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1

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INDEX

LOCAL DEVELOPMENT AND INTERNATIONAL COOPERATION: REFLECTION FOR DEBATE

Giovanni Camilleri & Antonio Zurita

1. Local Development and territorial economic instruments: what is the role of cooperation?

The definition of "local development" in international cooperation is at the centre of attention of countries, donors and, of course, local development actors, that is, local and regional administrations, the local productive sector and civil society as a whole.

Numerous initiatives, programmes and projects have been set up to support local development. However, a variety of different interpretations, methods and strategies are used to implement local development projects.

This is why, in the field of international cooperation, the many different initiatives that have been funded have found difficulty in achieving the necessary articulation and harmonisation on the ground.

There are opinions which relegate local development to the local sphere, instead of relating it to the existence of efficient national decentralisation and deconcentration policies.

Other viewpoints see it as a process which is of interest only in its municipal dimension and do not take into account the complexity derived from the necessary relationship between the municipality and the intermediate territorial dimension.

There are other opinions which see local development as a process led by civil society, not necessarily in active collaboration with local elected administrations.

There is yet another view which concerns itself with the elaboration of reports which recommend national local development policies but these policies are then not able to make themselves acceptable in the territory, where the actors are the essential protagonists.

This fragmentation of views and practices as regards the way to structure support for local development processes through international cooperation reflects, in part, the very complexity of local development and the traditional attitude of international cooperation, which has been to "choose a segment", an individual aspect of a complex process. This is why it is common to find projects which separately support either the municipal, or the community or the regional dimension or civil society.

As an example, and as ideas for debate, we could mention just some of the strategic axes which should be included in cooperation initiatives to support local development processes in order to address this complexity:

The integrated management of territorial development; agreements on the decision-making process; continuity between the diagnosis, programming, execution and evaluation stages; collaboration between the public and private sectors and civil society; the promotion of territorial competitiveness processes; and the integration of groups at risk into the dynamics of local development.

Local Economic Development:

This complexity is further complicated by the matter of support for local economic development. In this field, it seems that the only option that is widely applied is the micro-credit and micro-funding. There is, on the one hand, a fear of "getting one's hands dirty" in matters that represent the day-to-day reality in territories in all countries, that is, the small and medium-sized enterprise, trade and territorial competitiveness. It could be that there is also ignorance of the subject.

Once again, international cooperation must address a complex matter: how to bring together the social, institutional, economic and environmental dimensions in a single strategy to support local development processes.

Many practices suggest that international cooperation apparently prefers to "simplify" the challenge by addressing it partially, with separate projects, each taking a different technical focus and with a different timetable. This attitude does not help to find solutions and tends to increase the cost of development aid by duplicating management costs in each of these projects.

The reflection that we want to share in this paper is that, on the one hand, it is possible to approach support for national decentralisation and deconcentration policies through programmes that promote a territorial focus, multi-level articulation, the harmonisation of the many different actors operating at local level and dialogue between territories, which are a means of sharing experiences, instruments and innovations in order to address matters of common interest to the citizens of both the North and the South.

On the other hand, the aim is to promote a debate about the possibility of implementing economic-productive development strategies at territorial level which are both competitive and sustainable, in order to increase employment and raise income among the local population continuously and permanently, making competitiveness, social equity and environmental balance compatible through the valorisation of endogenous potential and the creation of value chains which bring together micro-enterprises, SMEs and cooperatives.

2. A new cooperation paradigm?

Never before has it been so evident that there is a "**common interest**" between the citizens of the North and the South with regard to matters such as migration caused by armed conflict, natural disaster or economic reasons, climate change, the rational use of water and energy sources, alternatives to the informal economy, sustainability, access to and the quality of social services, respect for human rights, gender opportunities and the fight against contagious diseases.

Cooperation can be a very efficient tool to promote a "dialogue between territories" on matters that are of common interest to the citizens of the whole world.

This focus requires that international cooperation move beyond the logic of "projects" as a means of operation, and also to leave behind the "**donor- beneficiary"** relationship and the traditional logic by which the North **"teaches the South to fish";**

To achieve this, there must be methods and instruments that allow the citizens of the North and South to establish **partnerships** in order to work actively in a **"partner and colleague"** relationship on the common challenge of the Millennium Development Goals.

3. Alliances and networking:

Partnerships, as a **means of organisation,** are a specific expression of that **"common interest"** and their means of operation is not recognised in "the project", which, since it is a one-off action, is an expression of the **"donor - beneficiary"** relationship.

To consider the partnership as a **new source of funding** is a limited, short-term view because it does not take into account its strategic contribution, which could in fact be much greater than the financial contribution: **the exchange of technical and technological solutions (organisational and management models, innovative practices) with regard to common challenges such as job creation, the valorisation of the potential of the territory, the improvement of social coverage, the quality and sustainability of social, environmental and energy services**.

The partnership offers the potential for technical, operational and financial alliances as well as joint action in programmes between the different international cooperation actors working towards the Millennium Development Goals and, more specifically, with local actors of the South and the North who, although they are in different political, cultural, economic and religious contexts, share the great challenge of addressing the complexity of local development processes and governability.

What does it mean to consider partnerships as a strategic factor in cooperation?

Some 15 or 20 years ago, cooperation was, basically, of three types: bilateral, multilateral or through NGOs. However, today, there are hundreds, if not thousands, of active local, national and international players.

This means that there are more subjects who, due to their ethical commitment or for other reasons, feel the need to contribute to the development of the countries of the South.

Does this not, though, mean adding another complexity?

The typical scenario in the territories of the different countries includes a multitude of actors who are working with common objectives, but very often with different timescales, formats, methods, technical arrangements and administrative mechanisms. This is a known, recognised complexity.

Support for local development processes requires many different actors. For this reason, obviously, the objective should not be to reduce the number of actors or limit the selection of areas for cooperation, but to facilitate the articulation and harmonisation of action on the ground.

Cooperation which enables dialogue between territories, the articulation of different actors on the ground and multilevel governance requires the managers of the cooperation processes, very often public bodies, **to think of new designs for the programmes, programming instruments and administrative procedures** which:

- Set up a **reference framework for the legal, operational and administrative aspects and the programme** in the countries as an alternative to the fragmentation of action and the mere sum of projects.

- Foresee a **role for territorial networks in the South and the North,** the possibility of dialogue and the strategic potential.

- Create a **space for effective dialogue** and a meeting point between the social and economic actors of the local communities of the South and North.

- Facilitate and stimulate **complementarity** between the different partners working towards common objectives, since the results of their joint actions will be greater than the sum of their individual actions.

- Provide mechanisms for **local programming for actions in the territory,** which are rigorous in method and **flexible** in the possibilities they offer for articulation.

- Agree on **agile administrative procedures** which facilitate coordination between the different actors.

- Reduce the cost of development aid through coordination and response to the demand from the territories.

- Offer the partnership the possibility of addressing a specific issue under the umbrella of an **integrated framework programme** in the territory, thereby

generating **sustainability** which is articulated with the governability and local development processes of the country.

• Strengthen the capacity of institutions and territorial bodies to take responsibility for the planning and management of local development programmes.

Public-private partnerships

The potential of public-private partnerships (PPPs) lies mainly in the improvement of the governability of local development processes, whether in the quest for more appropriate, efficient strategies to achieve the objectives laid down by the actors themselves, or as a guarantee of the sustainability of the processes.

For PPPs to garner greater support for local development processes, the following requirements must be met:

1. The different local, national and international actors must operate in a coordinated, complementary manner.

2..There must be **an agreement between the institutions and organisations representing the public sector, private sector and civil society.**

3. International economic partnerships must be promoted, opening up an innovative new frontier to address globalisation processes and to open up opportunities for developing countries.

4. **Links** must be created, either through sectoral channels (that is, internally among the interest groups: farmers and their national association, banks with banks, local government with national government, etc.) or vertically, through advocacy actions.

There is no doubt that this can be achieved more efficiently at the territorial dimension, due to the proximity of different factors (knowledge, links with value chains, networks of trust, reciprocal control) and a communion of interests which generate a virtuous circle that increases the probability of survival of the economic initiatives.

The links with the territory, interest in safeguarding

the main available resources, the environment and the human resources reduce the risk of becoming lost in a purely quantitative, short-term perspective which follows the logic of utility and profit at all cost.

Another objective is to encourage relationships with actors in other countries in order to take initiatives in the fields of trade, technology, knowledge and to run common projects. These partnerships can involve local administrations and the different types of local partnership (LEDA, territorial pacts, local action groups, local development committees, etc.), exchanges with successful LEDAs for awareness-raising and training, the participation of the LEDA in international networks.

International cooperation as a complement to strategic participatory plans and policies for the promotion of local development.

All international cooperation actors have the capacity and the responsibility to promote local development as a tool for the enhancement of human development and the achievement of the MDGs (Millennium Development Goals).

In the field of cooperation between states, this is a great opportunity to support the large-scale programmes which promote the strengthening of territorial capacity, encourage financial support for local development initiatives, promote tax policies in aid of the social economy, strengthen the business fabric and local markets. It is also an opportunity to prioritise support for decentralisation processes with resources and the creation of tools to manage local development, such as development agencies.

The great wealth of decentralised cooperation lies in the exchange of experiences. The world of decentralised cooperation has seen many cases of international cooperation at times of disaster which have provided economic resources for the emergencies, only for those resources to be diluted in an ocean of post-catastrophe needs. Those economic resources, together with others, are significant. But they would be even more so, and more efficient, if they were used to accompany the exchange of experiences in local development practice: occupational training, new sources of employment, the social and solidary economy, development agencies, the elaboration of public regulations which encourage job creation at territorial level, alliances between the three sectors (public, private and social) and geographical

information systems. All of these are practices which represent the day-to-day work of infra-state governments and which can be valorised through international cooperation actions. It is true that decentralised cooperation has a limitation: its fragmentation and limited impact when it is applied in an uncoordinated manner. But there have been sufficient experiences which show how to overcome this limitation by networking with other actors who are addressing the same needs and have the same capacities.

Non-governmental cooperation, which has grown in line with the growing participation of society and social actors in global action. Non-governmental cooperation has passed through several different stages since it first appeared widely after the Second World War: a first stage of eminently humanitarian action (the fish), a period of development aid (the fishing rod instead of the fish) and a stage of advocacy in the definition of policies. But non-governmental cooperation, which represents the rich and varied fabric of society, also suffers from limited resources and a relative lack of coordination. It is more frequent to find NGOs that work with other NGOs in the territory on small or medium-sized projects than NGDOs that work in a coordinated manner in large-scale programmes on development processes, although there are some and this appears to be a more reasonable path to take in order to improve the efficacy of aid.

Multilateral cooperation has generated many, many dozens of actors which, despite being the expression of multilateralism, make cooperation in the territories even more complex, to the extent that they work with sectoral focuses which are not highly integrated.

If we add to this, the action of universities, companies and religious organisations, we find scenarios with territories in which there are over a hundred cooperation actors at work.

On one occasion, I asked the manager of a local international cooperation office in a medium-sized city in Latin America how many international cooperation organisations were active in the territory and the answer was "something over a hundred, I think". The next question was whether these actions were part of a territorial plan and whether there was anyone who coordinated them all. The reply was a definite "no". The third question was whether there was any information about what they were doing or whether anyone had made an inventory, and the

answer was also a categorical "no".

This frequent practice in the world of international cooperation means that it is difficult to work on territorial development in a harmonised manner.

There are experiences, however, which show that coordinated work is possible. The experience of ART, as an instrument to coordinate the actors in the territory, is one of them, and the experience of FAMSI (Andalusian Municipal Fund for International Solidarity) and other cooperation funds, as instruments for the coordination at source of decentralised cooperation actors, is another.

For international cooperation to be a tool that can help to strengthen local development processes, it must be based on a fundamental premise:

It is essential to coordinate the efforts of the different actors before arriving in the territory as a complement to accompany participatory strategic planning processes and, if those processes do not exist, one of the first tasks should be to help to establish them. Investing in the coordination of the actors in the territory is an investment in the future, an investment in efficacy, efficiency, sustainability and equity. Undertaking uncoordinated small, medium or large scale actions in the territory instead of allowing the territory to be the central player can generate cronyism, an appearance of solidarity, but it will not generate development.

Lastly, it is of key importance that these processes should be developed in a multilateral framework. It is not sufficient that the NGOs be coordinated with other NGOs, or that the local government be coordinated with other governments, or that the cooperation actors from a European country be coordinated between themselves. It is essential that the coordination should include all of the actors who operate in the territory and this will require the creation of a multilateral space, a new multilateralism, involving the NGOs, local governments, universities, governments and all of the other cooperation actors who have an active role, not just as donors who supply funds.

This is advisable and, in all events, it is advisable that the different territories create their own mechanisms, regulations and meeting points which make this complementarity possible on the ground.

4. Decentralised cooperation: the concept, scope and models at international level.

As we know, the map of international development cooperation actors was drawn after the Second World War, when the new world order of the victorious powers, defeated powers, areas and blocs of influence emerged, together with a new system of international organisations, initially represented by the standard-bearer, the United Nations (founded in 1945 by 51 countries), as a place where sovereign states could meet to reach consensus on rules of conduct.

We also know that this international system came into being with a marked accent laid down by the victors (Security Council), but this is not the issue we are addressing today.

One of the most important challenges faced by this new world order and the "united nations" was reconstruction and international development cooperation, to which end a system of agencies was established to represent the agreement between the sovereign states on the joint or "multilateral" response to this challenge. In this way, after the Second World War, different agencies were created, related to the General Assembly, which represented the emerging multilateral cooperation system.

This group of agencies was joined by two multilateral financial institutions (the World Bank and the International Monetary Fund) which arose in 1944 out of the Bretton Woods conference.

But together with this multilateral actor, bilateral cooperation policies were also adopted by the victorious powers in order, fundamentally, to support their foreign policy.

ODA (Official Development Aid) therefore has two very important public actors, multilateral cooperation and bilateral cooperation.

In the 1960s, the UN invited social organisations to take part in certain debates which had arisen as an expression of society on a private, non-profit level as instruments of aid in different areas. Perhaps the first which we could consider to be of this type is the Red Cross, founded in 1863, with the aim of helping those affected by armed conflict. These organisations were called "NGOs" (non-governmental organisations) to differentiate them from sovereign states at international conferences.

From the 1960s to the 1980s, these three actors represented the entire map of international development cooperation:

- multilateral

- bilateral

- non-governmental

However, also following the Second World War, certain initiatives were taken, the best known of which were promoted by frontier cities between France and Germany, whose purpose was to bring infra-state institutions into international aid action.

Although development cooperation actions between infra-state governments have been seen since then, it would be in the mid-1980s and, especially, in the 1990s that the concept of **"decentralised cooperation"** was to take shape.

Some definitions of decentralised cooperation cover a wide spectrum of actions and actors. For example, the European Union understands that the actors in decentralised cooperation are all of the agents or institutions, whether official or part of civil society, which do not form part of the central government, including local public authorities.

The 4th Lomé Convention introduced the proposal for decentralised cooperation, reflecting the new role of the State and the central position that was to be taken by the persons and groups affected and the more active commitment of civil society to development. In its initial conception, the European Commission defined this type of cooperation as: A new focus in co-operation relations that seeks to establish direct relations with the organs of local representation and to stimulate its own capacity to project and carry out development initiatives with the direct participation of the groups of population concerned, taking into consideration their interests and viewpoints on development (D.G. VIII, 1992).

The concept of decentralised cooperation appears in Articles 20 to 22 of the 4th Lomé Convention and is mentioned in most of the *national indicative programmes* drawn up by each country in order to establish priorities for its development cooperation. Later, decentralised cooperation was progressively included in the agreements reached with other regions. In 1993, the B7-5077 budget heading was created for decentralised cooperation, intended for all developing countries and with the purpose of promoting this type of cooperation. Since then, the first decentralised cooperation programmes began within the framework of the European Development Fund (EDF).

Against this wider concept, the idea of **public decentralised cooperation** has become more consolidated, it being the set of international cooperation actions undertaken or promoted by local and regional governments.

It is to this concept that I am going to refer, not to the wider concept used by the European Union. I refer to the international cooperation that arises at infra-state levels of administration (regions, departments, municipalities) and which can be oriented towards different areas of action (development aid, humanitarian aid, education for development, complementary diplomacy) through different direct or indirect channels.

Having defined the concept, as already mentioned, decentralised cooperation took shape in the 1990s as a consequence of several different ground-breaking international processes:

Decentralisation.

At world level, North, South, East and West, a political process evolved both within the neoliberal policies of deconstruction of the state and within the progressive policies of bringing the public sphere closer to the citizen.

