and stimulate people and institutions to work together for a shared future.

An Act to make provision for regional development agencies (RDA) was then approved on 19th November 1998.

¹⁴ Regional Policy Forum "Democratising England" November 2000

For the purposes of this Act, England has been divided into regions and for each region a RDA has been foreseen. RDAs were formally launched in nine English regions within July 2000. They are: One NorthEast, North West, Yorkshire Forward, Advantage West Midlands, East Midlands, East of England, South West of England, South East, Great London.

They aim to co-ordinated regional economic development and regeneration, enable the English regions to improve their relative competitiveness and reduce the imbalances that exist within and between regions.

RDAs have the following statutory purposes:

- To further economic development and regeneration
- To promote business efficiency, investment and competitiveness
- To promote employment
- To enhance development and application of skill relevant to employment
- To contribute to sustainable development

Agencies' specific functions are:

- Formulating a regional strategy in relation to their purposes
- Regional regeneration
- Taking forward the Government's competitiveness agenda in the regions
- Taking the lead on regional inward investment
- Developing a regional Skills Action Plan to ensure that skills training matches the needs of the labour market
- A leading role on European funding

The Government issued statutory and non-statutory guidance to the RDAs on the formulation of their Regional Strategies. Following extensive consultation with regional partners, the RDAs presented their strategies to the Government, which welcomed them.

Government Offices (GOs) will continue to be the arm of Government in the regions and have a number of responsibilities, including housing, planning and transport. GOs are working very closely with their RDAs, as they take forward their broad spectrum of responsibilities in the economic development and regeneration fields.

Local authorities have a significant stake in the work of the RDA. Four of the thirteen RDA board members are drawn from local government - with the choice reflecting a balance between type and size of authority, as well as geographical and political spread.

RDAs are accountable to Ministers and Parliament, but there will also be arrangements in place to ensure that the RDAs are responsive to regional views and that they give an account of themselves to those with an interest in their work.

Each RDA will consult its Chamber on its strategy and other key documents such as the annual report and the corporate plan. In addition, the RDA will be expected to supply its Chamber with information and to give an account of itself to the Chamber.

A regional development agency shall consist of not less than 8 nor more than 15 members appointed by the Secretary of State, who will designate them as representatives of local authorities, employers, employees, and the interests of those who live, work or carry on business in rural parts of the agency's area.

The Secretary of State designate one of the members of a regional development agency as the chairman of the agency, and another of them as the deputy chairman of the agency.

4.3 South Africa

South African Government is probably one of the most committed in Local Economic Development Policies, to the extent that a department for local governance exists within its structure. The problems of unemployment and job-creation need to be assessed in a more complicated framework, due to the transition to the post-apartheid era where effective partnerships need to take place also to face those problems caused by the racial regime. Many case studies can be taken as examples of the ongoing policies in the country, but for purposes of this publication we will consider the case of Stutterheim a town present in the province of the Eastern Cape. Other case studies can be read on the Local Economic Development Report "Linking Local Economic Development to Poverty Alleviation" published by the Department of Local Government and accessible on the Internet at <http://www.local.gov.za/DCD/dcdindex.html>.

It is interesting to point out that the same constitution of the Republic of South Africa mandates the local government to:

- "Provide democratic and accountable government for local communities
- Ensure the provision of services to communities in a sustainable manner
- Promote social and economic development
- Promote a safe and healthy environment
- Encourage the involvement of communities and community organizations in the matters of local government"

Within this framework a white paper on local government was recently elaborated which "establishes the basis for a new developmental local government system, which is committed to working with citizens, groups and communities to create sustainable human settlements which provide for a decent quality of life and meet the social, economic and material needs of communities in a holistic way"¹⁵.

When it comes directly to implement local economic development initiatives, the white paper on local government clearly states that local government is not directly responsible for job creation although it should play an important role in promoting it, while boosting the local economy. The document then details two types of initiative which local government should undertake in order to support local economic development:

Reviewing existing policies and procedures to promote local economic development, recognizing the fact that entrepreneurs and SMEs are subject to governmental rules and regulations. A simplification of these may positively impact the local economy.

Provision of special economic services. The white paper on local government synthesizes the services to be provided as mainly direct services to entrepreneurs and as services to the overall territory. These range from marketing and investment support, to research and technology innovation, to training and placement services.

It is interesting to note that the white paper on local government states that the municipalities are provided with a mandate "to provide special economic services, or to assist other agencies with the provision of such services, where appropriate". Local economic development agencies have been in fact recently created in South Africa, such as LOREDA (Lower Orange Economic Development Activator), operating in the Lower Orange District in the Northern Cape, and NKEDU (Nkomazi Economic

¹⁵ "white paper on local government", Republic of South Africa.....

Development Unit) operating in the Nkomazi District in Mpumalanga. These two agencies have been created with the support of the United Nations Office for Project Services and funded by the Italian Government, and they follow the model previously described. Following below is a description of HARDEP (Harrismisth Development Partnership) a locally created agency operating in the town of Harrismisth in the Free State.

Reference to the disadvantaged sectors of the population is made throughout all the document. When stating the purposes of developmental local government the document states that it "must play a central role in representing our communities, protecting our human rights and meeting our basic needs. It must focus its efforts and resources on improving the quality of life of our communities, especially those members and groups within communities that are most often marginalized and excluded, such as women, disabled people and very poor people".

Within the white paper on local government a particular emphasis is put on the need to create participated mechanisms for strategic planning. It recommends participation of the citizens as participants in the policy process, through the representation of the local stakeholders. This type of participation could assist to achieve "structured stakeholder involvement in certain Council committees" as well as "participatory budgeting initiatives aimed at linking community priorities to capital investment programs".

A very important recommendation of the document is the support to the organizational development of associations "especially in poor and marginalized areas where the skills and resources for participation may be less developed than in better-off areas", recognizing the fact that usually participation is generally undertaken through associations rather than on an individual basis.

5. Locally-driven initiatives

5.1 The local economic development agencies in Europe

5.1.1 The LEDAs associated to Eurada

At present over 200 Regional Development Agencies are operating throughout the European Union. These RDAs are networked by the European Association of Development Agencies (EURADA). An in depth study and carried out by EURADA on the role and management of RDAs, through the analysis of the practices occurring in the Union. The results give a good insight of the features which characterize the RDAs. The first statement of this document is that it is impossible to specify a model for RDAs. These assume many different forms which renders impossible its categorization in a theoretical model. To do so would be to eliminate the differences of the areas where the RDAs operate, where different problems have led to the application of different solution. Therefore the most generic definition of an RDA has been provided by EURADA as "Any organisation which carries out a mission of collective or overall interest for an area. In this regard, the development agency must have a significant association with a local or regional authority, as regards its management, financing or assignments. Furthermore, it must have a sufficiently large operating area, being less than a country however".

A classification of the agencies present in Europe has thereafter been made describing the experiences by origins and activities, precisely:

By origin.

- Agencies established by Central Governments
- Agencies existing inside local and regional authorities
- Agencies established by local and regional authorities
- Independent agencies established by public/private partnership

By activities:

- *Strategic agencies*, which have as their objectives mainly the establishment of information data banks, research studies on sectoral and general social and economic factors, promotion of the region in national and international terms, supportive information to SMEs and promoting awareness of endogenous potential.
- *General operational agencies*, which have as their main objectives the establishment, promotion and management of intersectoral development projects. They are creators of intervention projects for economic restructuring, involving SMEs and the public sector. Nevertheless, they have to take in account the function of the strategic agencies, and that is why, in many cases, both of them act together or inside the same organisation.
- *Sectoral agencies* are established to promote a specific sector or activity of a region, such as employment or culture, or retailing, or ceramics etc. They promote, implement and manage specific projects in a specific area.

Although the existence of various specific features, which characterize the various agencies EURADA, recognizes that "Often the single but most complex objective of

development agencies is the economic development of a pre-determined territory. This assignment involves town and country planning objectives on the one hand, and assistance to enterprises on the other, and leads to the creation of wealth in the region or to success for the region”

The table below synthesizes the reasons why RDAs, according to EURADA, are preferred to other institutions in the implementation of LED strategies and initiatives.

	ADVANTAGES	DISADVANTAGES
Regional Public Service	Possible management of public funds Monitoring public funds Creating a joint fund with other partners	Lack of flexibility (vacancies, organising operations) Activity limited to the sole regional heritage
State Delegation	Possible management of public funds Monitoring public funds Possible organisation of operations Creating a joint fund with other partners	Non specifically regional body Possible discrepancy between national and local objectives
Association, Foundation	Flexibility of operation Rapidly of decision and intervention	Not direct management of public funds
Company	Resorting to invoicing Flexibility of management	Is convenient for well identified assignments (energy audits, financing initiatives)
Public/private mixed agencies	Flexibility Good relation with the territory Possibilities of getting consence Possibility of pursuing objectives and strategies of social-economic development Possibility of managing public funds Monitoring of public funds Possibility of creating mutual funds with other partners Possibility of relations at national and transnational level.	Not direct management of public funds

The objectives of the agency generally fall in two main lines. On one hand it has to deal with regional programming. It has to support local authorities in building up the strategic vision of the local area. On the other hand it has to support enterprises through the provision of financial and non-financial services and infrastructure. The provision of both financial and non-financial services is seen as the key point in assuring life of the enterprises after the third year of existence, although it is not seen as a determinant point to assure the sustainability of the RDAs, since many of the rely on different options according to their own characteristics. In fact some are government funded, others rely on the management of real estate and infrastructure, others rely on the selling of the services provided to the clients, both SMEs and institutions.

In the context of the functions of the development agencies EURADA has classified the roles of its members in five major activity groups, themselves divided into several sub-groups (in total 61 activities). The five major groups considered in this nomenclature are as follows:

1. Indigenous development
2. Services to enterprises
3. Services to local and regional authorities
4. Training actions

5. International actions (participating in Community programmes and/or transnational networks).

The analysis of the activities of the development agencies on the basis of the EURADA nomenclature shows that a certain number of activities are common to all agencies, while a certain number of other activities is specific to a few development agencies only (i.e. agency operations to be found in only one or two Member states).

I. Activities most commonly pursued by the development agencies

- Counseling and assisting existing enterprises
- Counseling and assistance for the creation of enterprises
- Economic or sector-related studies
- Data bases on local enterprises
- Files concerning available land and buildings
- Data bases on the assistance available to enterprises
- Advice for participation in trade fairs and shows
- Counseling in relation to the transfer/take over and cooperation of enterprises
- Restructuring enterprises in trouble
- Advising territorial communities

II. The least generalized activities in all of the EC

- Granting export subsidies
- Granting tax advantages
- Granting rent subsidies
- Hire-purchase of industrial real estate
- Managing sub-contracting exchanges
- Managing residential real estate
- Managing recreation parks
- Managing technology houses
- Environmental protection activities
- Granting interest subsidies
- Providing guarantees / sureties

Given these purposes and objectives, the main activities of the RDAs must not address only the economic aspects of development. EURADA clearly states that the activities must be focused also on environmental and social objectives, but it doesn't provide any indications on how these are to be pursued. Certainly a territorial approach is enforced since usually the RDAs are set within areas which are lagging behind in the overall development of the European Union, those which fall within the objective 1 of the European Union, but it doesn't provide any indication on if and how to provide support for the disadvantaged sectors of the local populations.

5.1.2 SOPRIP, Parma, Italy

SOPRIP (Provincial Company for Productive Settlements) is a regional development agency operating in the Province of Parma in Italy. Its mission is to promote the integrated development of the territory, in an always more global competitive scenario, assisting the local bodies, intervening on the efficiency of the small enterprises valorizing the territory's resources, reducing physical, technological and material gaps between "weak" and "strong" areas.

In operational terms SOPRIP's mission is to promote sustainable development within a framework of reciprocity between economy and environment in order to favor:

- The valorization of the endogenous resources of the territory
- The growth of the competitive capacity of the territory and of the SMEs
- The qualitative and quantitative growth of the enterprises
- The valorization of the environment as a resource
- The reduction of the gap between strong and weak areas
- The innovation of the territorial system
- The realization of structures for innovation, communication and opening towards Europe

Soprip has the intention of helping the local authorities to coordinate their work on the territory without replacing them, it acts as a confrontation table where the local actors can come up with a common strategic vision of the territory and it provides some instruments necessary for implementing the agreed interventions. In fact the members of Soprip are local bodies, the Chamber of Commerce, Associations of producers, credit institutions and the ERVET system. It is clearly stated that SOPRIP will not overlap its functions with those of its members and of the other organizations present on the territory which foster LED practices, but it provides a means of coordination of the members' activities and of the working partners.

The main lines of intervention of SOPRIP are:

- Support and economic animation activities for the economic reality of the area and for directly for entrepreneurs
- Realization and set up of equipped areas and infrastructures

Its sustainability is covered mainly from the management of these areas such as the business incubator, located in a small town near Parma, which helps new SMEs to start their business. Other aspects of sustainability are covered through the members quota and through project funding mainly from the European Union.

A wide range of tools are provided by SOPRIP to its clients, the SMEs and to local institutions. These can be easily read on SOPRIP's web site at <http://www.soprip.it>, and are listed below:

- Project for development and for the valorization of the local resources
- Economic animation, through dissemination of information, sensitization and dissemination of the opportunities
- SME orientation, favoring the match between demand and supply
- Programming, building and management of infrastructure interventions which allow the strengthening and the diversification of the economic and entrepreneurial system
- Territorial marketing to favor contacts, exchanges and investment opportunities
- Favoring cooperation and the creation of partnerships at the local and international levels
- Enhancement of the resources made available by the European Union to the local authorities and the SMEs
- Favoring the dissemination and the use of new IT technologies

5.1.3 "Shannon Development" (Ireland)

As described previously, Shannon Development, was initially established by the Irish Government in 1959 as a tool to recover the Irish region of Shannon after the fall of the airport, which wasn't used anymore as a service station by the air companies. Its first main objectives were to maintain and increase passenger and freight traffic, to create additional employment through the establishment of industrial enterprises and to enhance tourism potential through the creation of new tourist attractions. Shannon Development is owned by the State, but, in order to provide wider flexibility in its activities it was set up as a limited liability company, so it actually a private independent company. This is a clear example of how a Regional Development Agency was created to tackle local problems basing the actions on endogenous resources. The original purpose of the agency has been amplified. At present Shannon Development undertakes many activities for local development such as:

- the aviation sector is supported by the Shannon World Aviation Park
- research and development of high technology is fostered in the National Technological Park in Limerick
- to achieve greater value added in the local natural resource of the agricultural sector, a Food Center has been activated
- An incubator for SME start-up has been set up, as well as a vast array of SME services provided through the agency
- Industrial investment is attracted through the Shannon Free Zone
- Activities for the promotion of the tourist sector have been realized, such as historical themes parks and banquets in restored medieval castles

Shannon Development has been pursuing local development through the exploitation of its resources and the number of jobs created are a clear indicator of its success. From 1990 to 1995 it has managed to create a net 6,500 new jobs, demonstrating that the local strategies are a viable means on which to base development.

Although its successes in terms of numbers and of achievements, two questions have to be arisen. The first one is the matter of participation which is not formally present in the structure itself, but it is pursued in the implementation of the activities. In the brochure "Shannon Development, innovative Actions – Regional Growth" it is stated that "... every major economic sector which required a stimulus and which had potential for growth was targeted by the Company. In each case, stress was placed upon a partnership approach – a bringing together of all the relevant interests in each sector in a coordinated and cooperative effort to achieve designated growth targets.". An interesting illustration of the participative approach adopted by Shannon development is the Regional Innovation Strategy project implemented so efficiently by the company in conjunction with all of the key stakeholders in the Shannon Region. The structure seems to be following a participated approach in the activities, but it is not owned by the local actors. Social sustainability may be harder to achieve in a structure which doesn't foresee a broad ownership.

The second issue to be raised is that there is no direct support to the vulnerable people. Creating employment may be one way to decrease the wealth imbalances of the territory, but direct support to vulnerable people seems necessary if this goal needs to be achieved

Shannon Development has been instrumental in establishing a particularly wide ranging partnership aimed at supporting vulnerable and disadvantaged people, building on their strengths and identifying new support services. This initiative is

called People Action against Unemployment in Limerick (P.A.U.L.). P.A.U.L. has articulated key objectives in the following spheres:

- * Community Based.
- * Enterprise.
- * Employment.
- * Education.
- * Income Advisory Services.
- * Capacity of the Local Communities.
- * Environment and Infrastructure.
- * Family Support.
- * Money Advice.
- * Research and Evaluation.
- * Disability.
- * Equality.

5.2 The Regional Development Agency in the Greater ABC Region in the Sao Paulo Metropolitan Area (Brazil)

Cooperation among the local stakeholders has been acknowledged as a necessary step for development in the case of the set up of the Regional Development Agency in the territory of the Greater ABC Region in the Sao Paulo metropolitan area in Brazil. In a country where strong tendencies to decentralization were caused by the democratization processes of the nation state, which is contemporarily confronting itself with the challenges of internationalization of the economy, the Brazilian regions tend to be more engaged in territorial development, marketing and competition since this is felt as a local prerogative.

Seven municipalities comprise the Greater ABC Region with a total population of about two millions inhabitants. Though the region was known to be one of the richest in Brazil, in the last years a combination of diverse factors has led to a decline in value added produced within it. The increased divestment by transnational firms in the area, coupled with the incapability of adapting to new technologies and to renovate the production processes have been the main cause, leading to a sharp increase of the unemployment levels. Since, in Brazil, the transfers from the central state are directly related to the amount of value added generated in the regions, the Greater ABC Regions found itself in the conditions of having to tackle the depression that was gripping the region relying on its own resources. Thus, a local economic development council was established with representatives of the civil society, the public sector and the local economic environment. A bottom-up participated approach has been then realized with the creation of thematic working groups which led to the definition of agreements on the priorities for enhancing local development. Among these, the set up of a Regional Development Agency was marked as high priority and thus established in June 1998 with a legal status of a non-governmental organization. The Board of Directors is composed of 51% of representatives of the private sector, while the Inter-municipal Consortium controls 49%.

The RDA has been attempting through various means to revert the negative image of the region, elaborating and promoting territorial marketing strategies and development plans for income generation and job creation through small and medium sized enterprises. This has led to more cooperative actions undertaken by firms belonging to the same commodity chains for example in the sector of plastic

manufacturers, one of the most important of the region. The management of a guarantee fund is under negotiations with the State of Sao Paulo, in order to facilitate access to credit for firms who need technological and managerial modernization. Discussions are ongoing on the possibilities of setting up incubators, initially for the motor vehicle industry and the chemical and furniture sectors.

Various international organizations have provided technical assistance to the RDA, proving that the RDA is a valid tool to attract resources on the territory. The World Bank Organization has proposed the project "City Assistance Strategy Program (CASP) with the Greater ABC Region" with the aim of endowing the region with an integrated development plan, while GTZ is building capacity for micro finance programs in the area.

The experience of the Regional Development Agency of the Greater ABC Region seems to be both institutionally and socially sustainable since there appears to be a wide participation of the local stakeholders and the seven mayors of the municipalities seem to be strongly committed to the development of the overall region and not only of their own territories. The process of establishment of the RDA was strongly participated and the ownership is felt by the local community. However it is not clear how financial sustainability is reached since it is not clear how the RDA is able to cover its own operational expenses and it was not possible to find updated data.