Infra-state governments began to incorporate new agendas, new responsibilities (culture, economic promotion, social inclusion). Among these new competences was the responsibility for encouraging public participation in issues which motivated or concerned the people.

Together with this factor, and also as a result of the process of globalisation, awareness grew of the interdependence between the different processes occurring in the world and the phenomenon of migration related to these realities of everyday life in the cities. At the same time, the development of communication technologies attracted greater attention to these realities until, on many occasions, they became headline news every day. Infra-state governments, especially those constructed as part of progressive democratic processes (governments which defend equity), decided that their voice should be heard as part of this global action and that one of the tools they could use was development cooperation.

Think globally, act locally... Think locally and act globally.

Public pressure

The public at large is concerned, and has been markedly so since the 1990s, about the global situation, about the violation of human rights in other countries, poverty, cultural diversity. At infra-state levels, these concerns have generated pressure to support actions, programmes and projects that facilitate development cooperation by the bodies that represent civil society.

The encouragement of public participation, public comprehension of global reality, has led these infra-state governments to open channels of support, through subsidies. This is the reason why, in the case of decentralised cooperation in Spain, indirect cooperation through support to NGDOs is so important.

Globalisation.

This is a worldwide phenomenon which accelerates the speed of exchange. Globalisation has consequences at both national and local level. Nation states are weakened, political power begins to show signs of fragility or weakness when faced with private initiatives, movements of capital and markets, while the new competences of infra-state governments drive them to take their own territorial promotion initiatives and to increase their negotiating power the vis-a-vis the central government.

Globalisation puts infra-state governments on the international scenario, either for their philanthropy, their political commitment or because of their legitimate interest in promoting their territories.

Thus arises complementary diplomacy, the diplomacy of the cities, the international relations offices of regional governments or local governments which establish channels of communication with their peers in other territories and/or regulate the aid provided by organised civil society (NGOs) to make their actions coherent with these political motivations.

Decentralisation, public pressure and globalisation are some of the more significant processes which have arisen with the emergence of decentralised cooperation.

In the case of Europe, we should also add the important role of infra-state governments in the construction of **regional integration** which can overcome the immobility of the nation states. The European Union considers it vital to raise the profile of infra-state governments (creation of the Committee of the Regions in 1994, under the Maastricht Treaty). To this end, facilitating their international action, both inside and outside Europe, is a good instrument. For a long time now, community initiatives have encouraged twinning between European cities. In the 1990s, these proposals took shape and in the noughties, they have been consolidated through the recognition of local governments as development cooperation actors.

This experience in the European Union is similarly expressed in other regional integration processes, such as *Mercociudades* in the Mercosur area, and in the international sphere, with the recognition by the United Nations of infra-state governments as components of a new multilateralism and of their role as decentralised cooperation actors.

Multilateral initiatives of decentralised cooperation.

The initiatives of local governments to generate their own representation and advocacy instruments and the launch of initiatives in the United Nations which aim to highlight the active role of infra-state governments can be meaningfully understood as being in line with this construction of the New Multilateralism,

In the first case, it is worth highlighting the creation in 2004 of **UCLG (United Cities and Local Governments),** the result of the merger of two large international organisations (the WFUC and the IULA) and which became the equivalent of the United Nations of Cities, leading to the establishment of different committees, among them, the Committee on Development Cooperation and City Diplomacy.

Also of note is the creation in 2007 of **FOGAR (Forum of Global Associations of Regions),** as a result of the initiative taken by 11 founding networks of regional governments, with the initial support of the UNDP. Its three objectives summarise its significance:

- **To ensure that the voice of the Regions is heard in globalisation:** to become the interlocutor of the new international bodies of world governance, and specifically to obtain, in the medium to long term, the status of Intergovernmental Organisation at the United Nations, in order to speak there for the Regions.

- **To organise new strategic governance rules, including infra-state tiers of government:** to decentralise globalisation in order to allow the citizens, with the backing of their regional authorities, within their territories, to become players in a globalisation which generates equity. World integration in which inter-territorial disparities are maintained or increased is unacceptable. Durable peace and global development will come through a territorial development focus.

- **To promote cooperation between the Regions:** to accompany and promote cooperation between the different Regions of the world, in areas such as development cooperation, the exchange of good practices or specific common projects on issues of interest to the territories.

With different roots and with an original perspective, the **FAL (Forum of Local Authorities for Social Inclusion and Participatory Democracy),** is also worthy of mention. It was formed in 2001 at the 1st World Social Forum. The FAL Network, as it is currently known, has generated an international process to advocate progressive approaches to social inclusion, sustainable development, the human rights focus, participatory democracy and development cooperation. It acts as a link between the dynamics and approaches emerging from social movements globally, brought together by the World Social Forum, and local governments grouped in the UCLG, and it has also built bridges with the multilateralism of the United Nations system.

In the field of international organisations, the phenomenon of decentralised cooperation has been understood and treated in different ways. In some cases, the more perverse or ingenuous cases, solely and exclusively as a new source of funding (which is also a deviation from the view of cooperation that is held in the world NGDO sector).

But as well as these deviations, which do not deserve further consideration at the moment, there have also been successful initiatives, with innovative proposals which have taken root among decentralised cooperation actors. Just to give some examples, I shall mention two:

In the case of the European Union, in 1995, decentralised cooperation between the EU and Latin America was enhanced by the **Urb-AL Programme,** whose purpose was to develop cooperation networks between local groups on specific issues and problems related to urban development: public participation, the fight against poverty, the information society and gender, among others, with a total of 13 different issues being addressed by the work of the different thematic networks.

The European Commission's Urb-AL Programme has not just promoted a new type of relationship (networks), but has also opened a debate about the phenomenon of decentralised cooperation. In this regard, it supported the Conference on Local Partnerships between the European Union and Latin America (Valparaíso, March 2004), which highlighted the need to understand and to study in greater depth the growing phenomenon of direct cooperation between municipalities. After the Conference, within the framework of the Urb-AL Programme, two large-scale projects were launched: the Urb-AL Programme Documentation Centre, to bring together all of the knowledge generated by the thematic networks, and the EU-LA Observatory of Decentralised Cooperation.

More globally, in the mid-noughties, the European Commission recognised local bodies as development cooperation actors which may receive support through community initiatives and aid for international development cooperation.

In the **United Nations,** in 2005, the **ART Initiative** (Articulating Territorial and Thematic Networks for Human Development), promoted by the UNDP and based in Geneva, was established. It was preceded by programmes launched in the 1990s to support decentralised cooperation and local development in Central America at a time when the region was emerging from armed conflicts in several different countries.

The ART Initiative has involved over 400 decentralised cooperation actors and has started over 15 country programmes, with the support of some governments, including the Spanish government, which have decided to support a multilateral framework to articulate decentralised cooperation actors working together on a new perspective of cooperation based on the MDGs and the Paris and Accra Declarations, strengthening territorial human development.

At the same time, ART, through its links with the United Nations system, has become a platform which strengthens networking by infra-state governments and their impact on multilateral spaces, such as the case of participation in 4-HLF, the world conference on aid efficiency to be held in Busan, Korea, in November 2011.

FIRST WORLD FORUM OF LOCAL DEVELOPMENT AGENCIES CULTURE AND LOCAL ECONOMIC DEVELOPMENT

Julio Portieles. Coordinator Framework Programme ART-UNDP Ecuador

1. Some aspects of the conceptual framework, trends and approaches

The need to consider the cultural dimension in development proposals has been widely recognised for several years, at least theoretically. The United Nations Development Programme (UNDP), in its Human Development Report 2004 highlighted: " the vast potential of building a more peaceful, prosperous world by bringing issues of culture to the mainstream of development thinking and practice" (UNPD, 2004:VI). However, truly and comprehensively including culture in current development models remains a challenge. The dominant approaches continue to be those in which, from a perspective of development economics, this dimension (which in reality filters and catalyses all the other development dimensions in their interactions) is neglected or only included partially or in a biased manner.

In order to address all the complexity of a relationship such as that between *culture and local economic development* (LED), we will use the *human development* approach as a starting point. By recognising that, above all, this aims to extend people's opportunities and abilities, we are then accepting that allowing full cultural expression is in itself an essential aim of development, and that the importance of the relationship between culture and **local economic development** is not only the undeniable contribution which culture makes as a potential means or driver for generating resources which are useful for the development of a territory.

It is extremely important to address development's cultural dimension in a wide-ranging manner. On the one hand, on studying the challenges of development in different countries and territories, the following emerged as common denominators linked to culture: *entrepreneurial culture, competitiveness, ways of establishing trust relationships between people and institutions* and *participation culture* etc. On the other hand, the potential related to culture or cultural heritage is not generally given priority, at least as a first step, in local development strategies.

In a broad sense, culture is understood as the way of life and form of coexistence, which encompasses the values which human beings possess, and includes the ways in which they relate to each other, their traditions and knowledge, as well as the creativity and ability to respond to new situations. And although this vision expresses the sense of understanding culture as the set of human realisations, attempts are often made to reduce its space and manifestation in the social and economic development of territories. Another relevant aspect in order to attempt to address the relationship between culture and LED is to assume the dynamic nature of the former and to conceive it not only as an inheritance which must be preserved as it is, but to consider it as a creative and transforming force which makes it possible to face, in better conditions, necessary and inevitable changes, and which also makes it possible to identify a territory.

The level of influence that culture has on processes of local economic development is an issue which also generates great controversy. One extreme position is that culture does not influence the economic development

process, which is only explained by means of the accumulation of different types of capital. Another, and to a certain extent intermediate, position puts forward its importance as result of the close link between social capital and the behaviour of individuals and institutions in the framework of economic relations and policies. At the other extreme: the perspective that considers culture as the main determining condition (cultural determinism) which allows us to explain different economic development experiences.

This controversy, which includes more positions than the three mentioned above, confirms that there is no linear, specific and simple explanation for the development of a territory or a country. On reviewing the successful or unsuccessful experiences of LED, we can see the complexity and multivariable and multidimensional nature of these processes, as well as the complex, but undeniable, interaction of culture (and cultural diversity) in said processes.

Another essential element for tackling the complexity of this interaction is for the approaches to local developments to consider cultural diversity and intercultural dialogue in a creative and open manner, taking them not only as inevitable ingredients but as potential active factors for increasing the quality-of-life and opportunities of the human beings in a specific territory. We may therefore avoid the approaches which have intentionally considered cultural diversity as a threat or obstacle for the development of a nation or territory. Interculturalism or intercultural dialogue is still - intentionally or not - give a little consideration when establishing territorial economic development policies and strategies. The development approach and the instruments applied are not always challenged thoroughly, adopting and even subordinating culture (and cultural diversity) to development, without considering the predatory nature which "growth", "progress" or "development" itself may have. All standardisation of criteria, instruments and local economic development approaches will inevitably clash with culture (or with cultural diversity): and if this clash is not dealt with suitably, there will be no winners in the medium or long term. The UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions provides a revelatory framework and international commitments which provide the necessary space to cultural diversity. In addition, this international instrument furnishes important elements

in the relationship between culture and sustainable development, recognising both the symbolic and economic value of cultural assets.

When talking about LED we cannot neglect the territorial dimension and culture intrinsically has a territorial dimension. Therefore, its use for development and its impact on interaction with development must be focused on a territorial basis.

It is important to recognise the use of cultural assets, and culture in general, which different territories have used to generate employment and economic opportunity. The expressions *creative economies, cultural industries, cultural tourism* or *smart territories* are no longer new. However, a comprehensive and innovative application of these concepts is not as widespread as it may seem in the publications about the issue and the progressive consensus on the contribution of culture to local economic development.

Nowadays, it is encouraging to see the increase in understanding and action by the main actors in territorial development (national local governments, communities, private sector, civil society) with regard to the relationship between culture and development. There are increasingly more frequent debates, but also an increasing number of development policies which consider the cultural dimension. And precisely when considering this dimension, it becomes clear that there is a need to put forward significant changes in the development model so as to obtain agreed models which take local cultures as their starting point and dynamic reference point.

It is then clear that considering the relationship between culture and local economic development does not only involve the income and jobs which the different cultural and creative industries may contribute to the local economy. Undoubtedly, this is an important point which must be dealt with suitably so as to take full advantage of it, whilst always preserving the cultural essence. But the main element is that the cultural dimension and perspective is included in the development strategies, plans and policies.

2. Some challenges

There are many challenges to be faced in the interaction between culture and local economic development, and in the use of culture as a vector for development. I will only attempt to mention some of the most general ones. These challenges do not only include threats within this complex interaction, but also those which may stimulate the inclusion of the cultural dimension in local economic development on considering them in a positive manner.

Not all development models contribute to preserving local cultures. The models which prioritise economic growth as the objective of development may even become destructive for culture and its diversity or may be in conflict with native perspectives on development. One of the most serious challenges is the discussion about what type of development is promoted. We could mention as examples the *good living* or *Sumak Kawsay* of Andean cultures, which is based on local traditions and cultures, and presented as a local alternative to other development and life paradigms.

Part of this necessary building of models which are truly humane, and therefore respectful of local cultures involve integrating culture and diversity into human development indicators, in the Millennium Development Goals (MDGs) and therefore move forward towards new methodologies and tools for measuring progress.

The approach of using culture as a driver for local development entails major challenges. Although these may be faced successfully - and there are more than enough examples of this-, they may involve significant threats (and, unfortunately, there are also many other examples of such situations). These challenges include the *commodification of culture* and, therefore, the appearance of limits with regard to public access, as well as its homogenisation and trivialisation so as to better meet market demands. In addition, economic use of tangible heritage (especially buildings) involves multiple challenges, such as the loss of the original use, real estate speculation, social alienation and the obvious threats to its conservation. The strategy necessary to face this challenge, even in practical terms, is to maintain a vision which prioritise the cultural perspective over economic profits. The Havana City Historian,

Dr. Eusebio Leal, insists that an essential principle of these processes is the balance between the social, economic and cultural dimensions of development, but that the cultural essence remains at the "heart" of the development process.

Occasionally, the population is unaware of the cultural treasures which it possesses, or it undervalues them as result of assuming new cultural models, and this leads to a lack of commitment and will to consider cultural assets as vectors of development. They are seen as obstacles representing the past which must be overcome. It is a challenge generated both externally (globalisation, importing models), and internally (culture becoming more elitist, low participation, little priority given to conserving own heritage and traditions).

It is also important to mention the challenge involved in adapting the instruments and approaches linked to local economic development to each context. This goes beyond the obvious technical, institutional and legal adjustments which must be taken into account when applying them in each territory and country, and includes - and this is the challenge - taking cultural elements into consideration. This takes on particular importance when talking about complex operational structures such as Local Economic Development Agencies (LEDA), which may work fantastically in certain cultural contexts and which may need to be substantially revised in others. This represents an important challenge for International Corporation in this area, which, in the best cases, takes into consideration technical and legal aspects so as to make its proposals more flexible, but which only occasionally delve into the cultural dimension and concentrate on the usual indicators of reducing poverty, basic needs and others which may conceal, even when they improve, cultural disasters.

It is also important not to ignore the fact that extreme positions with regard to the preservation and adherence to traditions and cultures may lead to situations in which there is little will to change and which may damage local development dynamics. As with many challenges, this one presents an opportunity given that if the *tradition-innovation* (T&I) binomial is strengthened and used suitably, which is fully coherent with the principle that culture is a dynamic and creative force, the results that will be obtained, even in economic and job creation terms, may be significant.

When a decision is made to strengthen cultural and creative industries (in their widest sense) and the use of ancestral or traditional knowledge, challenges arise which are nowadays being addressed, but there is still a long way left to go. These challenges are linked to the regulation and legislation with regard to cultural industries which respond to the particular nature of these types of industries: the preservation of the cultural assets associated with them, the right to culture and its enjoyment and correct use of intellectual property which defends and protects the rights of communities, to name but a few.

Another essential challenge because of its significance is giving thorough consideration, and not only formal consideration, to *interculturalism and cultural diversity in local economic development strategies.* This becomes important, firstly, because of its implication in the approach of human rights, but also in other specific areas. Recognition of multi-ethnicity and interculturalism must involve an essential adaptation of the instruments and practices of LED, not only to reflect and respond to this plurality, but also for them to be sensitive to, and to prioritise in their participation/decision mechanisms and strategies for economic and social inclusion, ethnic groups which in many cases are the focus of greatest vulnerability and lack of opportunities.

Largely related to the above, it is important to mention the phenomena of migration, which has an undeniable impact on local economic development, both in the home territories and in the destination territories, and for which, from a cultural point of view (which is the subject of this article), one of the main challenges generated is that of multi-culturalism which supposes that emigration is seen as an opportunity and not as a threat.