5.3 The Comarcal Development Plan of Galicia, Spain.

On 10 July 1996 the "Comarcal Development Plan" of Galicia (CDP) was passed, providing a legal framework on which to regulate territorial development. The CDP was elaborated after that the local government realized that the policies implemented in the 70s and the 80s, concentrated on the attraction of Foreign Direct Investment and on infrastructure, failed to develop the Galician region, leaving it lagging behind although the region falls within the objective 1 of the European Union and many funds were channeled through the structural funds. The Galician region is also one of the principal recipients of the Fondo de Compensacion Interterritorial (Inter-territorial Compensation), the national source for leveling out territorial disparities. The "comarca" is an intermediate territorial (not administrative) unit between the region and the municipalities. The Galician Comarcal Map, approved on 20 February 1997, outlined a total of 53 comarcas for the region of Galicia. The main reason why the regional government decided to design the Comarcal Development Plan was that it felt that local capacities in the exploitation of local resources to further development were lacking since the regional policy was mainly based on infrastructure improvement and juridical tools needed to attract foreign investments. The regional government recognized the fact that a regional policy of development had to be coupled with a model of local development, so that the local potentials would be used within the sub-regional territories, in order to achieve a more equal and balanced development of the overall territory. So two different paths are followed by the regional government, a "regional" one, mainly concentrated on FDI attraction and infrastructure, and a "comarcal" one, where endogenous and sustainable development is fostered, where a balanced territorial development is pursued.

Local economic development is triggered in each comarca through four different bodies:

- the Consello Comarcal, the strategic plan and local planning organization

- the Foundation for Development of the Comarca, to channel public-private cooperation
- a Comarcal Development Agency
- the Center for the Promotion of Exhibition of Comarcal Resources, for research and development issues

Two central bodies assist the comarcas in their development processes as well:

- the Corporation for the Comarcal Development of Galicia for the spheres of information technology, studies and researches, local development and marketing and communication
- the General Secretariat for Planning and Territorial Development, responsible for the general coordination of the CDP

The results obtained by the CDP during the period 1996 – 1998 are synthesized in the following table:

Total Balance of CDP activities 1996 –1998	
Information and advice requests	33901
Promotion and development initiatives	1725
Entities involved in development process	2827
Enterprises promoted	340
Associations created	110
EU programs and economic development initiatives: expected public and private investments (in Euros)	31,046,988
Jobs expected	1213
Participation in training programs	814
Information session scheduled	648
Elaboration of studies, reports and projects	1699
Organization of courses, seminars and conferences	320
Management of EU initiatives	23

Source: Andres Precedo Ledo – “A Regionlization Strategy to Promote Integrated Local Development: The Comarcal Development Plan of Galicia”, European Planning Studies, Vol. 8 No. 1, 2000

Although the documents regarding the Comarcal Development Plan all state that participation is necessary especially when it comes to deliver investments in the various comarcas (nothing will be done without the consensus of the local actors), it is not clear how the participated process takes formally place. Furthermore there appears to be a preponderance of the public sector within the decision-making processes of the Comarcal Development Plan since the CDP was initially set up by the public sector. So although institutional sustainability is strongly obtained because the local authorities channel their resources through the CDP, there is no clear indicator of the achievement of social sustainability, if not that the participation to a comarcal development plan is strictly on a voluntary basis. Financial sustainability is not an issue since the CDP is government funded.

Although one of the aims of the CDP is to fix the population, especially the young, in the territory, there is no mention of the necessity of doing development through activities which could include the vulnerable population of the area.

5.4 The Experience of Rafaela, Argentina

The important successes of the case of Rafaela in Argentina in terms of results obtained from the local economic development practices implemented by the Municipality of Rafaela in the 90s, with the participation of the local stakeholders is due to favorable economic and institutional conditions which triggered virtuous processes can be dated all the way back in 1906, year of creation of the *Sociedad Rural*, an association of agricultural producers which had the aim of strengthening the development of the sectors of agriculture and husbandry.

Rafaela is the third most important city of the Province of Santa Fe. Located 100 km from Santa Fe and 500 km from Buenos Aires, it is set in a very strategic position, within one of the most dynamic centers of Latin America. Its entrepreneurial history begins with the settlement of a numerous community of Italian immigrants, mainly from the Region Piemonte, which started a profitable business within the sectors of agriculture and husbandry, that brought Rafaela to a highly competitive position in the production of milk and agricultural products. Progressively the area specialized in the production of machinery and equipment for the dairy industry and for refrigeration. At present, this sector represents about 28% of the local production, employing approximately 27% of the local workforce.

Since 1906 various steps have brought to the creation of many institutions involved in the continuously developing process of the regional economic development in various fields, providing the area with a very diversified and committed environment. But it has been only in 1991 that a strong impulse towards local economic development was produced thanks to the commitment of the Municipality of Rafaela, which recognizing the fundamental importance of a participated approach to local planning, established the *Secreteria de Programacion Economica (SPE)*. The SPE was set up with aim of promoting strategies for SME promotion and for the construction of a favorable environment for their start-up and growth. The main intention was to provide the area with a confrontation which would favor the cooperation of institutions and actors involved in the various fields of local economic development, such as education, technical innovations and the research of external markets. The Municipality of Rafaela has therefore converted itself from a regular administration body to an institution promoting local development. As a result of the SPE activities the Chamber of the Small Enterprises of the Region was set up, which now operates with more than 100 SMEs. Activities of the Chamber regard programs for the internationalization of the regional economy, training, support too commercialization of the SMEs' products and the management of a web site. The Creation of the institute for training and studies of local economic development has been another result of the SPE as well as the construction of an industrial park which is at present in process.

The following table summarized the strengths and the weaknesses of the area of Rafaela:

Strengths	Weaknesses
<ul style="list-style-type: none"> • The firm tradition and culture existing within the entrepreneurial, commercial, industrial and agricultural groups of Rafaela • The institution building of the private sector which has strongly developed its capacities associations and collective actions • The capacity of the local authorities to act as a local economic development catalyzer • The capacity of the entrepreneurial group to set up political alliances with the local authorities • The capacity of establishing connections with external resources, especially through the BID for research and development • Being the center of a greater productive area 	<ul style="list-style-type: none"> • The city and the immediate surroundings are small, so it is difficult to face the globalization challenges • Lately the Municipality has reduced the priority given to the local economic development strategies

Source: <http://www.redel.cl/experiencias/exp-internac/exp1.3.html>

As expressed before the participated approach is a fundamental characteristic of the Municipality's approach. Every action as well as the planning activities must be undertaken with the participation of both, the private and the public sector, recognizing the fact that if Rafaela has a healthier economy than the ones of Argentine cities nearby, it is due to the fact that much of the actions to support local economic development were concentrated on the exploitation of the local resources.

In 1994 the local government and the entrepreneurial association started a project with the BID through the Multilateral Investment Fund aimed at increasing the competitiveness of the local SMEs. The needs of services for SMEs were assessed and at the end of the process the *Centro de Desarrollo Empresarial (CDE)* was established in 1996. The CDE intends to provide an answer to the internationalization needs of the local SMEs and to the improvement of the productivity of the SMEs through technical innovations.

The CDE has reached a high degree of financial sustainability in the first three years of operations. The ratio between the amount recovered from services provided and the total of its variable costs is at 84%. The main reason of this result is to be seen in the economic growth, also measured in terms of job creation, of the enterprises which have exploited the services of CDE.

The selling of the services at regular market prices gives an indication that people belonging to the disadvantaged segments of the local population are not directly involved in the local economic development processes of the area of Rafaela. Certainly an indirect involvement exists when considering the numbers of low unemployment and job creation compared to other Argentine areas.

The whole process seems to be highly sustainable also on the institutional point of view since all the local actors, from the public and the private sectors are highly committed in adding resources to the LED process initiated by the local government,

although, as can be seen in the table below, recently the local administration is not giving a high priority to the local economic development processes.

5.5 Porto Alegre (Brazil)

The participation of the local population in the decision-making processes and, in particular, in the budgeting and the allocation of the prefectural resources, make the experience implemented in Porto Alegre a unique example of democratization and one of the most effective examples on how to lower the social and economic gaps existing within a community.

The "Participatory Budgeting" program started in Porto Alegre in 1989, and has thereafter lead the development processes in not only the economic aspects, but also within the social ones, including health systems and infrastructure design. The "Participatory Budgeting" program allows the local population to actively take part in the decision-making processes through the participation to plenary meetings. The high success of the initiative can be verified if the number of active participants is taken into consideration. Only in 1995, 14,000 people participated in the plenary sessions. The number reaches 100,000 if the participants to the meetings organized by the community associations are added. From 1994 5 plenary meetings have been organized on various themes such as transportation and viability, economic development and fiscal measures, urban development, health and social assistance and, education and culture.

In each of the 16 regions, duly created for the purposes of the program, and for each of the aforementioned themes, 2 delegates are elected who participate in the "Participatory Budgeting Council", together with representatives of the Association of producers and of the Workers Trade Union. The local government has two representatives with no voting powers within the council.

Through this program, many initiatives have been decided upon, and many projects realized. For example, each year, from 25 to 30 km of peripheral roads are paved, in the poorest areas of the region. Public lighting, the restoration of the sewage system and projects for urbanization have seen the light. The Health system has been modernized arriving to the point that at present 1 doctor is assured every 35 citizens.

Local economic development is promoted by the municipality, which supports a participated approach, joining all the local stakeholders of the region in a permanent urban pact. The Plan for Economic Development of the Prefecture is the result of this participated approach. The Plan has six basic lines of intervention: food supply, infrastructure and decentralization, support to SMEs, employment, technology and work, and territorial promotion.

The Plan envisages two main lines. The first one has the aim of promoting in the territory technological innovation, the second one concentrates its attention to the support to SMMEs and to the environment where they operate, seeking to support income-generating and job-creating activities which would mainly favor the disadvantaged sectors of the local population.

Within this framework many projects have been realized. The "Istitucion Comunitaria de Credito" (ICC) has been set up, in 1996, in order to facilitate access to credit. ICC operates on the guarantee level, endowing those who lack collateral, with the appropriate guarantees to access credit to the formal financial institutions, thus providing real support to the vulnerable segments of the local population. Alongside

with the ICC, other forms of support have been initialized. An incubator for new start-ups has been set up with the aim of providing support to SMEs in the first steps, supplying working space, communication systems and electric energy as well as training courses and promotional activities for the products produced within the incubator. The "Trade Point Porto Alegre" has been created in 1993, as a means to provide facilitation in international trade and commercialization for SMEs, especially within the Mercosur area. The Industrial Park of Restinga has been set up on an area of 88 hectares 25 km south of the city of Porto Alegre. The aim is to promote the innovative notion of social-environmental industrial district, providing services to the SMEs on the area such as paved roads, electric energy, communication systems as well as municipal schools for technical and professional training, restaurants and spaces for social life. A successful program for the control of the industrial pollution has been set up aimed at stimulating the enterprises to treat waste and to endow themselves with anti-pollution equipment.

All levels of sustainability have been reached in Porto Alegre through the "Participatory Budgeting" program. The prefecture and the local government fully support the process of involvement of the local community in the decision-making processes. The initiatives undertaken are therefore taken with the full commitment of the local authorities and are expression of a popular will. This has made it possible for the local authorities to undergo three electorate mandates without change of powers.

A very important feature of the experience in Porto Alegre is the support provided to the vulnerable people and the strongly felt necessity to reduce the existing social and economic gaps. The direct participation of the population makes it possible for people belonging to the disadvantaged sectors of the local population to actively propose favorable solutions during the allocation of the budget. The ICC clearly provides a means for the reduction of the economic gap.

Another means by which the interests of the community have been enhanced is through the creation of associations which the process set up in Porto Alegre has enhanced. The numbers of neighborhood associations passed from a mere 300 in 1989 to 540 in 1998, while the numbers of cooperatives established risen from 11 to 51 in the same years. But probably the best indicator of the level active participation to the "participatory budgeting" program comes from the number of participation to the first meetings, which are on an individual basis. These have risen from a mere 976 in 1990 to 16456 in 1998. If the inequalities among groups remain within the meetings have to be verified, but the activities undertaken seem to be mainly in favor of vulnerable people, from housing to health activities, from infrastructure to entrepreneurial activities.

5.6 The Harrismith Development Partnership, Free State, South Africa

The LED experience which took place in the South African town of Harrismith, in the Province of the Free State, represents an interesting practice of a process that took place to tackle the unpromising economic circumstances which were gripping the area, as a result of downturns in the mining and agricultural sectors. The key event which caused the economic recession has been the closure of the Frame Textile Mills in 1989, which resulted in 1200 job losses in the town. After that event many other companies downsized and/or relocated, throwing the economy into a state of severe crisis. Furthermore an exodus of farm workers into informal settlements created even more unemployment problems.

The local government in Harrismith has been quite slow in developing a strategy for the revitalization of the town, undertaking some initiatives directed towards market promotion in the hope of attracting external investments in the area, until, in 1997, the local stakeholders came together and formed a not-for-profit company, The Harrismith Development Partnership (HARDEP) comprised of the local authority, representatives of the private sector and of civil society. HARDEP was not initiated directly by the local government, although it has not blocked its creation being usually a supportive and active partner. HARDEP's general vision is to 'To improve the quality of life of residents in the Greater Harrismith Community through the provision of development resources for projects.' . The memorandum of associations states the following as main goals of HARDEP:

- "To improve the economic, social, environmental and aesthetic conditions in the town through research, planning, marketing, promotion and development.
- To raise funds for educational purposes and the implementation of the objectives.
- To strengthen the capacity of organisations participating in partnerships.
- To create mutual understanding and build trust between the three sectors."

HARDEP was initially promoted by the Education With Enterprise Trust institution (EWET), born to create development opportunities for disadvantaged groups, especially school leavers, through the United States Agency for International Development Partnerships for Development Models Project as a section 21 company, which the South African Business law foreshadows as a not-for-profit company where the profits are not distributed to its members.

HARDEP has identified six core performance areas: Community development, Business development, Agricultural development, Tourism development, Job creation and labour relations, and Training and education.

USAID has been the main donor involved in the constitution of the Harrismith Development Partnership, providing funds for the first convention, for the first 6 months of salary for the two part-time CEOs and the expenses for drawing up the legal documentation and the registration of the company. In the future, HARDEP's sustainability will be provided by membership fees and through constant fund raising activities, involving international donors in the development initiatives of the town. The funds made available by donors will also go to increase the social capital of the company, since the intention is to have expenses covered through the interests paid on it.

5.7 Associação in loco, Faro in Portugal

In 1985 a group of professors of the school of high education of Faro, in the region of Algarve in Portugal, launched a the "Radial project" a research-action with the aim of overcoming the isolation and abandon of this rural area. The initial project was funded by the Ducht Van Leer Foundation and fostering the participation of the local actors was addressed mainly to the problems of children and job creation, within a logic of local-global development of the community.

After a first period the project recognized the need for a stable structure, either for the sustainability of the actions, or for the possibility of channeling more funds available at national and European level. The "Associação in Loco" was established in 1988, through a partnership among different actors, such as local administrations,

municipal chambers, regional public administration services (Regional Departments of Agriculture, Education, Youth, Regional center of social security, Financial institute of support to agriculture and fishing), University, Local associations, High institute of labor science, and the Italian research institute.

It was, in fact recognized that the success of the project depends above all upon the commitment and participation of all those involved, at all levels. The temptation to go as fast as possible is one that must be avoided.

The main objectives of the Associations are:

- Valorization of the endogenous resources for the promotion of the economic sector and social integration of the most disadvantaged groups with the objective of fighting against exclusion
- Support to the professional training and promotion of small businesses
- Socio-economic stimulation
- Support to local agents, through educational training
- Development and tutorship of educational itinerary programs
- Support to the realization of social infrastructure for children in abandoned areas

The main intent is of persuading social agents (local committees and associations etc.) to identify the needs of their communities and responding adequately to them by the creation of jobs on the local level and the economic revitalization of a zone at risk from depopulation, These job creation actions are aimed at populations in particularly difficult situations vis-à-vis the employment market.

In Loco, then, is willing to be a platform for the launch of new projects, providing logistical support for other activities. The activists' network was trained by "In Loco" in diagnosing needs, identifying employment problems, negotiation and mediation, establishment of local associations, in the elaboration and development of local projects, aimed at increasing the development potential of the area. Thirteen stations were created allowing activists to maintain contact with the public.

As matter of fact many European programs were managed by the Association, through various CIPs such as Leader. These have allowed to achieve the desired objectives. The model is now a reference for the national government for local development initiatives.

European funds, mortgaging of property, premises of municipal councils, and contribution of local councils and association represent the source of In Loco sustainability, but project financing through national and international funds assure the continuity of the activities.¹⁶

¹⁶ This chapter is a partial translation from MMMMM, "Partenariado e parceria em Portugal",

6. Current trends

The analyzed experiences and initiatives, although obviously not representing the universe of the local economic development efforts, nevertheless provide a significant picture of the new trends that are going on in the international scenario.

Some of them are dated on time (the European LEDAs, Rafaela in Argentina, Shannon in Ireland, SOPRIP in Italy), some comes from the necessity of facing emergent economic and employment crisis (ABC in Brasil, the territorial pacts of Parma and Naples in Italy) after the '80s, other ones come from more or less recent initiatives of international bodies (European Union, Ilo, Undp, Fao, World Bank, Inter-American Development Bank, Oecd), some are related to national policies (U.K., Spain, South Africa), other ones are the result of local efforts (Porto Alegre and ABC in Brasil, Rafaela in Argentina, Shannon in Ireland, Parma in Italy, Harrismith in South Africa, Faro in Portugal).

The following table shows the comparative features of the above-mentioned experiences and initiatives.

What do these experience have in common?

The most significant item that characterizes them is the **participatory approach**.

The concertation, the planning and participatory programs, and the development partnership committees of the European Union initiatives; the direct membership into the Local Economic Development Agencies of the Italian Cooperation, United Kingdom, Spain, ILO, Undp and Unops; the people partnership program of Fao; the public-private concertation recommended by Oecd, by the Government of South Africa and practices by the European LEDAs and by PLED in Indonesia; the local steering committees suggested by the WBG and Ilo, the social capital fostered by IADB; the Local economic council of the ABC, the participation of people in the planning exercises in the comarcas of Galicia; the economic development secretariat of ABC; and the participatory budgeting methodology in Porto Alegre, represent a clear sign that participation is now considered the base, the condition sine-qua-non for fostering local economic development strategies and actions.

A new trend is, however, coming along: participation is not seen as an instrument for **building consensus**, but as a way of good **governance**. The accent on good governance, in fact, is more and more evident in the most recent initiatives, such as the Ilo, Undp and Unops Ledas, the World Bank, South Africa and it, in fact, also responds to the human development aims of United Nations.

Objectives, strategies and tools, of course, vary from case to case.

Also in this case "traditional" **objectives** could be recognized in the improvement of **employment**, when job creation, promotion of micro and small local enterprise, attraction of external investment, territorial revitalization are mentioned. However a new typology of advanced objectives is recognizable: the improvement of the **quality of life** of the citizens in a more integrated approach, which includes human development, decent work, inclusion of the socially excluded people and the protection of the environment.

One interesting case, in this respect, is that of Galicia. Until the 80's, in fact, one of the main objectives of the local administrators was to attract external investment and to build infrastructure. When they realized the scarce results of this approach, at the beginning of the 90's, they changed completely direction, investing on the local capital resources for the future development.