In general, the use of culture as a driver of local economic development may in turn be a suitable, sustainable and creative way which contributes to guaranteeing the survival of the local culture. However, for this to be the case it is important at all times to maintain a cultural vision and approach in development policies, strategies and actions which make it possible to preserve and fully enjoy heritage and traditions. There are no magic prescriptions or formulas; each territory must find the appropriate social, cultural and economic balance which allows the viability and acceptance of the culture and its diversity as a source of wealth and not as a weight for populations and governments.

3. Some ideas, proposals and tools for addressing the issue from the territories

The previous headings have aimed to address the elements, principles, approaches and challenges of the relationship between culture and local economic development. This heading will address some of the main proposals and ideas which would make it possible to use culture as an engine for local economic development, without overlooking the inclusion of cultural dimension in the development model itself. That is to say, the analyses will be limited to some of the possibilities which have already demonstrated real potential: mainly, *cultural and creative industries and cultural tourism*. Although it is important to recognise that, on the one hand, there are other alternatives and, on the other hand, these concepts, approaches and practices on having been developed in specific contexts and with a development philosophy very much focused on the economic aspects, may need to be adapted in an innovative and flexible manner to each reality and even, within this process, to constructively and pragmatically question the development model linked to these ideas.

It can be increasingly seen that the public, private and academic sectors have recognised that culture and its associated industries are a significant driver for the economic and social development of a territory, which must be preserved and promoted. Both because of what it generates both in terms of cohesion and identity - which are indispensable ingredients for a sustained development process - but also because of its dynamism and capacity to create dignified employment, opportunities and economic income.

This "new" paradigms which interrelates the economy and culture also links technological and social elements and gives a predominant role to creativity, innovation, knowledge and access to information.

It is necessary to clarify that the heading of cultural and creative industries includes a significant number of cultural and economic activities, and that not all the classifications coincide. Some focus more on the creative aspect (linked to individual talents, skills and creativity), while others include traditional activities, cultural services articulated with technology and knowledge management, and even definitions which include sport and cultural tourism and associated activities. It is not appropriate here to enter into a discussion on the pertinence and coherence of these definitions and structuring, but more important to concentrate the analysis on practical elements and criteria. In this case, in order to facilitate the analyses and to be able to better address the particular ideas, cultural and creative industries used herein shall not include cultural tourism or sport.

Cultural and creative industries (CCI)

Even without including cultural tourism, these industries have shown greater growth (between 5% and 20%) than other traditional sectors of the economy. According to the World Bank, culture and creative industries contribute 7% of world Gross Domestic product (GDP) and show an upward trend. This significant contribution hides major differences, and it is in the most developed countries where the contribution is greatest.

Without wanting to exhaust the issue, only with the aim of demonstrating the complex and diverse structure of these industries, and assuming a broad definition and flexible classification of the industries, the composition of culture and creative industries may be organised into the following sectors and subsectors:

- Publishing: publications, publishing industry, printing.
- Multimedia: advertising software and video games.
- Visual arts: design, plastic arts, fashion, and crafts, architecture.
- Cultural services: museums and galleries, libraries.
- Scenic arts: dance, theatre, shows.
- Audiovisual: cinema and video, TV and radio, record industry
- Others: gastronomy, typical products, traditional crafts, typical festivals.

If we analyse this list of subsectors, we can notice the multiple relationships and positive synergies which exist between them, as well as with cultural tourism. In reality, on promoting one or several of these subsectors of cultural and creative industries, we can strengthen and stimulate the development of others directly. It is also clear that there is a significant interrelation and integration between culture, science, business, technology and traditional activities. In turn, we can see the close relationship with the knowledge economy and with the intensive use of information and communication

technologies (ICT). Cultural and creative industries are an expression, unlike any other, of the combination tradition-innovation (T&I) and this is often where their success lies.

Creativity is to a large extent the product of local cultural contexts. Therefore, cultural and creative industries can be found throughout the world and act as drivers for development and as generators of opportunities, not only in the most developed countries and territories, but precisely in those which most need it, and may therefore become an important factor for reducing inequality.

Another noteworthy characteristic of CCI is that in general the type of employment which they create is sustainable and dignified and is not vulnerable to cyclical fluctuations in the economy and specifically generates opportunities for those inhabitants of the territory in question as they initially take advantage of local traditional knowledge.

But it is not possible to develop CCI without generating public sectoral policies which guarantee legal regulatory frameworks adapted to the specific characteristics of this type of economy. These must provide incentives and strengthen their social productive organisations and must facilitate the formation and management of the necessary knowledge as well as access to technology and they must promote economic and tax incentives for these types of industries. This must be done while considering the unavoidable need to guarantee access to culture for everybody, the preservation of culture and economic and social inclusion as essential principles. When generating public policies it is necessary to pay careful attention to ensure that they are oriented towards, and protect, small initiatives and companies, and even "informal" sectors, which in many regions constitute the basis of cultural and creative industries, progressively incorporating them into the value chains.

Another fundamental element for developing CCI, considering that cultural production is not developed in an isolated manner, is the articulation both in value chains, which allow a fair distribution of roles and profits, and in networks which allow not only public-private alliances, but also the active participation of civil society and communities.

The aim is to put forward, based on international experience, the idea that developing culture and creative industries not only contributes significantly to economic growth and diversification, to poverty reduction and to employment, but also constitutes a safe and sustainable way to strengthen local identity and a sense of belonging, thus ensuring in a practical and viable manner, both socially and economically, the preservation of the local culture and its promotion both nationally and internationally.

Cultural tourism

Worldwide, tourism is the industry with the fastest and most sustainable growth; it is an important generator of income and jobs for many territories and countries. The World Tourism Organisation (WTO) forecast an annual rate of growth of between 4% and 4.5%, which will amount to approximately 1.6 billion trips in 2020. The assessments of the weight of cultural tourism within the global tourism market vary according to different studies (based on more or less broad definitions of cultural tourism). The WTO calculations set it at 37% of the global market, while more conservative research, which defines cultural tourism more strictly, values it at between 5% and 8% of the total tourism market. At any event, we are talking about tens or hundreds of millions of tourists. Although there is not one single definition of cultural tourism we can, taking the WTO as a reference, put forward that it would cover that tourism which has "basically cultural motivations".

But this stimulating scenario also hides several shadows which must be analysed, even more so focusing on human and local development. On the one hand, the real local economic benefits are often low if compared with the flows generated from tourism, which remain in the hands of large tourism companies. In addition, it may cause local damage and conflicts linked to expropriations, and negative impacts on the heritage and the environment, to name but a few.

For cultural tourism to have a real and positive effect on local development it must be based on a thorough, comprehensive and objective diagnosis of the local context and its priorities. Sometimes, enhancing the value of the heritage and using it for cultural tourism is seen as the magical solution for territories in an economically depressed situation, and this is not always possible. It is not enough simply to have potential heritage to achieve sustainable cultural tourism. Several factors need to be taken into account.

An essential one is its integration into the territory as a whole, in economic terms but also in social terms, another factor to be considered is linked to the real capacities of absorption and demand, as well as territorial competitiveness.

In many local economic development strategies, tourism, and particular cultural tourism, appears as a priority sector or line, in many cases more as an expression of an idea or will than of a thorough analysis of what it involves and its codes, advantages, trends and particular characteristics.

In the evolution of cultural tourism it is important to note that although previously the main motivation for this tourism was related to monuments, museums and other more traditional expressions of heritage, nowadays we can see a trend towards giving greater importance within the cultural tourism product to items such as astronomy, traditional customs and knowledge etc. This is a factor with great potential when considering the promotion of cultural tourism in a local context which perhaps, from a monument point of view, does not possess great value. That is to say, it is the territory as a whole, the combination of its history, local culture and environment which creates the real attraction. Therefore, a suitable comprehensive territorial marketing plan is essential in order to be able to develop cultural tourism.

Considering the ideas put forward in the above paragraph, we can suppose the positive synergy which this type of tourism has with other types, such as events, religious tourism or, even, specific segments of cultural tourism of great importance for LED, such as gastronomy, creative tourism (related to the transmission of knowledge and other local productive processes), the acquisition of traditional handicrafts and others.

The development of cultural tourism requires that the territorial agents expressly consider it in their territorial development and organisation plans, linking the variables related both with tourism and with the local tangible and intangible heritage, as well as integrating this link to the territorial positioning and competitiveness.

In the strategies to integrate cultural tourism into local development, it is important to take into account some criteria which have demonstrated their effectiveness in terms of human development and reducing poverty and inequality, and which may be useful so as not to lose the cultural vision in this process:

- Prioritise support for micro and small enterprises linked to this sector as, in addition to the positive impact on groups which are usually excluded and the contribution to fairer distributions, they can be more easily integrated to existing economic activities in the territory and to the resources which can be mobilised locally. In this regard, it is essential to maintain an approach which favours groups in conditions of vulnerability.

- Training the local population, contributing to a specialisation of local human resources which meets the needs of local tourism, both in the area of tourism and in related cultural services. In addition, general education should be given to the resident population aimed at spreading knowledge about their own heritage and making them more aware about caring for it and conserving it.

- Promoting multiple activities; it is necessary to ensure that developing cultural tourism does not lead to a slump or disappearance of traditional production activities, such as agriculture or fishing. It is essential to foster a complementary approach which promotes economic diversification.

- Finding mechanisms which make it possible to redistribute the resources obtained from cultural tourism into conserving the local heritage.

- Making tourists aware about co-responsibility practices.

- Developing employment policies which give priority to locals and which provide incentives to companies to hire them, also through education and training mechanisms.

- Promoting the participation of all local actors. It is important to have an alliance between the public sector, the private sector, culture professionals, associations and communities.

- Guaranteeing appropriate handling of accessibility to the heritage, both from the point of view of its capacity limits and the actual conditions of accessibility to the heritage.

- Generating creative funding mechanisms for investment aimed at enhancing the heritage and exploiting it in a sustainable manner, including tax incentives.

- formulating and promoting cooperation between the different levels of government (local, regional and national) and between the different sectors involved given the complexity and diversity of authority.

This essential debate around tourism, which in the specific case of cultural tourism has been concentrated on the conflict between culture and economy, finding alternatives for solutions and balance, which allow cultural tourism to be an excellent tool for conserving the heritage, and on occasions the only tool. Cultural tourism will be positive to the extent that it recognises and fully assumes the local reality and culture, with the ultimate aim of human development.

The significance of heritage in the proposals for using culture as a driver of local economic development

The concept of heritage has progressively widened and multiplied, and key significance is given with this concept to the territory as a meeting point between heritage and human beings. Heritage is undoubtedly an extremely important and fragile cultural, social and economic resource. Therefore, any local economic development process which aims to use culture as an engine to drive it necessarily requires suitable planning on the basis of an interdisciplinary and comprehensive approach.

Heritage increasingly occupies a significant role in LED policies and strategies. This does not happen by chance, but is due to the fact that enhancing the value of heritage involves solid synergies and the creation of links with different economic sectors (Construction/ restaurants, cultural tourism, transport, gastronomy, handcrafts, traditional crafts) favouring multiplying effect in terms of employment (often local employment) and economic activity.

There is currently a consensus in considering heritage as a local development factor. However, within this consensus there are opposing positions between those who adopt an extreme position in favour of conservation and, at the other extreme, those who defend its market use. Neither of the two extremes hold the social-economic-cultural viability which heritage requires in

order to survive and develop dynamically, and that which the inhabitants of a territory need in order to face the challenges of development and inequality in their own way and adapted to their models and expectations.

International experience has shown that the specific characteristics of the enhancement of the value of their heritage for its use as a driver for local economic development require public intervention (both local and national) as a market logic alone would not function suitably and, therefore, state intervention is required. These characteristics are that a large part of heritage assets are public or semi-public, at least in their enjoyment, the "singularity" of the heritage which leads to monopolies, the social significance of the heritage and its enjoyment, the risks of market openings and speculation, to name but a few.

When analysing the different options which can be taken to use culture as a fundamental factor of local economic development - cultural and creative industries, cultural tourism etc - we should not only be concerned about generating jobs, income. It is even not only about its potential to reduce poverty and inequality but also the unavoidable need for the development projects to respect and to be based on the local culture and for this to form the core of the strategy and development vision. It is not culture which must be adapted to development demands - which are often imported or created artificially - but the development model which must be adapted to the local culture.

4. Role of the LEDA in the relationship between culture and local economic development

As has been addressed in the previous sections, the relationship between culture and local economic development is revealed both in the inclusion of culture as a key resource for local development strategies and processes and in considering this dimension in development plans, strategies, policies and actions. The LEDA and the actors which comprise them have a role at both levels.

It is essential to start by considering that the functioning and integration model of the LEDA must respond to local culture and to cultural diversity. The agency model which is promoted often conditions the development model, which does not respond to local customs and traditions.

Starting from this model of an LEDA which are adapted to and express the local culture, the agency must promote the incorporation of the cultural and intercultural dimension in the development plans and strategies, as well as in the services which the agency offers to actors in the territory. Some of the services commonly provided by LEDA in which the cultural dimension must be considered in their design and operation are as follows: territorial diagnoses of the potential for local economic development, the promotion of an entrepreneur culture and a favourable climate for said culture, as well as performance of territorial marketing in which the cultural dimension plays a leading role.

LEDA also have an important role with regard to the use of culture as a driver of local economic development, whether in prioritising projects linked to cultural and creative industries, recovering crafts and traditions and/or cultural tourism, and in mobilising the funding for these projects. They also play a role in managing the education and training necessary to take advantage of the cultural heritage based on the local economic development and in promoting undertakings based on culture. The LEDA may also implement public awareness processes for the local population about the importance of valuing the heritage and cultural dissemination (events, festivals) which are linked to the promotion and positioning of the territory. They may also have an important

role in facilitating the exchange of experiences and developing synergies and alliances between territories which have prioritised cultural and creative industries. For example, this may specifically help in the development of joint projects for multi-destination cultural tourism.

A central role which LEDA may play is that of facilitating the participation and leadership which public authorities must exercise in order to achieve effective and comprehensive inclusion of the culture in development strategies. In this case it is important to point out the potential of agencies as spaces to promote the multilevel formulation and governance and public-private alliances, without which it would not be possible to tackle a local development process in a sustainable and operational manner.

If we accept that human development is effectively the final aim of local economic development, then LEDA, as instruments of mechanisms which provide integral services for this process, will incorporate culture in local development practices.

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THE SOCIAL AND SOLIDARITY ECONOMY IN THE DEVELOPMENT OF TERRITORIES, COMMUNITIES AND PEOPLE: THE WEALTH OF COMPLEXITY

Juan de Dios García Serrano y José María López Serrano

In every continent, we are witnessing the social construction of a complex and dynamic reality, the process of establishing the Social and Solidarity Economy, of "another economy", which is not the simple sum of realities but a creative and multiplying mixture of agents and people with different identities, experiences, projects, paths, models and methodologies which do not always converge, which collaborate with each other and sometimes contradict each other.

The Social and Solidarity Economy, as included in this document[1] open for debate, may be a social and economic response to the needs of territories, communities and people which is effective in this complex world context. We have tried to respond to some questions linked to the multi-dimensional nature of this reality, its appropriateness in the context of Local Human Development and its role as an active agent of transformation. Similarly, we have noted some possible strategies and actions which we believe are of interest for generating sustainable and innovative processes.

1. The new power relations in the territory.

Globalisation, in its current process of development, has meant a profound transformation in the configuration and relationship between the central power and the local power. These changes are manifested in the territories, socially constructed, in the convergence of social actors who find themselves in a given geographical space and try to identify and resolve their common problems there.

This social construction is based both on generic and specific resources (social, cultural or environmental), but the latter, according to Pecqueur, are those which generate territorial identity. The coming together of the natural and human heritage from these specific resources leads to an innovative and differentiated development dynamic.

Inside the territory, the direct and indirect impacts of globalisation are materialised in the role of large companies, which tend to replace traditional local structures, remaking the division of labour, as "dominance of the space belongs to those who have the capacity to choose. Large companies have the capacity to be able to choose between different spaces, different agents, different groups, different subcontractors" (Pecqueur, 1987). Large companies even have the possibility to disinvest locally and transfer their investment away from the local area, destroying balances which are established and often fundamental for social integration and cohesion.

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1 This document has been shared with other experts in the area. We offer special thanks for the interesting contributions and corrections of the text made by Dr. Alfonso C. Morales Gutiérrez.