SINOTTICAL TABLE ON LED EXPERIENCES AND INITIATIVES (1 of 6)

	European Union Territorial Pacts	European Union "Equal", "Leader", "Urban" Programmes	ILO-UNDP-UNOPS	FAO
Participation	<ul style="list-style-type: none"> <input type="checkbox"/> Planning and Partnership Programs <input type="checkbox"/> Concertation for Public and Private sectors 	<ul style="list-style-type: none"> <input type="checkbox"/> Development Partnership Committees 	<ul style="list-style-type: none"> <input type="checkbox"/> Participation to planning and execution <input type="checkbox"/> Good Governance <input type="checkbox"/> Local Economic Development Agencies membership of public and private sector 	<ul style="list-style-type: none"> <input type="checkbox"/> People Partnership Programme <input type="checkbox"/> People centred and holistic approach
Objectives	<ul style="list-style-type: none"> <input type="checkbox"/> Quality of Life <input type="checkbox"/> Employment <input type="checkbox"/> Environment 	<ul style="list-style-type: none"> <input type="checkbox"/> Regeneration of areas in crisis <input type="checkbox"/> Quality of Life <input type="checkbox"/> Employment <input type="checkbox"/> Environment 	<ul style="list-style-type: none"> <input type="checkbox"/> Job creation <input type="checkbox"/> Enabling environment for SMME <input type="checkbox"/> Social inclusion 	<ul style="list-style-type: none"> <input type="checkbox"/> Sustainable Livelihood
Strategies	<ul style="list-style-type: none"> <input type="checkbox"/> Development of endogenous resources <input type="checkbox"/> SME <input type="checkbox"/> Integration of local and extra-local resources 	<ul style="list-style-type: none"> <input type="checkbox"/> Policy Innovation <input type="checkbox"/> Development of endogenous resources 	<ul style="list-style-type: none"> <input type="checkbox"/> Use of local potential <input type="checkbox"/> Promotion of local milieaux <input type="checkbox"/> SMME 	<ul style="list-style-type: none"> <input type="checkbox"/> Broaden domestic markets for rural areas
Tools	<ul style="list-style-type: none"> <input type="checkbox"/> Specialised Knowledge of local/Regional Bodies 	<ul style="list-style-type: none"> <input type="checkbox"/> LAG (Local Action Groups) <input type="checkbox"/> Transationality <input type="checkbox"/> Coordination Local/Regional/National 	<ul style="list-style-type: none"> <input type="checkbox"/> Local Economic Development Agencies <input type="checkbox"/> Territorial marketing <input type="checkbox"/> Integration financial-non financial services <input type="checkbox"/> International networking 	<ul style="list-style-type: none"> <input type="checkbox"/> Participation of informal groups <input type="checkbox"/> Development projects
Inclusion	<ul style="list-style-type: none"> <input type="checkbox"/> Weakest areas of Union 	<ul style="list-style-type: none"> <input type="checkbox"/> Job opportunities to vulnerable groups <input type="checkbox"/> Anti-exclusion and anti-discrimination explicit policies 	<ul style="list-style-type: none"> <input type="checkbox"/> Priority to vulnerable groups 	<ul style="list-style-type: none"> <input type="checkbox"/> Based in the weaker areas of the region
Sustainability	<ul style="list-style-type: none"> <input type="checkbox"/> Relying on local efforts after the phase financed by the Union 	<ul style="list-style-type: none"> <input type="checkbox"/> Relying on local efforts after the phase financed by the Union 	<ul style="list-style-type: none"> <input type="checkbox"/> Leda are self sustainable (financial enginnering, project financing, services) after the firts start uo funded by Unops/ILO 	<ul style="list-style-type: none"> <input type="checkbox"/> N.A.

SINOTTICAL TABLE ON LED EXPERIENCES AND INITIATIVES (2 of 6)

	OECD	WBG	IADB	ILO
Participation	<ul style="list-style-type: none"> <input type="checkbox"/> Public Private partnership and concertation 	<ul style="list-style-type: none"> <input type="checkbox"/> Local Steering Committee 	<ul style="list-style-type: none"> <input type="checkbox"/> Building social capital <input type="checkbox"/> Networks of public and private actors 	<ul style="list-style-type: none"> <input type="checkbox"/> Local Forum <input type="checkbox"/> Membership in LEDA
Objectives	<ul style="list-style-type: none"> <input type="checkbox"/> Local Development <input type="checkbox"/> Employment <input type="checkbox"/> Fighting poverty 	<ul style="list-style-type: none"> <input type="checkbox"/> Urban Development 	<ul style="list-style-type: none"> <input type="checkbox"/> Sustainable economic and environmental development <input type="checkbox"/> Job creation 	<ul style="list-style-type: none"> <input type="checkbox"/> Job creation <input type="checkbox"/> Restructuring areas in crisis <input type="checkbox"/> Fight to poverty and vulnerability <input type="checkbox"/> Social inclusion <input type="checkbox"/> Decent work
Strategies	<ul style="list-style-type: none"> <input type="checkbox"/> Entrepreneurship and local smme <input type="checkbox"/> Use of endogenous potential 	<ul style="list-style-type: none"> <input type="checkbox"/> Valorisation of endogenous resources <input type="checkbox"/> Attraction of external investment 	<ul style="list-style-type: none"> <input type="checkbox"/> Valorisation of endogenous resources <input type="checkbox"/> Enabling environment for SMME 	<ul style="list-style-type: none"> <input type="checkbox"/> Support to smme and cooperative <input type="checkbox"/> Valorisation of endogenous resources <input type="checkbox"/> Promotion of clusters <input type="checkbox"/> Enabling environment for SMME
Tools	<ul style="list-style-type: none"> <input type="checkbox"/> Local Development structures 	<ul style="list-style-type: none"> <input type="checkbox"/> Swot analysis <input type="checkbox"/> Local Development Agencies 	<ul style="list-style-type: none"> <input type="checkbox"/> Municipal consortium <input type="checkbox"/> New credit tools <input type="checkbox"/> Territorial marketing <input type="checkbox"/> Techological progress <input type="checkbox"/> Local economic development agencies 	<ul style="list-style-type: none"> <input type="checkbox"/> Local Economic development Agencies <input type="checkbox"/> Business Development Services <input type="checkbox"/> Micro finance <input type="checkbox"/> Territorial marketing
Inclusion	<ul style="list-style-type: none"> <input type="checkbox"/> Based in the weaker areas of the region 	<ul style="list-style-type: none"> <input type="checkbox"/> Based in the weaker areas of the region 	<ul style="list-style-type: none"> <input type="checkbox"/> Based in the weaker areas of the region 	<ul style="list-style-type: none"> <input type="checkbox"/> Priority <input type="checkbox"/> Social protection programmes
Sustainability	<ul style="list-style-type: none"> <input type="checkbox"/> Social sustainability 	<ul style="list-style-type: none"> <input type="checkbox"/> Social sustainability <input type="checkbox"/> Institutional sustainability 	<ul style="list-style-type: none"> <input type="checkbox"/> Local efforts 	<ul style="list-style-type: none"> <input type="checkbox"/> Social sustainability <input type="checkbox"/> Institutional sustainability <input type="checkbox"/> Financial engeneering <input type="checkbox"/> Project financing

SINOTTICAL TABLE ON LED EXPERIENCES AND INITIATIVES (3 of 6)

	European Commission Poverty 3	Italian Cooperation	United Kingdom	Spain
Participation	<input type="checkbox"/> Local Steering Committee <input type="checkbox"/> Memberships in Local development Bodies	<input type="checkbox"/> Local Planning Groups <input type="checkbox"/> Membership in LEDAs	<input type="checkbox"/> Representatives of public and private bodies In the board of LEDAs, appointed by national government	<input type="checkbox"/> Representatives of public and private bodies In the board of LEDAs
Objectives	<input type="checkbox"/> Fight to poverty <input type="checkbox"/> Fight to exclusion <input type="checkbox"/> Mobilisation local resources <input type="checkbox"/> Changes in attitudes and behaviours	<input type="checkbox"/> Human development <input type="checkbox"/> Fight to poverty <input type="checkbox"/> Social Inclusion	<input type="checkbox"/> Territorial competition <input type="checkbox"/> Balance periphery-Center at regional level <input type="checkbox"/> Employment <input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Employment <input type="checkbox"/> Regional renaissance and competition <input type="checkbox"/> Efficiency in the allocation of resources
Strategies	<input type="checkbox"/> Territorial planning <input type="checkbox"/> Business development <input type="checkbox"/> Small scale enterprise and co-operative promotion <input type="checkbox"/> Skill development <input type="checkbox"/> Social protection and economic development combined actions <input type="checkbox"/> Quality of public services	<input type="checkbox"/> Enabling local environment for socio economic development <input type="checkbox"/> International networking <input type="checkbox"/> Territorial marketing	<input type="checkbox"/> Leading on regional inward investment <input type="checkbox"/> Skill development <input type="checkbox"/> International networking <input type="checkbox"/> Territorial marketing	<input type="checkbox"/> Endogenous development <input type="checkbox"/> Smme support <input type="checkbox"/> Opportunities "catching" <input type="checkbox"/> International networking <input type="checkbox"/> Territorial marketing
Tools	<input type="checkbox"/> Local Economic Development Agencies <input type="checkbox"/> Business development services for disadvantaged people <input type="checkbox"/> Training <input type="checkbox"/> Business services	<input type="checkbox"/> Local Economic Development Agencies	<input type="checkbox"/> Regional strategic planning <input type="checkbox"/> Regional development agencies <input type="checkbox"/> Project development	<input type="checkbox"/> Regional development agencies <input type="checkbox"/> Promotion of specialised structures: incubator, Technological Park, etc. <input type="checkbox"/> Internationalisation <input type="checkbox"/> Project developement
Inclusion	<input type="checkbox"/> Main priority of LED initiatives	<input type="checkbox"/> Priority	<input type="checkbox"/> N.A.	<input type="checkbox"/> N.A.
Sustainability	<input type="checkbox"/> LEDAs <input type="checkbox"/> Project funding (European and national porgrammes)	<input type="checkbox"/> Ledas <input type="checkbox"/> Decentralised Cooperation <input type="checkbox"/> Project financing	<input type="checkbox"/> Funded by national government	<input type="checkbox"/> Funded by regional administrations

SINOTTICAL TABLE ON LED EXPERIENCES AND INITIATIVES (4 of 6)

	South Africa	Soprip (Italy)/Parma Territorial Pact	Galicia (Spain)	Shannon (Ireland)
Participation	<ul style="list-style-type: none"> <input type="checkbox"/> Council Committee <input type="checkbox"/> Participatory budgeting 	<ul style="list-style-type: none"> <input type="checkbox"/> Participation as members of the company 	<ul style="list-style-type: none"> <input type="checkbox"/> Participation on voluntary bases to the Comarcal development plans 	<ul style="list-style-type: none"> <input type="checkbox"/> In the implementation of the projects
Objectives	<ul style="list-style-type: none"> <input type="checkbox"/> Fight to poverty <input type="checkbox"/> Inclusion of disadvantaged <input type="checkbox"/> Employment <input type="checkbox"/> Quality of life 	<ul style="list-style-type: none"> <input type="checkbox"/> Integrated territorial development <input type="checkbox"/> Reducing physical and material gaps of the weakest area of the Province <input type="checkbox"/> Environment management 	<ul style="list-style-type: none"> <input type="checkbox"/> Employment <input type="checkbox"/> Balanced regional growth among "comarcas" 	<ul style="list-style-type: none"> <input type="checkbox"/> Employment <input type="checkbox"/> Quality of life <input type="checkbox"/> Environment
Strategies	<ul style="list-style-type: none"> <input type="checkbox"/> Support to SME sector <input type="checkbox"/> Governance building <input type="checkbox"/> Territorial marketing <input type="checkbox"/> Technological innovation <input type="checkbox"/> Associations 	<ul style="list-style-type: none"> <input type="checkbox"/> Valorisation endogenous resources <input type="checkbox"/> Opportunities "catching" <input type="checkbox"/> Innovation <input type="checkbox"/> Export <input type="checkbox"/> Public services 	<ul style="list-style-type: none"> <input type="checkbox"/> From regional to comarcal development strategies <input type="checkbox"/> Endogenous development <input type="checkbox"/> Coordination among "comarcas" of the region 	<ul style="list-style-type: none"> <input type="checkbox"/> Promotion cooperation among local stakeholders <input type="checkbox"/> Promotion local resources (agriculture, tourism) <input type="checkbox"/> Attraction of external investment in coherence with local development vision <input type="checkbox"/> From regional to sub-regional strategies
Tools	<ul style="list-style-type: none"> <input type="checkbox"/> Local Economic Development Agencies <input type="checkbox"/> Business development for disadvantaged people <input type="checkbox"/> Training <input type="checkbox"/> Business services 	<ul style="list-style-type: none"> <input type="checkbox"/> SMME competitiveness <input type="checkbox"/> Strategic marketing <input type="checkbox"/> Promotion of specialised structures: incubator, Technological Park, Tourism development company, etc. <input type="checkbox"/> Internationalisation <input type="checkbox"/> Project development 	<ul style="list-style-type: none"> <input type="checkbox"/> Comarcal Development Agencies <input type="checkbox"/> Corporation of Comarcal Development of Galicia (technology innovation, marketing) <input type="checkbox"/> General Secretariat 	<ul style="list-style-type: none"> <input type="checkbox"/> Promotion of specialised services <input type="checkbox"/> Shannon free zone <input type="checkbox"/> Incubators <input type="checkbox"/> Technological Parks <input type="checkbox"/> Tourism management company
Inclusion	<ul style="list-style-type: none"> <input type="checkbox"/> Main priority of LED initiatives 	<ul style="list-style-type: none"> <input type="checkbox"/> Specific projects 	<ul style="list-style-type: none"> <input type="checkbox"/> Based in the weaker areas of the region 	<ul style="list-style-type: none"> <input type="checkbox"/> Specific projects
Sustainability	<ul style="list-style-type: none"> <input type="checkbox"/> LEDAs <input type="checkbox"/> Government funded LED <input type="checkbox"/> Project funding 	<ul style="list-style-type: none"> <input type="checkbox"/> Project financing <input type="checkbox"/> Member's quotes <input type="checkbox"/> Infrastructure management 	<ul style="list-style-type: none"> <input type="checkbox"/> Public fund, according to national and regional laws <input type="checkbox"/> Project financing 	<ul style="list-style-type: none"> <input type="checkbox"/> Project financing <input type="checkbox"/> Return on investment <input type="checkbox"/> Quote from public membership <input type="checkbox"/> Services

SINOTTICAL TABLE ON LED EXPERIENCES AND INITIATIVES (5 of 6)

	Porto Alegre (Brazil)	Territorial Pact of Naples-North East	European Ledas	ABC (Brazil)
Participation	<ul style="list-style-type: none"> <input type="checkbox"/> Participatory budgeting: plenary meetings and "Council" 	<ul style="list-style-type: none"> <input type="checkbox"/> Public Private Concertation and establishment of a steering committee for the Pact 	<ul style="list-style-type: none"> <input type="checkbox"/> Public-Private management 	<ul style="list-style-type: none"> <input type="checkbox"/> Local economic council
Objectives	<ul style="list-style-type: none"> <input type="checkbox"/> Quality of Life <input type="checkbox"/> Job creation <input type="checkbox"/> Environment development 	<ul style="list-style-type: none"> <input type="checkbox"/> Renaissance of the territory <input type="checkbox"/> Quality of life of the citizens 	<ul style="list-style-type: none"> <input type="checkbox"/> Renaissance of the territory <input type="checkbox"/> Quality of life of the citizens 	<ul style="list-style-type: none"> <input type="checkbox"/> Territorial renaissance to combat the crisis <input type="checkbox"/> Employment
Strategies	<ul style="list-style-type: none"> <input type="checkbox"/> Technological innovation <input type="checkbox"/> Promotion of local Smme <input type="checkbox"/> Internationalisation <input type="checkbox"/> Socio-environmental industrial districts <input type="checkbox"/> Social inclusion <input type="checkbox"/> Promotion of neighbourhood Associations 	<ul style="list-style-type: none"> <input type="checkbox"/> Development of endogenous potential in agriculture, tourism, and arts and crafts 	<ul style="list-style-type: none"> <input type="checkbox"/> Development of endogenous potential in agriculture <input type="checkbox"/> Attraction of external investment <input type="checkbox"/> Innovation <input type="checkbox"/> Export 	<ul style="list-style-type: none"> <input type="checkbox"/> Marketing <input type="checkbox"/> Local SMME competitiveness <input type="checkbox"/> Promotion of commodity local chains <input type="checkbox"/> Attracting external investment
Tools	<ul style="list-style-type: none"> <input type="checkbox"/> Plan for economic development of the Prefecture <input type="checkbox"/> Community institution for credit <input type="checkbox"/> Incubator <input type="checkbox"/> Trade point "Porto Alegre" <input type="checkbox"/> Industrial park 	<ul style="list-style-type: none"> <input type="checkbox"/> Coordination of local resources <input type="checkbox"/> Local Agency for Economic Development 	<ul style="list-style-type: none"> <input type="checkbox"/> Services to local enterprises <input type="checkbox"/> Promotion of specialised structures: incubator, Technological Park, Tourism development company, etc. <input type="checkbox"/> Internationalisation <input type="checkbox"/> Project development 	<ul style="list-style-type: none"> <input type="checkbox"/> Regional Development Agency <input type="checkbox"/> Territorial marketing <input type="checkbox"/> Guarantee fund <input type="checkbox"/> Incubator
Inclusion	<ul style="list-style-type: none"> <input type="checkbox"/> Priority to vulnerable people <input type="checkbox"/> Guarantee fund 	<ul style="list-style-type: none"> <input type="checkbox"/> Explicit policy for inclusion of vulnerable people <input type="checkbox"/> Territorial approach in a generally vulnerable area 	<ul style="list-style-type: none"> <input type="checkbox"/> Based in the weaker areas of the region 	<ul style="list-style-type: none"> <input type="checkbox"/> Based in the weaker areas of the region
Sustainability	<ul style="list-style-type: none"> <input type="checkbox"/> Social and institutional <input type="checkbox"/> Public funded 	<ul style="list-style-type: none"> <input type="checkbox"/> Project financing <input type="checkbox"/> Public funds (Regional, Local) 	<ul style="list-style-type: none"> <input type="checkbox"/> Public Funds <input type="checkbox"/> Sale of services <input type="checkbox"/> Equities <input type="checkbox"/> Infrastructure management 	<ul style="list-style-type: none"> <input type="checkbox"/> Public fund

SINOTTICAL TABLE ON LED EXPERIENCES AND INITIATIVES (6 of 6)