On the contrary, **the companies which result from the social construction of a territory using its specific resources do not transfer outside the local area because they are an integral part of the territory and it is there that they find their identity**. It is in this space where we find the set of entities which make up the social and solidarity economy, a meeting point of entities with territorial identity but which *is based on human values and principles of solidarity, which encourage the recognition of the other person as a basis of human actions and the core for renovating politics, the economy and society (…) It includes*[2] *the set of activities and organisations of a community, associative, cooperative, mutual nature and other collective forms created to meet the needs of employment and well-being of peoples, as well as citizen movements aimed at democratising and transforming the economy*"

2. Inclusive, multi-faceted and transforming agent

The Social and Solidarity economy therefore corresponds with that set of socio-economic realities which have found their identity in the territory, which have been valued above all in the last quarter of the 20th century, and which are not limited to facing the contemporary social question from a single dimension of income or the access to goods, but which involve widening the viewpoint, a commitment to a deep transformation, both material and symbolic, in the economic system and in political systems, breaking with the postulated separation between economics and politics.

There is not one predetermined social subject, but a plurality of subjects which aim to construct a substantive economy oriented towards the reproduction and development of the life of all people and their environment, an inclusive economy, not only of and for the poorest people, but of and for all citizens of all communities. It is a search for economic realities and practices not exclusively or centrally based on the capital market mechanism, but which aspire to resolve the problems of daily life. And it aims to do so using a multi-dimensional approach (economic, social, political, ideological, technological, community, organisation, affective, legal, communicational etc), from recognition of its reality defined by the complexity of human beings. In contrast to a supposedly objective economic rationality, it opts for a reproductive rationality of life[3] (Franz Hinkelammert). From this perspective, the economy is just one more aspect of life, it forms part of the social action. Without the reproduction of life it is impossible to enjoy any freedom, and we know that the life of every person is life in society.

The Social and Solidarity Economy is dynamic and has organisations and networks of organisations which have been weaved together to improve the probabilities of survival and to respond to the changing needs of popular initiatives (initially consumption, housing, employment, funding…). As the needs expand, the responses expand, diversify, become more complex,

3 A rationality which is committed to life in all its dimensions, emphasising the analysis of the resources which are current civilisation uses to reach certain objectives. "Global threats (exclusion of the population, some version of social relations, destruction of the environment) are the scream (…) which screams for the absence of reproductive rationality and."

2 Document Lima +10

with new figures and approaches arising. Traditionally they have been identified with the deep-rooted diverse co-operative movement, the impact and relevance of which we can see in the following figures:

- The 300 most important cooperatives in the world produced $1 trillion, similar to the Canadian economy.

- In 1994 the UN estimated that the daily sustenance of over 3 billion people (half the world's population, was ensured or facilitated by cooperative companies.

- In the mapping of the Solidarity Economy carried out in 2007 in Brazil (limited geographically) over 22,000 living experiences were detected in the country.

- Cooperatives generate 100 million jobs in the world. This represents 20% more than all the large multinationals added together.

- In Spain there are 34,490 Social Economy companies, 18,157 cooperatives and 16,333 Labour companies. Andalusia is ranked first nationally (fourth quarter 2010) with 8456 Social Economy companies, accounting for 24.52% of the Spanish total.

- In Argentina there are over 18,000 cooperatives with the total of over 9 million people.

- In Canada one out of every three people belongs to a cooperative. Only the Desjardins in Quebec brings together more than 5 million members.

- In Colombia and Costa Rica 10% of the population form part of cooperatives. In United States the figure reaches 25% of the population.

- In India they exceed 240 million people

- In Japan one in every three families is a member of a cooperative.

- In Brazil cooperatives produce 72% of the wheat, 43% of Soybeans, 39% of the milk, 38% of the Cotton, 21% of the coffee and 16% of the country and its exports are greater than $1.3 billion.

- In Bolivia one single savings and credit cooperative handles around one quarter of national savings.

- In Colombia health cooperatives attend 25% of the population

- In Kenyan one out of every five people is a member of the cooperative

- In the United States there are over 30 cooperatives with annual billing of over $1 billion. In addition, 30% of the national agricultural production is marketed through over 3400 cooperatives active throughout the country.

- In Japan 91% of the people who produce in the farming sector are members of cooperatives which together annually invoice more than $90 billion.

- In Kenyan cooperatives have a share of 45% of the country's GDP and manage 31% of national deposits and savings. In addition, they produce 70% of the coffee, 76% of dairy products and 95% of cotton.

- In Kuwait consumer cooperatives handle 80% of the country's retail trade.

- In Norway one out of every three inhabitants belongs to a cooperative.

- In United Kingdom the largest independent travel agency is a cooperative.

- In Uruguay cooperatives produce 90% of the milk and its derivatives, 34% of the honey and 60% of the national wheat.

- Cooperatives employ over 100 million people throughout the world, 20% more than multinational companies.

- Only in Europe cooperative banks employ over 700,000 people.

- In Canada cooperatives employ over 160,000 people.

- In Colombia a health cooperative is the second company in the national ranking of job creation.

- In France 21,000 cooperatives employ over 700,000.

- In Uruguay cooperatives directly or indirectly employ 40,000 people, almost 3% of the economically active population.

- At the end of 2007 it was verified that throughout the world over 49,000 savings and credit cooperatives serve over 177 million people.

However, it has been expanding due to the major proliferation of other less institutionalised and informal figures, such as joint purchase and/or marketing, fair trade networks, family undertakings, mutual help, groups of solidarity credit, Solidarity finance, ethical banking, barter markets or markets with the local social currency, networks of caretaker mothers, of school help, of building infrastructure for local consumption and production, networks of popular education, global network of free software, groups of self-building of habitat, institutions of budgets and participative management of public resources, of performance of rights[4], processes of recovering resources from capital companies or the state[5] and every collective movement or action which aims to transform the economy with values and sense, which as Polanyi proposes are microsocial initiatives to perform "sustenance of the person".

Similarly, they are initiatives which contribute to a metamorphosis, in terms of Edgar Morin, which is already in progress, "*These initiatives do not know each other, no administration lists them, no party knows about them. But they are the breeding ground of the future. The idea to recognise them, take a census of them, to compare them, to catalogue them and to join them together in a plurality of reforming paths. It is these multiple routes which, on developing together, will join together to form the new routes which could lead us towards the still invisible and inconceivable metamorphosis".*

Consequently, "*The social and solidarity economy is therefore a way of making economy, organising the production, distribution, circulation and consumption of goods and services in an associative and cooperative manner not based on private profit but on solving needs, searching for conditions of high quality of life for everybody who participates in it, their relatives and communities, in collaboration with other communities so as to solve material needs at the same time as establishing social, fraternal and solidarity bonds, assuming the handling of natural resources with responsibility and respect for future generations, consolidating harmonious and long-lasting social links between communities without the exploitation of labour*" (Corragio).

At any event, and following the definition of the Scientific Committee of the CIRIEC-Spain (1990), the Social Economy is understood to mean a "*group of private companies acting in the market with the aim of producing goods and providing services, insurance and finance, where profit distribution and decision-making are not directly linked to the capital contributed by each member, each of whom has one vote. The social economy also includes not-for-profit institutions that are non-market producers, not controlled by any general government, that produce not-for-sale services for specific groups of households and their principal resources come from voluntary contributions by the households as consumers, payments from general government and income from property.*"

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4 Right to the land-and in some cases much more than that: to the territory-, to water, to education, to housing, to a healthy habitat, to the city, to energy, to health, to social security and protection etc.

5 Factory equipment, general companies, land, buildings, houses etc.

3. The transforming action of the social and solidarity economy in the territory

In many of the existing macroeconomic analyses, and even more so in the imagination of experts (analysis and politics) in the countries and territories, a simplistic vision prevails when identifying the drivers of economic development. This neoclassical-Keynesian approach states that there are only two institutional sectors for wealth creation: the private sector (which is identified with the capitalist sector) and the public sector. The former is supposed to have advantages in the efficient production of goods and services although it is recognised that it has a series of deficiencies, known as market failures, and the second sector is able to solve this through economic policy.

But stubborn reality suggests a wider, less simplistic and Cartesian and more encompassing approach where the **Social and Solidarity Economy can be introduced as a third mixed element which in many cases has become a key element for development in the economic system of countries and extensive regions in the world**. Accordingly, Chaves and Monzón say that: "cooperatives or mutual societies have occupied a significant space in the economic system improving its workings by relieving tensions and problems and generating new opportunities for society, at the same time as this third sector, as the bearer of certain values which put people and social aspects first in front of the market and capital, has arisen as a key vector aimed at providing another development model and style of life for humanity".

Studies (e.g. CEPAL for Latin America) about advances in the scope of the Millennium Goals suggest a panorama which we can classify as discouraging and worrying. We could draw at least two major conclusions.

The first underlines that "*the results of the efforts to reduce poverty carried out recently (in the case of Latin America and the Caribbean) have been discouraging, to a large extent because it has not been possible to control the high levels of inequality. In a few cases in which the countries have managed to reduce inequality, major benefits have been achieved in terms of reducing poverty*".

The second indicates that "*there is no evidence economically that growth and the reduction in inequality are substituted. On the contrary, in general everything indicates that high levels of inequality in regions act as an obstacle to achieving more dynamic growth*".

Therefore, all the efforts to reduce poverty which have been carried out are necessarily linked to more equitable formulas for generating wealth and distribution and of enjoyment. In this regard, **the companies and entities of the Social and Solidarity Economy have historically demonstrated their capacity and potential for harmonious and sustainable development of countries, regions, communities and people.**

The potential to generate added social value in this area is large and is materialised in a clearly multi-dimensional and qualitative fifth of manner. For this reason, it is not always easy to perceive and quantify. In this regard, we can state that these entities[6] allow:

- *A fairer distribution of income and wealth*: due to the rules of distributing profits and dividing income.

- *Significant contribution to endogenous economic development of territories* as:

  - They have a greater tendency to reinvest profits in the same territory which generates them, promoting processes of accumulation locally,

  - They have a greater capacity to mobilise existing resources locally, both tangible and intangible (local knowledge, networks, social capital, trust, prestige etc),

  - They have an intense capacity to create and extend entrepreneurial culture and business networks both economically and socially (see social entrepreneurs),

  - More capacity to link the generation and/or extension of economic activity to local needs (e.g. services of proximity to the community, social services, cultural services etc) and/or with the local productive network,

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6 To a greater or lesser extent based on the characteristics of each reality within the wide range of the Social and Solidarity Economy

- Proven capacity to maintain economic activities with the risk of disappearance due to lack of profitability (e.g. handcrafts) or because of strong competition (traditional industries),

- Capacity to generate social capital as defined by Putnam as an essential institutional cement for promoting solid economic development.

- *Contribution to facilitating greater autonomy of the territories in the context of decentralisation and modernisation of states*: the control and decision method of these entities (in most cases), based on the principle of democracy and participation, tend to place the reins of the economic process in the civil society of the territory (as opposed to the unlawful holders of capital as is the case of the capitalist sector). This area is a key element in establishing development philosophies and policies in the territories which make it possible to start socially responsible territory processes.

- *Correction of imbalances in the job market*: the systemic function of the entities (especially work and multi-active cooperatives) which enjoy a greater level of recognition and visibility in the eyes of public powers and social agents in different countries is probably that of regulating problems of employment and improving working conditions, guaranteeing better quality employment.

- *Generating an offer of social welfare services*: The entities in this area, in comparison to the capitalist sector, present comparative advantages of efficiency in assigning and producing important groups of services directly linked to Society's needs. Greater symmetry is generated between supplier and demander as in general terms there is greater syntony of interest between the public supply of these goods and services and the social and community philosophy of the entities which provide it with a sense of public service (see social services, water, electricity, transport, education, socio-sanitary services).

- *Generation and leadership of social innovation processes*: thanks to its role as "pivotal" agent between the public and social needs and the productive sector providing goods and services. The Social and Solidarity Economy can and must play a central role as a strategic hub in public-private networks of innovation linked to local development processes.

Within this area, the entities and initiatives of the Solidarity Economy (specifically) are demonstrating much more creative dynamism when incorporating themes and undertakings which widen the interests of the Social Economy as an economic discipline and catalyst of social change. This boost is translated into interesting contributions of social innovation at the service of the well-being and quality of life of people and communities, at the service of the reproduction of life. Accordingly, for example[7], we can indicate some debates of interest on:

- Solidarity Economy and Gender: the contribution of the Feminist Economy and its analysis of the patriarchy when defining the field of economics.

- The debate and analysis on exchange systems based on bartering or local currency systems (LCS).

- The attempts to incorporate aspects which go beyond productive processes, such as studies about the configuration and promotion of solidarity value chains and on the role which Solidarity companies may play in extending the impact of the Solidarity Economy.

- Incorporation of the sphere of distribution through Fair Trade and the articulation of social markets.

- The growing importance given to the reflections and experiences of Responsible Consumption.

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7 S theome of them indicated in *¿De qué hablamos cuando hablamos de Economía Social y Solidaria? Concepto y nociones afines* (what we talking about when we speak of Social and Solidarity Economy? Concept of similar notions) Juan Carlos Pérez de Mendiguren; Enekoitz Etxezarreta Etxarri y Luis Guridi Aldanondo.

- The extension of the financial aspect of the Social Economy towards the field of solidarity finance and ethical banking.

- The debate and the proposals of the current thought which supports de-growth and its applicability not only on a macroeconomic level, but on a mesoeconomic level and a microeconomic level.

- *Greater economic stabilisation*: the initiatives contribute towards achieving sustained and balanced economic development, which is compatible with the economic security of companies and jobs.

As indicated by Weitzman, the participation economy, which includes companies owned by workers, alters the incentives for closing the company and for making redundancies in a context of crisis or a recession cycle.

- Promotion of sustainable development: in this field, co-operativism and the associative fabric in particular, because of the values which guide them, because of their democratic and fairer practice and their educational capacity, constitute a key vector.

As we have indicated, its properties mean that the Social and Solidarity Economy may play a key role within a planning policy aimed at democratising and increasing the effectiveness of the state, especially in the framework of certain policies, such as social, environmental, cultural, agricultural and economic development policies. Specifically, this area is mutually helpful in:

- *More and better democracy*. As a result of its functioning and daily decision logic, it constitutes an effective mechanism for deepening and energising democracy. The rules lie in democracy (democratic principle of one voice = one vote in cooperatives) and in empowerment in the Canadian sense, based on defending the interests of the weakest members of society (case of numerous proposals of local cooperatives and entities of mutual help). It is truly a practical school in exercising democracy and political life, which generates an experience of participation and co-responsibility in citizens in economic activities which are not strictly private, which extends into a culture of participation which enriches debate and critique and creates public opinion and increases cohesion.

- *Collaboration in the design and implementation of policies increasing state effectiveness*:

  - Due to its *greater proximity* and resulting knowledge of the social problems and needs and possible solutions.

  - Due to its *greater sensitivity towards the interests and needs of societies*, the entities are capable of detecting new social demands faster as well as devising satisfactory immediate responses.

  - Due to its private nature and social sensitivity, it may *increase the radius of public action* where, for different reasons, this may be limited.

  - Due to its capacity *to promote the involvement and co-responsibility of society*, it may increase the impact and efficiency of economic policy measures, as well as opening new possibilities for implementing effective policies to reactivate demand in open economies, especially when done locally and with proximity services at the core.

- *Ensuring the state that public funds* targeted towards different policies, and in particular social policies, are not deviated and appropriated by private interests.

This contribution of added social value[8] has become clear and has been analysed over the last two decades by numerous scientific studies and official reports. These studies have not only compared the capacity which this area has for generating new opportunities for society, to regulate significant social and economic imbalances and to contribute towards achieving multiple objectives of general interest, but they have also recognised this area as a bearer of a style of development which puts people first. That contribution, which is not always well recognised, contrasts with that of the Traditional Profit-Making Private Sector, the Institutional Sector which, although economically efficient, generates what economists call market failures, including negative externalities, growing inequality in income distribution, regional imbalances and imbalances in job and service markets, especially in social welfare services.

There are sufficient sound reasons to justify the deployment of policies which support and promote the Social and Solidarity Economy in countries and territories. Its basis has to be rigorous and robust with the aim of undermining any criticisms which may accuse these policies are being inappropriate as they distort competition in the context of free-market economies. Accordingly, as Chaves indicates (2009), there are numerous countries[9] which include in their constitutions a recognition of the specific nature of the entities of the Social and Solidarity Economy and the need to promote these types of economic organisation. Similarly, there are significant cases in which the state is beginning to implement models and mechanisms recognising the role which this area has in generating new public policies for development and wealth generation in countries.[10]

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8 The areas with most recognition high employment, social cohesion, the supply of public and community services, generating the social and economic fabric, developing democracy, social innovation and local development.