	Harrismith (South Africa)	PLED (Indonesia)	Rafaela (Argentina)	Associação in loco (Portugal)
Participation	<input type="checkbox"/> Membership in the Development body	<input type="checkbox"/> Public-Private partnership	<input type="checkbox"/> Economic planning secretariat	<input type="checkbox"/> Membership
Objectives	<input type="checkbox"/> Revitalisation of the town <input type="checkbox"/> Attraction of external investment <input type="checkbox"/> Quality of life	<input type="checkbox"/> Strengthen rural-urban linkages <input type="checkbox"/> Export <input type="checkbox"/> Poverty alleviation	<input type="checkbox"/> Job creation <input type="checkbox"/> Smme growth	<input type="checkbox"/> Fight to exclusion <input type="checkbox"/> Fight to local abandon <input type="checkbox"/> Job creation <input type="checkbox"/> Revitalisation of abandoned rural areas
Strategies	<input type="checkbox"/> Strategic planning <input type="checkbox"/> Fund raising <input type="checkbox"/> Business development for disadvantaged people	<input type="checkbox"/> Clusters <input type="checkbox"/> Exploitation of development potentialities <input type="checkbox"/> Promotion of urban-rural interactions at national, regional, and local level	<input type="checkbox"/> Smme promotion <input type="checkbox"/> Internationalisation <input type="checkbox"/> Technological innovation	<input type="checkbox"/> Small businesses promotion <input type="checkbox"/> Valorisation of local resources <input type="checkbox"/> Training
Tools	<input type="checkbox"/> HARDEP (Harrismith Development partnership) <input type="checkbox"/> Training <input type="checkbox"/> Marketing <input type="checkbox"/> Project development	<input type="checkbox"/> Links among small producers <input type="checkbox"/> Entrepreneurs empowerment	<input type="checkbox"/> Chambers of small enterprises <input type="checkbox"/> Institute for training and studies on LED <input type="checkbox"/> Centre for enterprise development	<input type="checkbox"/> Local Development Association <input type="checkbox"/> Network of local agents <input type="checkbox"/> Support to local Associations <input type="checkbox"/> Project development <input type="checkbox"/> Social infrastructure
Inclusion	<input type="checkbox"/> As objective	<input type="checkbox"/> Priority	<input type="checkbox"/> Based in the weaker areas of the region	<input type="checkbox"/> As objective
Sustainability	<input type="checkbox"/> N.A.	<input type="checkbox"/> in pilot phase	<input type="checkbox"/> Services	<input type="checkbox"/> Local development association <input type="checkbox"/> Contribution of local councils and associations <input type="checkbox"/> Project financing

This new "wave" identifies the quality of life of citizens without discrimination and the environmental development as major objectives. This, of course, includes the "old", always valid, objectives, but it sees them in a more comprehensive more "human" approach.

If Ilo, Undp, Unops, Italian Cooperation, Pled in Indonesia, South Africa, the European Program against Poverty and OECD put more the accent on the inclusion, IADB and Porto Alegre on the environment, Fao on sustainable livelihood, all the other mentioned cases make the quality of life as priority in their objectives.

Strategies also are quite different case by case.

Commonalties can be recognised in the effort to develop the **endogenous potentials**, through the creation and the support to local smme, and promoting entrepreneurship and self-employment. Attraction of external investment, more than an objective, is now considered an instrument for strengthening the local resources (WBG, ABC, Shannon, South Africa), whereas sectoral policies are put in place explicitly in some cases (Naples, Parma, Ilo Ledas, Shannon).

New trends in strategies could be recognised when the focus is shifted towards the promotion of *milieaux* or to enabling an adequate environment where single smme could start and grow (IADB, ABC, ILO-UNOPS, Porto Alegre, Europe), above the support to single entrepreneurs.

Organisation of the local effort, through **coordinating and integrating** the local resources either to provide services or to organise the management of development projects is another new element of the most innovative strategies (Territorial pacts, Galicia, Shannon, Porto Alegre, Faro).

New signals are coming also as regard to the territorial coverage of local economic initiatives and to the relation local-extra local.

The "local" has seen more related to micro and macro policies. The "**meso**" level is becoming really crucial in linking the "micro" and "macro" levels

On one side globalisation is generally influencing the local policies, as can be recognised in the efforts of the European Union on the inter-regional relationships for the territorial pacts, or in the same principle inspiring the English regional policies for linking them to the other European regions, or in the FAO programmes enhancing the markets broadening for the local areas, or in the initiatives promoted by ILO and UNOPS with the intent of creating international networks.

On the other side the regional dimension, mainly for the European countries, seems to become too extensive for appropriate local strategies; then the Galicia region organises itself in "comarcas", the Campania Region foresees local economic development at sub-provincial level, the Irish Shannon region promotes sub-regional initiatives for favouring a stronger participation of the people, Pled in Indonesia seeks for linkages between the local, regional and national level, the In Loco in Portugal organises network of village agents.

Generally it is possible to recognise as main implementing tools of local economic development strategies the promotion of specialised services and structures in coordination with each other.

Local Economic Development Agencies are the most diffused practised model (ILO, Undp, UNOPS, Europe, Spain, England, Campania, Shannon, ABC, Leader Programmes with the LAG's, Parma, Poverty 3, Faro) or recommended (ILO, WBG, IADB, OECD). Sometime an articulated strategy for development services is realised without a formal coordination (European territorial pacts, Port Alegre, Rafaela), but in

other cases this articulation is the fruit of the systematic action of the LEDA's that are pushed to diversify the service system for rendering it more specialised and more flexible, and they generate new bodies (European LEDAs, ABC, Ilo), such as incubators, technological parks, financial institutions, sectoral companies, free zones, industrial parks, specialised business services, microfinance).

In some cases (South Africa, Indonesia, Faro, Poverty 3) empowerment of local people, marginalized from the regional and national economic dynamic, is seen as a pre-condition for a possible development.

The coordination between financial and non-financial services is envisaged in a number of cases (ILO, Undp, UNOPS, IADB, Italian cooperation, ABC, some Spanish LEDAs, Porto Alegre) and it is pursued successfully in a very integrated way specially for disadvantaged areas of developing world, as in the case of the LEDAs promoted by ILO, UNOPS and the Italian Cooperaton.

The new trends privilege **tools** addressed to a comprehensive and holistic development of the territory, more than to specific enterprises or sectors.

Territorial marketing (European LEDAS, ILO/UNDP/UNOPS, IADB, ABC, Parma, South Africa), **project development**, and comprehensive and **inclusive territorial service strategies** are the new frontiers of the local economic development initiatives.

Social inclusion is more and more becoming part of the objectives and the strategies of the local developers. In developed countries they have to face problems with the new poor and immigrants, in developing countries the problem of the historical exclusion and the risk of a continuous conflict.

The ways how the analysed experienced have treated this issue are essentially three:

- A territorial approach, where the territory as a whole is considered excluded or disadvantaged with respect to the more advanced ones (European Union, Iadb, ABC, European Ledas, Fao, OECD, WBG, Rafaela)
- A differential approach, where at local level specific projects are promoted for vulnerable people (Soprip, Shannon) or specific social protection programmes are enhanced (ILO).
- A targeted approach, where vulnerable people are considered a priority, for instance favouring the access to services and finance, or in job creation policies (Naples, ILO/Undp/Unops Ledas, Porto Alegre, Italian Cooperation, South Africa, Indonesia, Poverty3, Faro).

Here the new tendency is represented considering the social inclusion as an important factor of development or at least the social exclusion as a real constrain to the new objectives of development (quality of life).

All the experiences have been facing the crucial problem of *sustainability*.

The way how it has been pursued varies from case to case.

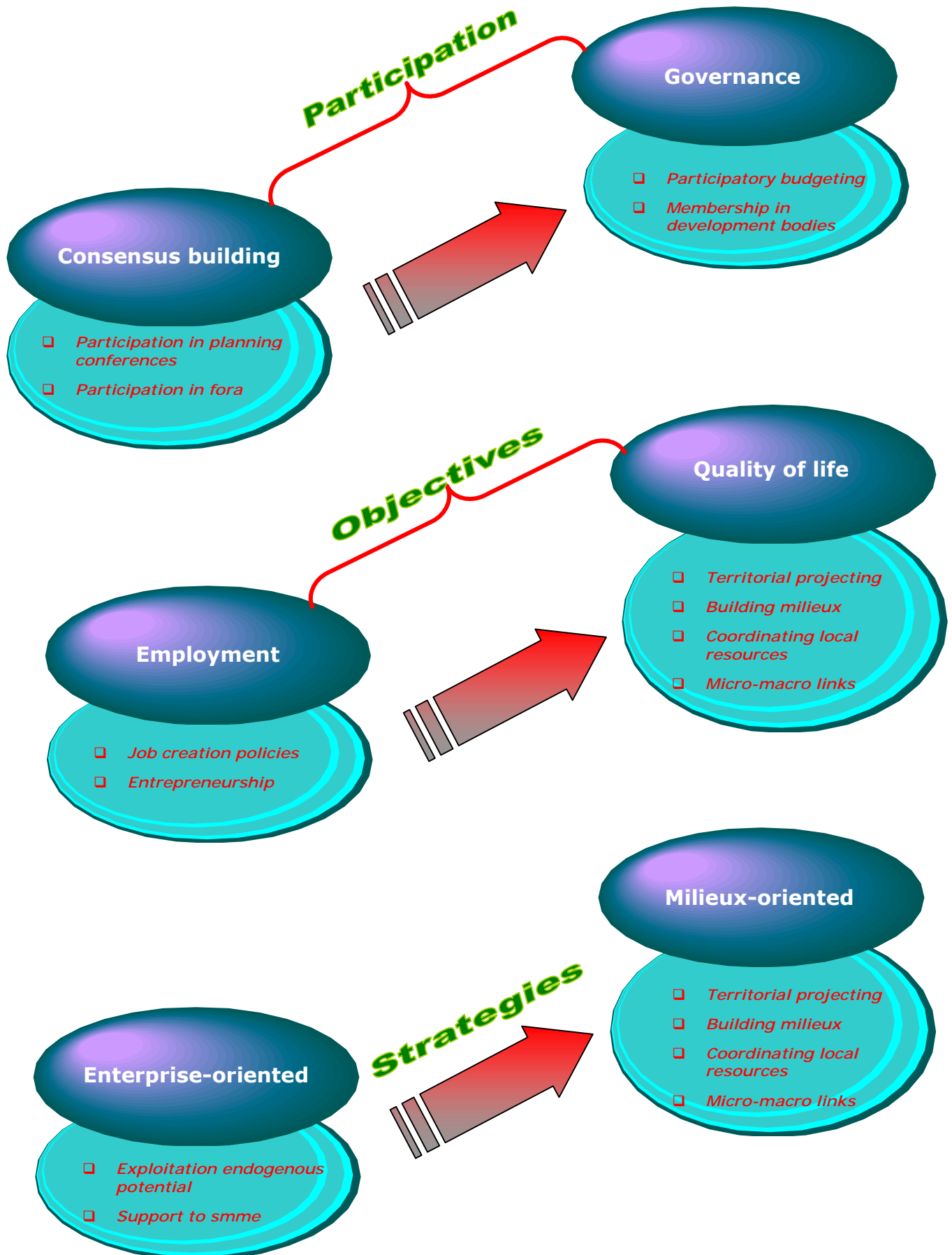
In many European experiences, where the local or regional administrations have been major promoters, the public fund is an important source of financial sustainability (England, Spain, Italy, Soprip, Shannon), although in the more ancient experiences (Parma, Shannon) the public quote is now overcome by other sources (project financing, services, infrastructure management). Also some Latin American experiences (Porto Alegre, ABC) are mainly financed by the public budget.