9 These other cases of the constitutions of Spain (Art. 129.2), Portugal and (Art. 80 and 85), Italy (Art. 45) and Greece (Art. 12.5) in Europe. There are many constitutions in Latin American countries which include similar rules (Bolivia, Ecuador, Venezuela, etc.).

10 As is the case of the National Plan for Good Living of Ecuador or the promotion of the caps Solidarity Economy being carried out in Brazil since the creation of the National Secretary at for the Solidarity Economy (SENAES) as part of the Ministry of Work and Employment, among many other examples throughout the world.

4. Different cultures, diverse approaches and contradictions

We could think that the Social and Solidarity Economy is a simple sum of approaches and experiences, of integrations, of mergers, of absorptions, in short a historic evolution which has taken us from the classical mutual co-operativism of the Rochdale Pioneers to new and innovative formulas of social companies etc including a wide range that some authors recognised as "new social economy". We believe that we are not exactly experiencing a simple additive evolution, but an accelerated process of increased complexity, and therefore of the appearance and disappearance of formulas, of simultaneous acceptance and rejection of proposals, of multi-dimensional approaches which must contradict and reinforce each other at the same time. In fact, this complex reality finds more or less fortunate places in different countries and with the different names (Social, Solidarity, Alternative, Popular, Democratic, Community etc), but we must recognise that there are different visions, even contradictions (and not small ones in some cases). We can specify these differences as follows:

1. *On the role of the market*. Many experiences accept the institutionalisation of the market without questioning it although they do recognise the social dimension of its identity (hardly perceptible in cases such as the large cooperatives or market companies of the Social Economy) which are more in accordance with the vision of compensating market failures. On the other extreme, certain entities question the market itself, its nature and its value as a regulator of the responses to the needs of people, proposing replacing *homo economicus* with *homo reciprocans* (entities of Solidarity Economy, Alternative etc).

2. *Values and culture*: there are and will be those who see the culture of artificial individualism of our societies as the problem, and community as a true human essence, while others, respecting ancestral communities, want to complete the modern project of achieving individual freedom, affirming not only negative freedom but also positive freedom, that which enables and strengthens by means of a democracy of free associations.

3. *Science and technology*: some accepting and seeing the mechanism for preparation and control of science and technology to convert it into an essential and appropriate resource for generating wealth, others subordinating it to wisdom and prudence, to tacit and popular knowledge. Although they do not reject it fully and in a greater or lesser extent use hegemonic knowledge of scientific knowledge, at the same time it gives great importance to the "participative construction of knowledge", without the existence of the dominant knowledge, but "knowledges", an approach promoted by the current known as participative research-action.

4. *The role of work*: some perceiving it as an obligation imposed by capital, isolated from life, on the other extreme those who assume autonomous human work as a necessary continuation of the work of nature, as way of personal and community actualisation, as a part of life.

5. *Role of the state*: on one extreme rejecting it or minimising it through the role of civil society (e.g. role of certain NGOs), others showing commitment to a democratic, participative state as an essential and allied institution in building a new society.

6. *Institutionalisation,* on one extreme there are those that have built a strong institutionalisation, an environment for processes of vertical integration and cooperation, centred on power and legitimisation as essential variables of social transformation (case of the European Social Economy) and on the other extreme those who have opted for a reticular articulation (based on networks) with or without central decision hubs, understanding that social transformations are more complex and require processes beyond those corresponding to institutional power and legitimation (international networks of Fair Trade, Solidarity Economy, Alternative Economy etc).

7. *Very different epistemologies*, the views with which they build their proposals go from classic approaches (socialism, unions, cooperativism, mutualism, associationism…) to new approaches linked to gender, original peoples, environment etc.

Without wanting to simplify the different approaches with enhancing nuances, we can state that the existing experiences are fed from two essential sources:

  a) The European approach, linked to the Social Economy (very institutionalised and with significant business muscle) and would form what some authors (Jean Luis Laville) call the "New Social Economy".

  b) The Latin American approach, arising in the 1980s, was a critical and transforming orientation and strong presence in revindicating international networks. As indicated by Guerra, beyond schools and authors, what characterises this Latin American approach is "*the especially critical reading which they make of contemporary economic structures, and the rescue of self-management and associationism in the working classes. (…) Clearly, those who defend it place this current and its experiences as counter-references to neoliberalism and even capitalism*".

Therefore, there is no homogenisation and no single thought. The Social and Solidarity Economy (in the same way as Local Human Development) is a proposal which requires an open debate, without borders, needing a model and method for addressing complexity in line with the multi-dimensional condition of human beings and therefore the social area. But this non-dogmatic vision does not imply relativism or a lack of scientific rigour with respect to considering an initiative of Social and Solidarity Economy. It is not a question of comparing it to social business marketing or the initiatives of Corporate Social Responsibility. The objectives and purposes need to be taken into account. It is also not a response to diverse interests of privatising public responsibility of the state nor does it preach a whittling down of the state as the responsible agency for public affairs. What is clear is its inspiration to transform the model for generating value and the relations produced in the area of economics and to consider the market as an instrument which is not exclusive or unique in responding to the needs for well-being and quality of life of people, communities and territories.

Therefore, and assuming a critical attitude, we can state that there is an accepted international consensus about the borders between what may be an initiative of Social and Solidarity Economy, of what it never is. This does not mean that there is relativism, but that it is the fruit of the moment of creative debate in which we are currently immersed. This probably leads to the confusion which arises when addressing this theme, using different terms as synonyms, when in fact they represent different realities. It is legitimate to wonder if all cooperative initiatives (beyond the fact that the figure is clearly accepted as an agent in this area) are of the Social and Solidarity Economy, even whether all the figures which are considered Social Economy are also Social and Solidarity Economy. We believe that we are not necessarily in a field which is identified with legal concepts, organisational forms which are defined per se as Social and Solidarity Economy, but that in their practice based on certain approaches and values we can define them or redefine them as such. Undoubtedly, this makes the debate even more complex and it is not the purpose of this paper to enter into these issues which need to be discussed in more specific papers.

5. Local proximity development and the social and solidarity economy

However, beyond the diversity of approaches, the Social and Solidarity Economy rooted in the territory due to its essence connects with the four dimensions of the concept of local proximity development (Lang, 2004): Cognitive, Symbolic, Interactive and Democratic.

The **cognitive** dimension of local proximity development refers to the shared knowledge on history and the different facets of the common public space. This knowledge makes it possible to use cognitive shortcuts which facilitate communication between agents, bringing them closer together, and in some cases even allowing a tacit connivance to be established between.

The **symbolic** dimension of local proximity relations points towards the experience of being part of a locality in which people share specific economic, social, cultural and political practices. In some situations, symbolic sharing can be developed from elements of ethnic-linguistic identity, as in the case of local dialects, words or accents which constitute other elements which strongly promote solidarity bonds.

The **interactive** dimension of local proximity development refers to the nature of the life in local communities (towns, small cities and neighbourhoods in urban centres) which, as the result of going to the same places over time, leads to a high number of face-to-face interactions and interpersonal communications and even, in some cases, leading on to phenomena which Emile Durkheim (1893) designated as "mechanical solidarity", which is impossible to obtain in anonymous cities.

The fourth dimension of local proximity development refers to the **democratic potential** inherent among local economic agents due to their easy access to structures of local participation. In a democratic environment, the closer spatial dimension of the local public encourages more intense participative citizenship.

Taken together, these four dimensions make it possible to give a wider perspective to the concept of local proximity development, allowing a holistic approach at different levels, inter alia, economic, social, cultural and political. Accordingly, an approach to local development in the territory on the basis of a policy of local proximity development will always have to consider the interaction of several structural characteristics of the territory, highlighting the socio-economic, sociocultural and sociopolitical aspects.

The success of local development policies depends on the levels of cooperation obtained among different agents which are called to intervene in the development process within the framework of the collective movement which that process requires. It is here, in this process, that the encounter between local development and the economy of proximity necessarily takes place, which brings together the conditions for mobilising and creating bonds i.e. between local development and the Social and Solidarity Economy.

6. A networked convergent development in the territory: social economy and local development agencies

At any event, *a local development based on a social construction of the territory requires a network organisation of diverse local agents who base their identity on the territory*. These networks must cover these actors and local institutions ensuring their cooperation and allowing the appearance of leaderships in the difficult field of the dialogue which, in order to specify the development, must be held between the different agents in the market and with the representatives of public powers on a local, regional, national and international level.

Compared with other movements for developing national and/or sectoral public policies which give priority to a classic corporate and institutional view of support and revindications, *we are now in a new paradigm of development based on the concept of networks*. This new paradigm, which covers all the spheres of the public and private, has burst into thee studies of political science and in the most important development proposals of recent years. Petrizzo Páez, in his research on Policy Networks, points towards the study of the links between public and private actors of a corporate nature which take part in developing policies. From this logic, any proposal must be understood from the position and management of the connections and relations which may be established and made operational.

However, in general *there is a weakness of relations with key agents of the network in territories and so a challenge of the Social and Solidarity Economy is to develop more and better relations*. There are endless agents with which the relations are scarce-inexistent or not of the quality or type necessary to make the necessary resources circulate through them, whether with agents of knowledge, with intermediary organisations, with political actors (parties, lobby associations, unions etc), opinion creators, non-mobilised or associated citizens etc.

In this new context, we believe that *Local Developing Agencies (like other instruments and tools with similar purposes) and the entities of the Social and Solidarity Economy can and should generate interconnections* *("synopses") which are wider, deeper and more creative so as to collaborate in this priority challenge for the interests of both realities*. This collaboration should not be exclusively focused on specific technical and/or financial support, or on strengthening management and innovation capacities, but it should especially install and strengthen (in some cases) the work with instruments and measures which are cognitive or awareness raising and which make it possible to enhance the value in the territory of the Social and Solidarity Economy both in its instrumental aspects (employment, social cohesion or development) and in its holistic vision (Social and Solidarity Economy as objective in itself because of its essential characteristics).

Therefore, both realities could work in this framework of networks so as to:

1) *Develop and strengthen the network of key actors*: we are immersed in innovative processes of change in which a new paradigm is presented. It is important that the network becomes aware of its existence and that excessive polarisation processes are avoided as this is a problem not only of conceptualisation but also perhaps, above all, of raising awareness. For this reason, the specific actions to be undertaken by everybody should be aimed at increasing the capacities of key agents (Local Development Agencies, Confederation or similar bodies, network of researchers), but also to actions to raise awareness and offer opportunities for encounters.

2) *Strengthen the character of the development process* more than focusing only on results. This will make it necessary to take care of the routes for dialogue for all parties involved and to assume responsible leaderships, strengthening the capacities of coordination of the network and the consensual preparation of the agenda and strategic planning, respecting the times of each part.

3) *Establish, protect and strengthen bonds (weak) with other key actors (banks, multilateral actors, other non-specific public services for the Social and Solidarity Economy etc)*. The network must be open and must boost the existence of weak bonds with which to achieve resources which are not traditionally found in closed networks. This

must be a conscious work of all the actors. To this end, specific actions must be prepared, such as strategic collaboration plans with multilateral banking, central banks, chambers of commerce or agencies such as the UNDP FAO, etc. This is equally necessary with other agents which have been traditionally unreceptive (mainly financial sector including insurance, but also unions).

4) In this process of change it is essential to *approach the country and territory challenges*. It is necessary to make an effort to visualise the contributions to said challenges and see what each actor may contribute.

5) It is important to develop the *network of networks* which considers the sectoral and territorial aspects.

Given these common territorial interests and in collaboration with the Local Economic Development Agencies, a specific collaborative alliance may be put forward which will *generate and strengthen the development of the Social and Solidarity Economy in the agenda of human development (economic and social) of the territory*. Said agenda may also establish other objectives:

• *Working the cognitive and intangible elements*. Said work must address the principal deficits (appropriate training policies, sensitisation inside and outside the movements of the Social and Solidarity Economy, strengthening research, improving the business climate etc).

• *Strengthening the palette (width and variety) of local, regional and national public policies (technical and cognitive systems for those of demand and supply)*. This palette of policies must be in accordance with some key challenges (greater impact in the productive sector, generation of quality jobs, addressing non-marginal economic sectors, improving the capacity for social innovation etc).

• *Collaborating in territory projects, green roles and mutually strengthening each other* (programme of local-regional partnerships like TSR© de REVES, partnerships with promotion entities in other countries etc).

• *Establishing strategies of presence and development of the Social and Solidarity Economy in sectors with great potential and social economic impact*: culture, health, tourism, responsible/ community, and ecological agriculture, social housing, education etc.

• *Development of clusters and of productive and commercial capacities*: here it is possible to introduce excellence projects, specific socio-economic systems of the Social and Solidarity Economy[11], development of a innovative accompanying systems (internationalisation/ innovation clubs), creation and development of science parks - ANGUS (Canada).

• *Facilitating learning communities in key issues*. The use of this type of community, very much used in environments such as free software, must serve to mobilise resources. The idea is to manage digitally generated contents and communities (relations, social networks) and it will be their interaction that will produce knowledge and new content. These communities may be national, international and/or local.

• *Linking local aspects with state/regional aspects* in order to accompany dynamics which allow favourable context, as well as reducing the obstacles of regulatory frameworks which we do not act to stimulate.

• *Focusing the capacities of social innovation in the territory of all the agents of the network as a central theme for reforms* (releasing the potential of actors). Similarly, social innovation can play a cohesive role in the movement of the Social and Solidarity Economy (as it focuses the attention in "what for" and not in sterile identity speeches).

• *Developing specific plans for key themes*: governability, science and technology innovation (including the capacity for social innovation), leadership, human education etc.

• *Working especially with development, support and strengthening entrepreneurs in the territory*.[12]

11 Such as the "Evolved social District", social franchising and cooperative groups, etc.
12 Adaptation of systems integrators and pre-incubators (following models such as the British Business links or the Fundación Red

- *Strengthening the Economic and Solidarity Economy as a multi-institutional meeting point for territorial development*: by means of forums (focused on the meeting) and fairs (focus on the exhibition) and to be announced periodically with an emphasis on organisations and with low investment: platforms (permanently announced with an emphasis on people on the individual level without the need for territorial implementation and with low investment); parks and centres (firmly established in the territory and with a high level of organisational development and investment in resources).

- *Recognising and detecting the experiences of the Social and Solidarity Economy which are most innovative, on a local scale, but also those which may be transferred quickly to the global scale*.

7. CONCLUSION: CONNECTING, UNDERSTANDING AND COLLABORATING WITH REGARD TO THE TERRITORY.

This reality in the process of metamorphosis, this economy "oriented to life"[13] which we have drawn in this document and as we indicated at the beginning can be an effective social and economic response for a model of Local Human Development. The question which is up in the air is: can it be generalised, can there be a system of Social and Solidarity Economy which is not limited to circles, networks and specific experiences, however significant they may be?

Andalucía Emprende, etc.), university-social economy networks focused on innovation, specific programs for young entrepreneurs (creative and social entrepreneurial projects), projects such as ARUC-ES (CANADA), specific programmes for women and young people etc 13 Of people, communities, societies, planet, caring for the resources which facilitate its reproduction, protection and sustainability. A subjective and intersubjective economy.

In order to reply to this, at any event, it will be necessary to deploy a wide, generous, complex and non-dogmatic vision. Building that economy requires social, ideological and political power. This can be helped by forming a progressive analysis made up of multiple collective, social, cultural, economic and political actors, who, despite their differences and conflicts of interests or conflicts of other types, are supported on the basis of certain basic shared agreements made up of a democratic political community able to define courses of political action ethically aimed at achieving a fairer, more equal, more democratic society where everybody is socially and economically included and methods of joint action take place, whether by means of scheduled or circumstantial convergences within the framework of that shared objective.

In these confluences, in this wide vision of the development of territories, there needs to be a clear synergy between the role of the Local Development Agencies and the Social and Solidarity Economy, not in superficial and circumstantial terms of sharing actions, projects, integrating this area in the portfolio of the LDA, in having instrumental responses (at any event of interest), but in articulating solid alliances within the framework of national and international networks.

To express it more colloquially, both realities must "*connect and understand each other better*" so as to "*collaborate better*". The entities of the Social and Solidarity Economy must strengthen their commitment to enhance the value of their proposal for the suitability for local and community development in collaborative alliance with the Agencies, and the Local Development Agencies themselves must move closer with a wider and deeper vision of the Social and Solidarity Economy.

It is necessary to share an agenda, a shared working process which responds to the questions - what can we do together specifically in the territories to implement experiences which demonstrate the positive aspects of the model? How can we pass from specific enhancing experiences to public development policies, to convert them into experiences of a different development model? Undoubtedly, the responses, some initially suggested in this document, will require time and a great deal of creativity.

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NETWORKS AND GOVERNANCE AREAS IN LOCAL ECONOMIC DEVELOPMENT PROCESSES

Ioanna Grotiuz. Specialist in Local Development and Decentralization.

1. Introduction

This paper seeks to contribute certain key elements that are crucial to the debate, both theoretical and practical, on local economic development, in particular those which affect local and multi-level governance as spaces for co-ordinating public and private players in planning and managing territorial development.

The main idea is that local economic development is based on constructive partnerships between a wide variety of players and modalities of participation linked to a multi-scalar approach, and that the construction of governance plays a meaningful role in LED.

It is worth mentioning that the areas of governance are also diverse in terms of issues, integration, operational arrangements. Three basic aspects will be considered when referring to them: integration of public and private efforts, development of common objectives, and contribution to governance and improvement of territorial social capital. They are different types of spaces for co-ordinating different names and formats including local economic development agencies.

While there is an extensive literature dealing with this topic, there is even more practical experience, or rather, various practices from many corners of the globe. This paper focuses on the existing empirical evidence on several systematised, Latin American experiences and other well-known cases in the region and Uruguay to compare methodological and operational difficulties with theoretical development to date.

The paper offers a conceptual approach to the topic, contrasting several theoretical-methodological dilemmas, difficulties and findings from several experiences. It also raises several questions in the hope that answers may be forthcoming during the exchange that will take place during this First World Forum of Local Development Agencies and avenues yet to explore.

2. A conceptual approach

This section seeks to review relevant conceptual references on governance and LED. The selection is not coincidental. It refers particularly to theoretical bases linked to methodological and operational dilemmas faced by many experiences.

Firstly, it is appropriate to mention the general approach of the **local development** covered in this paper, knowing that each local society brings its own contents and specificities to the concept of development. In general, local development is understood as an on-going non-linear process which results in the [1]improvement of economic, social, cultural, environmental, political and institutional conditions within a territory, and aims at enhancing democratic governance, human development and social cohesion and increasing equality amongst all inhabitants in the territory. It depends on factors external and internal to the territory. External factors include a set of individual and collective capabilities and positive (or constructive) ties between people, institutions and organisations.

In a process of globalisation and 'immediatisation' of the causes and effects of global and local phenomena, local development processes do not take place in a vacuum, but are also a challenge to local societies as to how they can insert themselves into the global picture in a competitive way, capitalising on local and regional capacities via the strategies of all actors and stakeholders. (Arocena, 2002, 1995) The concept of **interdependence** is key in a context of globalisation. Its relevance increases as the dealings amongst people increase in an increasingly interconnected world. Interdependence occurs between territories, businesses, governments, institutions and, in short, between people in their daily lives. Since the technology revolution, what is new is not globalisation but the speed at which delocalised or localised actions in one location affect different or geographically distant realities on the other side of the world. The challenge is to strengthen the capacity to prepare, respond and adapt locally to changing contexts.

In a global framework that tends to concentrate wealth and opportunities, local development is set to become a strategy with limited effects for some, in terms of global figures, but have been proven

1 Incomplete because new goals have emerged or new needs have been identified as previous goals are met.

effective in achieving results and impacts in those territories. Furthermore, development scales need not be necessarily at the micro level. There are different arrangements available for local development: local-municipal, local-microregional or -regional, local-metropolitan, local-cross boundary, local-river basin (Gallicchio and Camejo, 2005).

Moreover, while **local economic development (LED)** focuses on the economic dimension of the territory, specialised literature and LED practices recognises the importance of other dimensions to create favourable conditions for LED. The notion that economic development alone leads to development has been abandoned. Decades of macroeconomic policies in Latin America have proven that growth alone does not ensure wealth distribution. Reduction of inequality not only has been unsuccessful, but also has increased. Without questioning the importance of macro policies for development of the countries, there appears to be room for local actions in ensuring sustainable economic development processes at territorial level. That is, there are territories, which as a subject, have shown their capacity to influence their own development conditions beyond structural determinants. For this happen, Arocena (2002, 1999, 1995) underlies the overriding weight of local identity (where it is proactive, it acts as a lever for development). A growing number of social and economic analysts have highlighted the importance of social capital in local economic development processes. Furthermore, the inputs to the local and national agenda for human development and capacity-building by the international agenda have moved to a more systemic vision of local economic development.

There is growing recognition that territorial dimensions are linked in a way which comprehensive development processes require actions at multiple levels: economic-productive, sociocultural, policy-making and institutional, environmental, in scenarios where applied knowledge, human capital and social capital are increasingly appreciated as essential assets (Alburquerque, Costamagna, Ferraro, 2008). These actions need contexts that facilitate local decision-making to define how and in what ways should the surplus generated by the territory be invested. In his analysis of the role of local societies in local development processes, Arocena (2002, 1995) argues that there is a socioeconomic condition

in that the wealth generated in the territory and use made of the surplus are the subject of negotiations (which implies locally generated wealth and a system of negotiating actors), and a cultural condition, i.e. the sense of belonging to a community, which is expressed in terms of collective identity.

Building **territorial competitiveness**, one of the core issues of local economic development, hinges on how well the territory knows, acknowledges and assesses its resources, and generates better dialogues and efficient territorial *marketing.* This requires building and mobilising tangible and intangible territorial factors, but never isolated from other cross-cutting factors. The *systemic competitiveness* approach views competitiveness as "*an outcome of the interaction between the State, businesses, intermediate institutions and the organizational capacity of society*" (Alburquerque, Costamagna, Ferraro, 2008). Esser et al (1996) identifies four levels of analysis in his studies on systemic competitiveness: a "micro" level that drives technological innovation and management of productive activities and local business fabric; a "macro" level that affects the conditions of stability and general regulatory framework; a "meso" level in which innovative territorial environments are generated following the integration of sectoral policies; and, a "meta" level that refers to social animation and strategic consensus amongst local actors. Systemic competitiveness requires co-ordination between these levels to strengthen competitiveness, and this requires that all stakeholders have strong organisational, co-ordination and management skills.

This complex, systemic vision on the relationship between local and global, territorial multidimensionality, concept of interdependence and stakeholders negotiating within and without local societies essentially shaped by countless partnerships of all kinds. **Local economic development processes are supported by a complex system of partnerships in which the notion of local and multilevel governance becomes a critical factor**.

In this paper, **local governance** means a system for managing the interdependence between public and private actors which pool together their resources through collective actions to develop a given territory (De Barbieri et al, 2010). Barreiro (s/f) argues that local governance constitutes a public space in

which the actors are aware of the resources and constraints, and of the need to co-operate to achieve each group's objectives. Therefore, governance depends on **establishing new partnerships** between community development actors. Governance building and strengthening processes feed off one another if a favourable framework for local relations between citizens and institutions is in place. This results in strategic co-ordination and partnership between public and private territorial actors, leading to positive transformations in local society. This involves institutional and relational arrangements, both formal and informal, bearers of new forms of public intervention and management, and skills commensurate with the task.

Interdependence management involves multiple levels of action, inasmuch as the actions of stakeholders that contribute at different scales have an impact on the territory. The political-administrative group is made up of municipal, departmental, provincial or state, regional and national actors, all of whom are bearers of proposals and definitions relating to the territory. A challenge ahead is therefore to include all interests and needs, and leverage the proposals and resources available in governance based on horizontal and vertical co-operation. From this follows the importance of **multilevel governance**, fostering comprehensive local economic development processes based on various scales of intervention, as there are **several optimal scales to tackle different types of issues**. Multilevel governance enables the formulation of convergent and concurrent (local, national and intermediate) policies built on vertical (intergovernmental) and horizontal (interlocal, interregional, cross-border) public-public and public-private partnerships. Multilevel governance areas can articulate diversity to achieve functional convergence of multilevel actions.

Still, as Barreiro (s/f) points out, territorial players "do not coexist in permanent harmony and co-operation"; there are obstacles for the convergence of interests. By way of example, one need only look at what happens when a new investment in a territory entails potential risks for the environment. The players divide quickly to stand in favour or against the investment, with some advocating the creation of new sources of employment, and others advocating the overall quality of life and territorial sustainability. In a governance framework, all of these interests should be taken into account,

without playing down the legitimate concern of different stakeholders, nor underestimating the difficulty of finding solutions that could satisfy all the actors.

Furthermore, there are **different forms of co-operation and partnerships** in the territory. Barreiro (2008) differentiates between, for example, ideological co-operation and pragmatic co-operation. In the former case, there is no specific prior motive for stakeholders to co-operate, while in the latter case, the actors see a need for co-operation and synergy to manage and achieve the desired changes, or, in other words, to better harness their strategy.

It is also possible to differentiate between the co-operation rising from the interest in attaining a collective vision for the desired future of the territory, and the co-operation directed to confront a risk or emergency in the community. While the former is the most valued in the theory and practice of local development, the latter should not be underestimated due to two reasons: firstly, its effectiveness in solving serious and urgent territorial problems (examples abound of spontaneous co-operation not only between institutions, but also of people who do not usually participate in the public life of a neighbourhood or town, but do participate in critical situations, including flooding, droughts, and earthquakes), and secondly, the possibility that these spaces for spontaneous co-operation in critical situations may become more permanent forums for finding far-reaching solutions to territorial problems. In this context, the research by Gallicchio and Camejo (2005) is to be highlighted, which stated that numerous local development processes in Latin America were sparked by situation of this kind. The actors, focused around an immediate need, deepened their partnerships to address common challenges, not to resolve emergencies, but to prevent them or bring about long-term transformations.

However, it also finds that governance is strengthened when governance common far-sighted visions exist in the territory, in part because these help channel local development efforts and produce synergies; in part because participatory processes in territory building usually enable the identification of problems and solutions before they occur; in part because they shed light on problems and potential conflicts that only then can be addressed and resolved; and, in part because they provide venues for breaking with hegemonic or conservative views within local society, allowing voices that are not usually heard to surface and disrupt the established powers to reposition power relations.

The different forms of co-operative relations are presented here solely to link them subsequently to operational issues. Learning to recognise and use them is helpful for local economic development processes. **The various reasons that may drive co-operation should not be regarded *per se* as good or bad, but merely that they exist. They are imbued in all governance areas, as well as in different actors of governance networks. It is necessary to know and assess these reasons in order to support governance areas in such a way that the process will be able to respond to these motivations while moving towards a collective vision of the territory.**

It was clear that local economic development relies on co-operative relations embodied in co-ordinating networks and partnerships within the territory and at international level, and that governance areas make it possible to manage interdependence amongst actors. Nonetheless, the **skills that must be developed** by local actors involved in co-ordinating networks and partnerships come into play. The agents or agencies should have proactive management capabilities, and the ability to anticipate events, mediate and articulate actors, and facilitate processes. Local development agents may be institutions, groups or individuals who, to quote Barreiro, "foster integration (local-global articulation), mediation (leverage, creating conditions for dialogue), and innovation and mobilisation (of local resources)".

The capacity to design and implement local development strategies and reposition the territory depends on many factors. Barreiro includes: *"a) the existence or not of effective leadership (…) that strengthens a solid partnership to foster changes and overcome resistances, b) the existence of institutions and cultural fabric in the territory with internalised social, economic and politic rules that are enforced by the different stakeholders, and c) the capacity to design and implement public policies to tackle the problems"*. **If the point is that these processes call for effective leaderships and clear rules enforced by different stakeholders, then policies will arise as key instruments for local economic development.**

A public policy that encompasses the goals, resources and instruments needed to tackle a priority issue in the government agenda. Local public policies arise from the agenda of the regional government. It consists of a set of issues identified as a priority after discussions and agreements between societal groups public policies, and on which they would act. In a local governance framework, local public agenda and local policies are not dictated solely by the local government, but by the various stakeholders and networks present in the territory. However, the local government plays a key role in defining the agenda and public policies: "*the state still holds a monopoly on revenue collection and the power to make laws, therefore, the power distribution within the networks is asymmetrical*". (Smith, M. J., 2002).

It is important to highlight this aspect as local governments have specific and differentiated roles in the various governance areas involved in the planning and management of territorial development. Governance areas are not only an end in itself (as an expression of participatory democracy); they are also public policy instruments. This raises a dilemma that may be resolved and clear in theory, but not in some practices: How does a Local Development Agency (LDA) and a development area or department of a local or intermediate government complement each other? How fluid will the relations be? What are the contributing and limiting factors in practice? How do you ensure compatibility between public leadership and public-private sector (including mixed agencies) in real life? Many territories have done better than others who have floundered on solving these issues. It would be in the interest of all to disseminate the lessons learnt.

According to Brugué, Gomá et Subirats (2002), the abilities and skills which must be brought into play in local government development strategies include: "*the ability to manage the network of local actors; the ability to improve competitiveness through lifelong learning and on-going innovation; the strengthening of social and territorial cohesion, avoiding social exclusion and segregation within the territory; the ability to harness immaterial resources like social capital or endogenous cultural and environmental resources; and use of territorial marketing tools … or people skills … and lobbying*". These abilities and skills are consistent with findings in specialised literature on skills required by local development agents. Local governments are being increasingly constituted as development agents of their territories, and LDAs, also agents, are gaining space as public policy instruments for LED. However, from a local governance perspective, these public policy instruments are also public policy-making tools. It therefore presents the challenge of interrelations and complementarity between the political-administrative actor and the actors in joint decision-making.

3. Dilemmas and tensions in practice

This section presents some dilemmas and tensions based on systematisation of experiences and empirical observations. While the knowledge on which it is based is limited to a few dozen cases, this section attempts to contribute to the comparison, in-depth discussion and, hopefully, identification of new best practices.

The construction of a shared vision - embodied in agendas, agreements or strategic plans – demands efforts on identifying the potentials and limitations of the territory, and the strengths and weaknesses of its actors, on developing the ability to negotiate and articulate strategies, and on overcoming human rather than economic weaknesses in society. Local development agencies (LDA) can be privileged spaces for building a collective vision and planning territorial development. However, it is also desirable that even broader networks and governance spaces be integrated into them. The role of an LDA includes management of local economic development convergent with comprehensive or sectoral actions by other stakeholders in the territory.

This begs the question: How much of this integration should be attributed to the development agency's internal integration (broad as its partnership may be)? How much should be attributed to its relationship with the many stakeholders operating in the territory? While it may seem obvious that relationships should be managed both internally and externally, a growing trend is discernible, in many cases, to try to solve issues that depend on external mechanisms through internal mechanisms exclusively. (It is also to be noted that the submission of projects to different one-stop shops is a narrow approach to articulation). The LDAs are diverse areas of integration that contribute towards local development through collectively identified lines of action which tend to be comprehensive, though there is a general lack of control of resources needed to implement actions and achieve the desired outcome. In other words, the implementation of what has been prioritised does not depend solely on own resources, but on resources that are often beyond their control.

Logic of resource convergence vs. logic of competition for resources. The management of territorial development often finds itself with a narrow vision of the variety of resources that come into play in development initiatives. Knowledge is not concerned here but rather an initial trend to value economic and financial resources above human, institutional and cultural resources available in a society or to stakeholders to achieve the desired improvements. A stronger recognition of these other resources could help overcome competition between organisations who are partners in various initiatives. Developments in practices show, without doubt, progress towards this end, but sometimes this narrow vision is held out.

Planning tension-sustainability of management (or management areas?). In keeping with the foregoing points, it sometimes appears that the pressure for sustainability of management undermines real articulation. In particular, where it leads to competition for resources between areas that bind together stakeholders and the stakeholders that operating in the territory or others present therein. How to close the gap between what has been planned and what is actually possible? There are sometimes tensions between an LDAs' own projects which request financing from various sources and the search for links with external actors with resources in the territory. To that effect, the profile given by the UNDP-Universitas-ILO (2002) for mixed economic development agency is worth noting: organised structure, local dimension, territorial structure, space for social dialogue and agreement, plans local economic development, provides loans, supports the entire business process, economically sustainable, takes stock of the environment, a tool in the fight against poverty, and interlinked with other similar structures. Some of these features can be exclusive to LDAs, while others are shared with other entities that exist in the territory. Taking into account the possibilities offered by local governance, one might ask if LDAs should necessarily deal with this, or if it is possible to find effective ways of complementing differences between actors. If different complementary actions and actors are recognised in a territory, would it not be desirable to reduce the workload of LDAs and allow others certain activities to be undertaken by others? Would it not make articulation of resources easier to allow faster results?