In the case of the initiatives promoted by Italian cooperation, Ilo, Undp and Unops an original way for sustainability has represented by the management of the credit funds

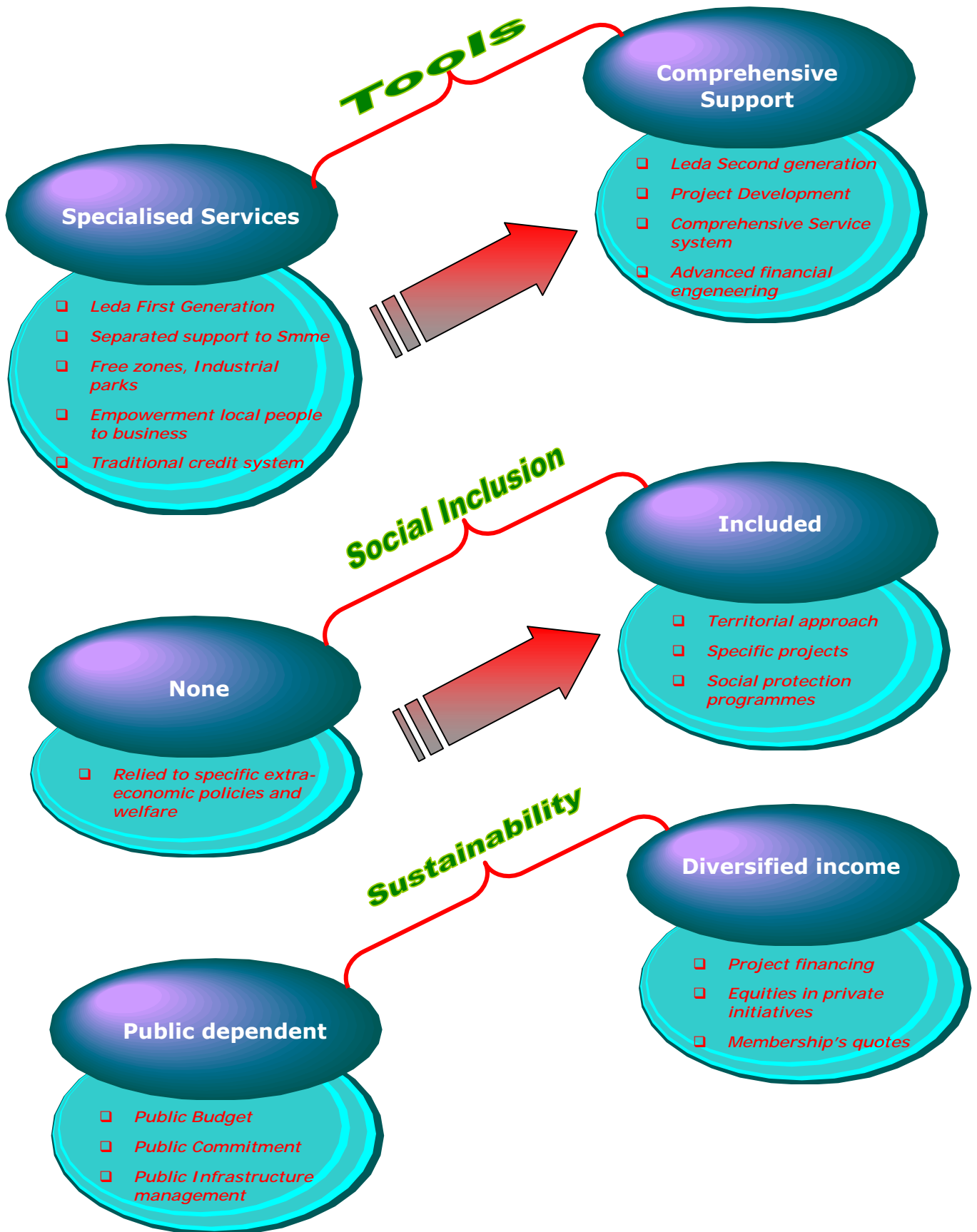
(gains on the interests on guarantee funds), coupled to the sale of services and project financing.

Project financing, equities in local investment, and quotes from local stakeholders represent the new trends, according to the numerous opportunities coming from national and international policies based on the principle of subsidiarity. The local knowledge and expertise, the possibility of coordinating and making efficient the assembly of the local resources, the presence of an high specialised personnel make the local environment able to access projects and relative finances, and attractive to other bodies intended to provide finance to the local areas.

NEW TRENDS IN LOCAL ECONOMIC DEVELOPMENT (1/2)



NEW TRENDS IN LOCAL ECONOMIC DEVELOPMENT (2/2)



7. Sources of information

Sources of information for the analysed cases

	European Union Territorial Pacts	European Union "Equal", "Leader", "Urban" Programmes	ILO-UNOPS	FAO
Source	<ul style="list-style-type: none"> ❑ Regulation of the European Social Fund ❑ Guide to the Territorial Employment Pacts 2000 – 2006 – European Commission, November 1999 ❑ www.europa.eu.int ❑ www.inforegio.cec.eu.int/pacts/EN/index.html 	<ul style="list-style-type: none"> ❑ Community legislation in force (URBAN; LEADER+; EQUAL) ❑ Official Journal of the European Communities (LEADER+) ❑ www.europa.eu.int/comm/employment_social/equal/tree_menu.html ❑ www.europa.eu.int/comm/agriculture/rur/leaderplus/index_en.html ❑ www.europa.eu.int 	<ul style="list-style-type: none"> ❑ Ilo, Unops, eurada, Italian Cooperation "Local Economic development Agencies", own edition, 2000 ❑ www.ilsleda.com ❑ www.unops.org ❑ Direct interviews 	<ul style="list-style-type: none"> ❑ www.fao.org ❑ Inter-Agency Experiences and Lessons, from the forum on Operationalizing Sustainable Livelihood, Pontignano (Siena), 7 – 11 March 2000
	OECD	WBG	IADB	ILO
Source	<ul style="list-style-type: none"> ❑ Oecd-Leed "Best practices in Local Economic development", 2000 	<ul style="list-style-type: none"> ❑ www.worldbank.org/urban/led 	<ul style="list-style-type: none"> ❑ www.iadb.org 	<ul style="list-style-type: none"> ❑ www.ilo.org ❑ www.itcilo.it/delnet/ ❑ Direct contacts
	Italian Cooperation	United Kingdom	Spain	South Africa
Source	<ul style="list-style-type: none"> ❑ Direct contacts ❑ www.mae.it 	<ul style="list-style-type: none"> ❑ Regional Policy Forum "Democratising England" ❑ www.hmso.gov.uk/acts/acts1998/19980045.htm ❑ rpf@connectpa.co.uk 	<ul style="list-style-type: none"> ❑ Cepal, "Las Agencias de desarrollo económico local en el estado español", 2000 F. Alburquerque-Llorens " 	<ul style="list-style-type: none"> ❑ www.local.gov.za ❑ White Paper on Local Government, March 1998
	PLED (Indonesia)	Soprip (Italy)/Parma Territorial Pact	ABC (Brazil)	Galicia (Spain)
Source	<ul style="list-style-type: none"> ❑ www.parul-led.org.id/e_overview.htm 	<ul style="list-style-type: none"> ❑ www.soprip.it ❑ Internal resources ❑ "Memorandum of Understanding of the Territorial Employment Pact of the area of Parma Apennines" march 1999 	<ul style="list-style-type: none"> ❑ F. Rodriguez-Pose 	<ul style="list-style-type: none"> ❑ F. Rodriguez-Pose
	Shannon (Ireland)	Rafaela (Argentina)	Porto Alegre (Brazil)	Territorial Pact of Naples-North East

Source	<input type="checkbox"/> www.shannon.dev.ir	<input type="checkbox"/> F. Alburquerque-Llorens "Best Practices of Local Economic development in Latin America", IADB, 2001	<input type="checkbox"/> F. Alburquerque-Llorens "Best Practices of Local Economic development in Latin America", IADB, 2001	<input type="checkbox"/> Report of activities of the Territorial Employment Pact of North-Eastern Naples, June 2000
	European Ledas	Poverty 3	Associação in loco (Faro)	
Source	<input type="checkbox"/> «Role and Management of RDAs » EURADA, 1998 <input type="checkbox"/> www.eurada.org <input type="checkbox"/> internal resources	<input type="checkbox"/> J.M. Henriques "Local development in Poverty 3", Poverty 3 Report	<input type="checkbox"/> Partenariado e parceria em Portugal, draft document	