Our concern here is to **compare the perspective of LDAs as institutions with the perspective of LDAs as local governance areas whose members are part of governance networks**. On the one hand,

Local Development Agencies (LEDA) are "*local institutions where decisions on sustainable economic development proposals and initiatives are made by local actors in an agreed and autonomous manner, while searching at the same time for technical conditions of feasibility and mobility for those resources needed to create production access opportunities for the whole population and particularly the most disadvantaged"* (DELNET-ILO). On the other hand, there may be other local development agents in the territory pursuing the same goals. The challenge of governance is how to bring together and complement actors and actions at the various scales of intervention, types of legitimacy (institutional, political, and social) and logic of action that need not be compatible. Furthermore, as long as there are institutions represented in an LDA, there will be challenges in transferring those who represent these institutions to the institution itself. In general, organisational dynamics do not help to achieve this. Therefore, the LDA should establish a line of work which fosters two-way communication (to and from member institutions) to explore functional convergences.

Recognition of different leaderships. LED and governance draw on a number of conditions and capabilities spread across various actors. However, its construction requires leadership in collective and inclusive decision-making. While local governments and LDAs have a fundamental role to play, other actors also exercise effective leadership in LED (and, of course, some do not foster positive relations). Leadership could be based, inter alia, on awareness of an issue, convening power, public acknowledgement of a personal or institutional career, and/or trust built up over time. While there are different types and forms of leadership in political-institutional, economic-productive or social actors, the former plays a key role. Local governments in particular have an impact on the institutional and regulatory framework which facilitates or constrains co-operation between actors, and hinders or stimulates new investments in the territory. This brings us the issue of capabilities needed for local governments to integrate and lead effectively multi-actor environments. These are not limited to negotiation and articulation, but include generation of enabling frameworks and implementation of actions demonstrating commitment to the collective development strategy.

Furthermore, in many occasions, practice reveals unique leadership skills, through greater visibility or, even, conflicts of 'ownership' of certain issues, which ultimately de-motivate all actors. Conversely, when leaders are recognised and there is complementarity between them, stakeholders' perceive positive dynamics, leading to less friction and faster results (or even visible results). This requires broad-reaching willingness and on-going work, as the universe of actors and leaders must be dynamic.

Coexistence of public-private management and vertical hierarchy structures which continue to provide structure for the state at the territorial level and which corresponds to political-administrative divisions. The relatively new form of network-based governance can blur traditional roles and functions, blending it with those of mixed areas. These roles should be clearly differentiated and legitimised. If it is unclear who does what, it may result in conflicts - which have already occurred. How many times have there been differences of opinion on what is the role of a local development agency as compared to a municipal development office? Clarity and recognition in the roles of governance areas is vital. This may involve lengthy debates, but eventually it helps to have clear ground rules which all actors shall apply.

Inclusive environments. Even though the consensus exists between the authors on local development that local calls for planning strategies on territorial development should be open, broad and inclusive, we find many times that there are restrictions for that to happen. Whether because of local power relations, personal or institutional background, or identity or cultural issues, it is often not easy to build connections. To co-operate or collaborate for a long-term purpose other than the immediate objectives of each stakeholder is a learning process in which one must break away from traditional ways of doing things, and therefore calls for on-going identification of contact or liaison points. This is an on-going work and is non-exclusive of any LDA member but must be part of everyone's strategy.

'Comprehensive' action and sectoral action. Many practices take a comprehensive approach based on a systematic, multidimensional vision of the territory, catalyst of sectoral actions. It is also common to find disjointed sectoral initiatives. In some practices, these are underestimated or regarded as counter-productive

or incongruent with the multidimensional vision of the territory. Rather than be underestimated, efforts should be made to tie up with these initiatives, even where this would entail a lengthy outreach process involving various action logics. In the long run, that effort is rewarded with specific, and perhaps faster, results, which reinforces motivation to keep working towards the territory's development vision.

Time needed to complete these processes. Gallicchio and Winchester (2003) pointed out that time is the most important resource in local development processes. This is difficult to balance with the pressing needs of the inhabitants of the territory or the expectations on LDAs in terms of concrete results. In a global society in which emergencies appear almost infinite and, at the same time, promotes immediate gratification, the need for quick results must be underestimated. This requires one to work at multiple speeds and implement simultaneously high and low impact initiatives.

4. Synthesis

This paper intended to show how local economic development and, in particular, territorial competitiveness are harnessed by systems of relationships within and without the territory. Positive management of these relations is possible in broad and inclusive governance environments. Multiple scales of relations are proposed to enhance endogenous development factors, taking into account different margins of territorial dependence on exogenous factors.

Governance is a required factor, though not sufficient for LED. Both share the challenge of achieving concrete progress in the territory (results, concrete benefits for actors in terms of gratifications for their participation and time devoted to collective environments), in addition to slow progress towards long-term visions. This entails playing out management skills on a daily basis. In addition to the effort needed to agree on shared future visions, managing the present of the territory is a major challenge. Planning and management should be closely linked, but certain skills that are required for managing local economic development are different from certain planning skills, therefore governance areas related to management do not necessarily coincide with those of planning.

While LDAs are, per se, governance environments for planning and management, its success largely depends on its inclusion in large governance networks which recognise multiple leaderships that coexist in the territory. As LED management tools, it is worth recalling that they are simultaneously institutions and a space where institutions with specific interests and objectives beyond those on the common agenda come together, and as such face organizational and networking challenges. If they remain open and permeable to local and supralocal networks it is likely that they will be less involved in direct execution but more effective.

While these issues have been settled in the conceptual and methodological know-how behind many local development strategies, practice highlights the obstacles arising from the human factor, organisational, social and individual behavioural patterns where perhaps further emphasis should be given.

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FIRST WORLD FORUM OF LOCAL DEVELOPMENT AGENCIES LOCAL DEVELOPMENT AND ITS LINKS WITH INCLUSION, COHESION AND EQUITY

Enrique Gallicchio Chief Technical Advisor (CTA), UNDP Uruguay

1. Introduction

This paper presents a conceptual discussion about the concepts of cohesion, equity and social inclusion from the perspective of local development. The main hypothesis of the paper is that the concepts represent interesting and relevant approaches which go beyond traditional programmes and policies for "fighting poverty", given their implications in terms of processes, multidimensionality and multi-level governance. The paper also puts forward that the local development approach is relevant for working towards obtaining specific results in this aspect. Similarly, the paper aims to present some similarities and differences between European and Latin American approaches with regard to these issues, and finishes with some reflections about the role which Territorial Development Agencies may have from the experience of the UNDP's ART-GOLD Programme.

As is clear, these three issues identified - cohesion, equity, inclusion - do not represent the same thing and can often lead to numerous mistakes. This is even more the case when we link them to the perspective of local development and to multi-level governance. They are also issues which have different implications and meanings depending on whether they are taken from the European or Latin American perspective or that of other continents.

An indicator of this situation is the debates in the various Iberoamerican Summits, where Europe prioritised approaches related to social cohesion and Latin America emphasised the perspective of social inclusion, given its diversity and the problems linked to equity and exclusion. In this context, inclusion referred more to the removal of barriers for full participation of groups and people in a society, while cohesion referred more to a convergence of values, experiences and interests based on national or common characters[1].

Another important factor to consider is that which refers not only to the established mechanisms of inclusion and exclusion, social cohesion or equity in society, but also to how these influence and mould the perceptions and conduct of people with a society or community in particular. Even so, the differences of context are important but the interrelations are so clear that it is difficult to separate the two approaches, even more so in a perspective of local development and within a scenario of an economic crisis which affects a large number of countries.

International bodies, important people from politics, academia or research agree in identifying the persistent increase in poverty, inequality and exclusion in the world as being a central problem nowadays. The concern has increased as the reforms in recent decades, economic policies and adjustments carried out have not yielded the expected results. It has not been possible worldwide, and only in a few cases locally, to achieve sustained improvements in the population's quality of life. On the contrary, poverty and exclusion continue and the inequality between countries and inside countries threaten the possibilities of sustainable human development.

This concern was expressed in different International social development summits which culminated in the Millennium Development Summit of 2000, in which 189 states grouped together in the United Nations adopted the so-called Millennium Development Goals (MDG). This resolution should be of no surprise to us. The path of development followed throughout most of the 20th

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1 Bridging the common divide: the importance of both "cohesion" and "inclusion". Marc McDonald and Carsten Quell, Metropolis, Canada, s/f.

century, especially in the most advanced countries, has left us with several lessons: although economic growth is indeed important, it does not alone guarantee that its benefits are divided equally among different populations, technical development has mainly benefited those who already had an advanced foundation of development, natural resources have been seriously affected and the ecological imbalance has increased, an increasing number of the same goods have been produced, which saturates markets and hinders the sale of products, attention to social problems has become subordinate to fulfilling macroeconomic and fiscal goals, wealth has become increasingly concentrated in the hands of few people, access to financial resources remains a barrier for the poorest people, and new quality jobs have not been created and so precarious employment, temporary work and informal work are a daily reality in our societies. Some basic figures are enough to illustrate this problem: according to the World Bank report6 since the start of the 90s poverty fell very slightly in Central America (from 30% to 29%), it rose in the Andean Community (25% to 31%) and fell in the Southern Cone area (24% to 19%), with the exception of sub-Saharan Africa, Latin America is the region with greatest inequality in income in the world: the richest 10% of the population receives 48% of total income, while the poorest 10% only receives 1.6%.

Despite the significant effort in terms of social resources and programmes, poverty and inequality do not lessen at the expected speed. In the case of countries with an armed conflict, the situation becomes even more complex and threatens not only governability and democratic freedoms, but also puts at risk the life of significant sectors of the population which suffer the infringement of their rights and are condemned to forced displacement, generally from the countryside to the cities, widening the rings of poverty in the most important cities and towns.

This brief panorama reiterates the importance of maintaining the fight against poverty and exclusion as the main priority in work programmes, which requires a reflection about the concept of poverty itself, identification of the main barriers to inclusion and the relevance of the policies which have been used to face this situation, bearing in mind gender and ethnic diversity, in order to provide an appropriate response to the characteristics of different population groups, as well as of the territories where they come from and the possibilities offered to them in places where they settle.

The growing importance of local governments represents one of the consequences of one of the most important paradoxes of globalisation. This is where humanity has most opportunities to develop, it is where there is greater possibility for invention, creativity, culture, business opportunities, social protection and security and, at the same time, it is where the greatest inequalities take place.

In analysing the social progress of recent decades, we can find numerous examples which demonstrate that economic efficiency, understood as a positive development of the economy and sustained growth, as well as the correct functioning of markets in scenarios which go beyond the short-term… is not possible without social stability. We can therefore conclude that there CANNOT be economic effectiveness WITHOUT social effectiveness and vice versa.

As been indicated, local development conceived as a development strategy is a useful instrument for working on this theme in the context of multi-level governance. There are three working hypotheses in this framework:

a) Local development is a political strategy for change. We are not speaking about new paradigms or methodology, nor are we talking about a framework for academic analysis. On the contrary, its true potential lies in what we have mentioned above. Therefore, we are speaking about an instrument which is much more sociopolitical than "technical" in the strictest sense.

b) Given the above and the experience in Latin America, it is necessary to give the discussion in the field of debate: territorialisation of policies versus territorial policies. There are two points to be considered: on one hand, their impact on the entire cycle of local public policies (placement on the agenda, design, formulation, implication, evaluation and monitoring) and it is of change and so means sustaining the "sovereignty of the territory" in its strategies.

c) Finally, the field for deepening the generation of territorial policies (the reason why critical strategies exist) is acting in: multi-level governance (national, regional, local), economic development, employment and social capital.

2. The perspective of cohesion and social inclusion

From a sociological perspective, social cohesion has been based on the level of consensus of the members of the social group about the perception of belonging to a common project or situation. As is well-known, this definition lies much more in the sphere of individual group perceptions that in cohesion mechanisms or policies.

Social integration can be understood as the dynamic process caused by multiple factors which allows people to participate in the levels of well-being achieved in a certain country. It seems more relevant from this point of view to use the perspective of social exclusion-inclusion. This way of looking at it, which covers more than poverty or even cohesion, although it does not substitute them, incorporates a clearly multi-dimensional vision and, above all, a dynamic vision in which, during certain moments and in certain dimensions, it is possible to be excluded, but not so in others. Similarly, it offers a perspective which is no longer of top-bottom or of dominant-dominated, but precisely about those who are on the inside or outside based on a variety of dimensions.

Accordingly, whether in one perspective or in others, we are speaking about shortages both in economic terms and in symbolic terms, incorporating elements of political and citizen participation

The categories put forward have a common denominator in that they refer to a break away from conventional and welfare approaches of "fighting poverty" towards others which also envisage diversity and universality. We are therefore speaking about actions and policies which work in economic, social, cultural and identity dimensions. The common denominator of some of the most recent operating definitions is the design of both strategies and programmes which ensure material well-being for all citizens with a framework of "social quality".

In this framework, some recent proposals[2] refer to six basic dimensions of social cohesion: Inclusion, Equality, Legitimacy, Participation, Recognition and Belonging. If the first two dimensions refer to economics, the following two to politics, the remaining two refer to sociocultural aspects.

As indicated above, creating a favourable climate for these policies specifically refers to the aspects indicated above, highlighting the importance of the natural environment and the content of local agendas, within a framework both of territorialisation of policies and of territorial policies.

Various papers identify some key areas for working in terms of cohesion:

I) Local economic development and employment.

II) Access to essential public services.

III) Building and strengthening citizenship.

IV) Territorial cohesion.

Finally, it is also important to highlight the efforts of the ECLAC in terms of placing the discussion in terms of equity, or "gaps to be closed", particularly in the case of Latin America where it promotes "the time for equality".

It is also important to point out clear economic and social differences, the role of the State and results in terms of equity between Europe and Latin America. However, as recently pointed out by Carlos Mesa, the ex-president of Bolivia,[3] crisis and uncertainty are no longer the exclusive heritage of Latin America and some questions are now in Europe and some answers in Latin America.

However, Mesa indicates, Latin America saw the prevalence of the idea of powerful, centralist states which did not manage to generate inclusion, recognition of the excluded other. The path of Latin America has, for example, determined that being indigenous means being poor and so the exclusions are ethnic, social and also gender related. He therefore proposes making the concept of interculturalism more realistic. For example, am I the other or is it the indigenous person? How can we achieve mutual recognition without attempting "inclusions" to other cultures, identities, economic and social models?

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2 *Las políticas locales de cohesión social y territorial en America Latina en un contexto de crisis internacional* (local social cohesion and territorial policies in Latin America in the context of international crisis). Base Document for the URBAL III Program. Victor Godinez, 2010.

3 Carlos Mesa. Inaugural speech of URBSocial. Sitges, October 2010.

In this respect, he indicates that decentralisation in Latin America is not a question of choice, he states that "Latin America cannot be governed without decentralising". But, how can this be done without the central government feeling threatened? He indicates actions which he considers essential for progressing in this direction:

a. Redefining powers. Wealth redistribution systems do not only depend on National States but on States in the widest sense, obviously including Territorial Governments.

b. It is not enough to simply have inclusion policies, but also to have redistribution policies.

c. Changing the transfer model based on a coordinated social investment model between national and territorial governments.

d. Greater autonomy for territorial governments in international relations, without avoiding national responsibilities.

e. Taking into account new challenges such as climate change, migrations or security.

To sum up, combating poverty and the pursuit of inclusion also involves including these issues. It is, in short, the struggle for good living or living better, searching for comprehensive responses from a variety of agents.

The struggle for cohesion and social inclusion is, as Claudia Serrano (ex-Minister of Labour in Chile) said, both a means and an end, where the important thing is the objectives but also the instruments, how we get there. To do this, she asserts, it is necessary to have a clear and sustained social act with political instruments. The same author incorporated other themes for Latin America apart from those indicated above, such as reopening the discussion on holding land, the link with dynamic markets, a greater level of diversification and innovation.

3. Local development as a relevant strategy

The challenges described above involve new strategies and approaches for human development which are multi-dimensional, inclusive and which take into account one of the main issues to be resolved, that is, social cohesion. To do this, local development appears as a relevant strategy.

3.1 Territorialisation of policies or territorial policies?

Local development remains "fashionable" in Latin America and Europe. There are increasing political efforts accompanied by resources for executing policies in the territory. However, the appeals to local development, with real indications of decentralised political will and with resources made available, often hide the debate of whether we are in a situation of territorialisation of policies (central government sets the course, local government executes) or territorial policies (converging national and territorial policies, which are formulated by local actors). This is a dilemma for all actors, including political parties, social agents, private sector, the multilateral agencies which put forward various solutions, in which local development, decentralisation and participation are common denominators. Although there are substantial differences between Europe and Latin America with regard to local development, or between the countries on each continent, we believe that the challenges are similar and lead to the multi-level governance and other aspects summarised below.

Local development as a factor of democracy and sustainable development does not arise by chance, but it is the result of the situation and a different alternative route for national, regional and territorial development, which is specifically supported by national policies and local autonomy as part of one single institutional arrangement.

The problem appears, therefore, not in the level of political will or resources, but the logic used for action. Accordingly, the main challenge is to create territorial platforms for formulating and executing policies, breaking with the current logic of executing policies which have been designed from the centre.

The context, therefore, is to formulate national and

territorial policies. What is beyond dispute, after endless attempts in other directions, is that they can only be reasonably coordinated from the territory. What is necessary in order to do this? A different logic for action, skills and, above all, making resources available so that the territory formulates the ideas. We are not talking about new resources, but more efficient use of those which already exist.

That is why we now analyse a set of starting points which are critical aspects of the practice of local development, and the following section reviews the three basic strategies to carry out the actions in this regard: multi-level governance, building social capital and local economic development.

3.2 The different local development approaches. Towards a comprehensive vision

There are at least seven different local development visions.

Local development as the area of territorialisation of policies

As has been mentioned, nowadays in Latin America there is an extremely strong and renewed interest in proximity policies which take the territory as the main reference point. They start from the basis that the State for many years has not considered this policy dimension, and that it is very important that resources reach those who truly need them. It is within that framework that the main lines of government have a renewed interest in local and territorial issues, with a strong political will and resources which are made available. This is new and extremely important. The question is whether we are seeing renewed experiences of local development - understanding this as the key role of the actors in the territory, especially governmental actors - in formulating policies or territorialisation of policies from the centre towards the territory, which has many advantages in terms of resources, but which still requires one more step in order to become "territorial policies" in the widest sense of the term, where local actors do not only participate in sectoral tables but also in formulating the resources which go to the territory. How can we articulate health, education, work, gender if not from the structures of the territory itself?

Local development as participation

The first of these is the "participationist" vision, which is strongly affected by the exit of dictatorships in Latin America and very much associated with participatory processes. For this conception, local development would be all those processes in which agents participate in the discussion of issues of a specific territory. Although work according to this conception has made it possible to generate areas and actions improving quality of life, in most cases, participation has become an end in itself, without the necessary link with the production of a strategic vision for the territory, or with visions which go beyond the small projects or the micro-undertaking. In short, it refers to visions affiliated to the school of thought which supposes that everything is possible from the territory, and its deficit lies in the possibility of going beyond local aspects seen as localism and involving agents which take economic and political decisions inside and outside the territory in question. However, the participative processes must envisage a lot more than bringing people together around consultation tables. Broadly speaking, they must take into account that at this stage of the processes, participation is increasingly pragmatic and associated with obtaining resources and political will to carry out the proposals generated by the population.

The neoliberal vision of local development

A second vision is clearly of a neoliberal nature. This has been promoted preferably at the request of multilateral credit bodies. The extremely extensive processes of local development carried out in the 90s especially in countries such as Argentina, Peru, Bolivia and in almost all Central America were characterised by a dislocation from the National State and the transfer of powers, more or less diffuse, to local governments and agents. In this regard, many micro-undertakings were funded, with the argument that poverty is combated with entrepreneurism-, local development agencies -with the argument that it is necessary to generate multi-agent institutions-, or processes for improving municipal management - under the assumption that there was no "modern" management for administering the new powers which were now transferred to the municipal level. These were years in which, with or without laws, more clearly more diffusely, new powers fell upon

the local areas from a central State which no longer fulfilled actions in education, health, nutrition, children's policies and employment. All the local development "technology" was applied to the letter - Argentina was the most paradigmatic case, with strategic plans, improvements in municipal management, productive clusters and corridors, training, local diagnoses-. What was missing was that everything was carried out in a context in which the resources appeared as part of a strategy for weakening the central State. Similarly, priority was not given to real society building processes, in the sense of social capital. Decentralisation, in its most instrumental and least political vision, operated as an agenda of multi-lateral bodies, as a central element of all their actions.

Local development as municipalism

A third vision associated local development with municipalism. In the same context, it was necessary to strengthen municipalities in a new role, as agents of development and no longer as simple service providers. In this regard, and associated with the strong decentralisation processes, a vision was generated in which local development now became municipal development. If there was a good municipality, then there would necessarily be good local development. This vision failed in the sense that it did not have enough perspective as to understand that the new governance involved incorporating a variety of agents to decision-making areas. In general, and in a few cases in which it was effective in improving municipal management, the social management of the municipality was never improved nor was its capacity for social dialogue with other agents.

Local development as local economic development

A very strong trend has seen local development exclusively in its economic dimension. The basic assumption was that the problem of these societies was an economic problem, and that local societies lack the necessary dynamism to face other development stages. In this clearly economic conception, priority was given above all to developing micro-enterprises in the first stage and proposals for improving territorial competitiveness in the second stage. Its roots are very clearly linked, although not solely, to European

cooperation for development. In this regard, and especially in Central America, a variety of productive and institutional projects were promoted for local economic development. Although like all lines of work they have had their high points, in general they have failed to build a model in which the undertakings formulate and generate a local development logic and not one of company growth. The connection between this productive point of view and a more social one was rarely present. Similarly, a key issue in Latin American societies, employment, has not been a pivotal aspect in these processes.

Local development as territorial planning

More recently, and also driven by European cooperation, a set of territorial planning projects have been set up as a new panacea for local development. In general, they start from the assumption that the territory is not sufficiently planned to generate a new development model and, in different modalities, the building of a strategic vision for the territory is promoted, which ends up attempting to promote local development processes much more than territorial planning processes in the strictest sense. This is where there is a strong clash of professional dominance and logic, which means that we often see under the tag of territorial planning a leap towards a predominance of urbanism in local development processes.

Local development as a form of social analysis

This is a more "neutral" vision of local development in the sense that it sees it more as a tool for analysis than an instrument for social change. This approach places it in an analytical-methodological dimension, as a tool defined by a set of variables and indicators. Various studies can be placed in this dimension, especially from the intensive use of geographic information systems. These studies ultimately adopt a much more descriptive nature than tools for action.

It is clear that it is necessary to progress towards a clearer definition of what local development is and what is not, but above all, to a clarification of its meaning. From our point of view each vision includes a need or a dimension

-multi-actor participation, strengthening of local governability, the economic dimension, strategy building, analysis tools-. But they often fail in one crucial element: *local development is not a technology to be applied in any circumstance. It is, above all, a sociopolitical strategy for change which involves **more politics than "techniques", more society than economy.***

3.3 Critical aspects

When we say that decentralisation and local development are political strategies for change, we are talking about power, resources, authority and change. For decentralisation and local development to meet that role, they must overcome some critical aspects:

- Completeness
- Process vision and recognition of what has been done
- Articulation
- Strategic vision
- Participation
- Identity
- The different action logics
- Authorities and resources as determining factor
- Social capital[4]

Completeness

It is necessary to start from the idea that there are different development dimensions which must be considered when defining local development actions and policies. The political, social, economic, environmental, cultural, ethnic and gender dimensions, inter alia, must be equally considered when defining policies.

Process vision

Decentralisation and local development must be considered as ongoing works in progress. Therefore, it is essential to recognise and assess the existing processes so as to avoid reworkings.

With regard to this issue, another essential point is to consider time. In this regard, there has been extensive debate about speed. In our case we opt for reflecting on the need to work at the collective speed, which is

4 This point is developed in 3.3.

often not the fastest. In the words of the Peruvian ex-mayor Varillas "Slowly, we're going a long way". It is once again a show of respect to the logic of the actors.

Articulation

Local development, in terms of a development strategy, requires multi-level governance. The aim is to avoid two of the main temptations existing in local development: on the one hand, centralism, about which much has already been written, and on the other hand, it is necessary to avoid localism. In this regard, many actors, within the framework of a decentralising discourse, suppose that everything is possible from the territory, when in reality the virtues of local development can only take place if they are articulated between the different levels of government on a territorial level.

Therefore, it is necessary to combine the "top-bottom" with the "bottom-top" in formulating and managing policies. This does not only involve participation, it involves better abilities for "politics" on a territorial level.

So, who formulates and how? Many years of experience have shown that it is useless to attempt to concentrate formulations from the centre. It is only possible to specify the policies of the different sectors from the territory within a logic of multi-level governance and avoiding localism.

In short, as Brugue and Goma indicate, the challenge today is not to order but to relate.

Strategic vision

Possessing a strategy represents, among other things, the difference between requesting and negotiating, as well as the access to new resources. The strategic vision is therefore essential for governing the territory but with some clarifications.

It is necessary to debate about whether building a strategic vision involves formulating a plan. The plan, which is important for specifying the strategy, is only a final step, which is not always indispensable, of the process of identifying the design of a possible vision, and the resources necessary to achieve it. Therefore, it is not a document, it is a daily construction, a challenge for formulation, a roadmap towards where resources converge in order to make it possible.

Participation

Participation is one of the aspects which has most been presented as one of the virtues of local development. This is indeed true and it is a positive element, but it is necessary to reflect a little about practices. There are some points which must be reconsidered. For example, with regard to the reason for participation and, whilst not the objective of this article, to differentiate what Fernando Barreiro has defined as the debate between ideological participation and pragmatic participation.

It is clear that there are difficulties in generating credibility in the area of participation for several reasons. Firstly, because all the agents cannot see the direct relationship between forming part of common areas and obtaining useful results beyond the private benefit which may be obtained. In this framework, a challenge is the existence of differentiated moments and areas for the different actors, together with a common area, with clearly identified results and processes.

Secondly, it is necessary to attempt to move away from the exclusive participation of actors who "always" participate (those who it is known will be part of the participants) and who are essential, but also to see how interest can be generated in other actors, especially young people and women. These are different problems: while young people have less participation in local development processes, women participate but do not always have an impact on decision-making.

Similarly, it cannot become a participation "of included people". One of the main problems of our societies is social exclusion and, therefore, making efforts to include those who do not have areas to participate in is essential if we are really speaking about a strategy change. This implies new languages, time strategies, which move away from the well-trodden path. In short, it is necessary to generate areas with specific agendas and results, recognising the different logics of the actors involved.

Identity

Without an identity link to the territory, as indicated by José Arocena, it is impossible to design long-term strategies and it is impossible to have local development. This key dimension may act either as a development lever - when it reflects some particular characteristics-, or as a negative factor - when it is merely nostalgic or extremely weak. Although it is an issue which needs to be dealt with much more thoroughly, we believe that the work in economic, social or political dimensions is as important at the level of local development as work in promoting the identity linked to the territory, as an engine of development.

Action logics of the agents

One of the most expensive themes in local development is that which involves the participation and incorporation of actors into the processes. This definition, so as not to fall into a simple expression of desire, required that we recognise the existence of different agents, with diverse logics and interests which need to be considered and articulated.

In short, one of the main challenges is recognising the diversity of agents, their logic, above all, how these can be articulated without cancelling them or acting as if they do not exist. These reactions, typical in situations of conflict, lead to absences, resistance and loss of social energy with regard to a collective project.

Authorities and resources

This issue, which is frequently a central issue in many articles, notes and communications about local development and decentralisation is included deliberately here at the end of the critical aspects.

It is essential to strive to obtain recognition of new skills and the consequent resources and starting from the base that they can only be used correctly to the extent to which they meet some of the requirements presented above.

Debates about new and old roles of local authorities or identifying new forms of funding, among others, are essential for any local government but subsidiary to having strategy, articulation, areas of participation and an action plan.

3.4 The new strategies

Formulating territorial policies requires at least three crucial elements to be addressed when thinking and acting with regard local development: local, regional and national governments, local economic development and employment and building social capital.

These are three elements to be considered simultaneously without which it is impossible to carry out the actions from a local development "rationale".

Local, regional and national governance

Local development improves governments at all levels, basically because it places government and power within the reach of people.

A first challenge is to recover the government-citizenship link, a key element for the legitimacy of the forms of government which we have given ourselves. The initial diagnosis is that government performance is still characterised in Latin America (focusing on our continent) by a crisis of legitimacy and, therefore, credibility. Lack of direction, corruption and ineffectiveness remain attributes of most governments, and the methods to mitigate this reality continue to be aimed at minimising the role of the State and the prevalence of private agents as a method for reducing the weight of government ineffectiveness and thus achieve the declared democratic governability.

This is not the way forward. As has been indicated, one of the attributes of local development is making it possible to bring power closer to citizens. Proximity to the problems and to those that take the decisions may allow a democratic improvement.

Globalisation, with its dynamic of *deterritorialization* and at the same time localisation, produces the conditions to recover the role of local agents in taking decisions about their fate. Although the conditions favour a new centrality, the challenge is to build new types of local governance[5]. It is fairly clear that we are faced with a process in which governmental hierarchies crumble to reappear under the appearance of a complex network of agents and relations. Within this framework, local

activists are no longer a link in the chain but are agents capable of becoming significant political and economic agents (Brugue-Goma, 2001).

However, in the context of this profound restructuring of the methods of governing, the challenges are new and involve, among other actions, moving within the complexity: governing through networks and not hierarchies, leading through influence and not from exercising authority, relating rather than ordering.

The pressure of globalisation forces local authorities to reconstruct the relations between the public and private sectors locally, as well as to reconsider the most basic aspects of their ability to govern. Formulating this network is not easy, it involves political will and also new skills, but it seems to be the main challenge for efficiently managing the new order.

In short, we are faced with a twofold challenge: How to generate national policies which provide a framework and strengthen local development? (decentralisation is one of the main ones), and in turn, how to generate new democratic governance locally?

Local economic development. Its necessary link with employment.

A second theme in the new agenda is local economic development. For many years the basic approach of local development distanced us from the real discussion about economic processes. In reality, a practice which neglects the economic dimension of development is a practice condemned to be ostracised, as a challenge for technicians or militants.[6]

Our thesis is that in the Latin American reality, local economic development must be discussed in practice not only in its growth dimension but, above all, as a strategy for creating employment and jobs. With regard to economic development, Latin America is experiencing a dramatic time with regard to issues regarding job creation and its necessary correlative, improving quality of life.

From the perspective which we have indicated, speaking about local economic development involves working on a dimension of local development which is inseparable

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5 A discussion about this issue can be found in Enríquez and Gallicchio (2003).

6 A more thorough discussion of this theme can be read in Gallicchio (2003).

from the others. We can say that one of the objectives of this line of work is to generate wealth in the territory. The Instruments used for this are, for example, strengthening the existing companies, attracting new companies and investments, integration and diversification of the production structure, improvement of the territory's human resources, and coordination of programs and projects.[7] The *expected impacts* are the activation of the local economy, an increase in income and employment, an increase in productivity and quality of employment, an increase in municipal tax collection and, in the widest sense, an improvement in the quality of life.

In this field we can clearly identify useful instruments for carrying out each one of these actions. The main local economic development (LED) programmes are those which refer to stimulating businesses (strengthening and attracting companies), promoting employment (active employment policies) and municipal third-sector activities (search for scales of production from the territory).

At any event, we need to read the main dynamics of territories in the context of globalisation. As indicated by Alburquerque,[8] territories are strongly affected by two types of dynamics, in the area of the micro-economy and the macro-economy. Accordingly, although the processes of changes in production technology and organisation (macro-economic) should not be confused with economic globalisation, the combination of new forms of business production and organisation together with greater external exposure to local production systems leads to a sharp restructuring of these local systems, requiring a new type of public management, new types of regulation and also the reorganisation of the local production system.

This author places these changes in wider processes of modifications in territorial development. Accordingly, he places us in the context where there is a move from a dominant strategy based on the aim of quantitative growth, large projects, workforce mobility, centralised resource management and the central State and large companies and central agents to a new model, which is still emerging, which is more diffuse, more territorialised, with mobilisation and strengthening of endogenous

capital, local management of development, numerous projects and, above all, a new role for local public administrations, but also for the central State and the production system.

These changes place us in a totally different dynamic to that which now prevails. It is not, therefore, a question of aiming for the more or less explosive growth of local small and medium enterprises, nor the commitment (almost desperate) to foreign investment, but the construction of a new type of territorial competitiveness in which local companies and governments have a new role, which is now central, to fulfil. This leads to another of the issues for reflection in this article, which refers to the methods of governability of the territory.

This situation, of a sharp change in the development model as described by Albuquerque, questions not only the method of boosting the economy of a territory, but, above all, the way it is governed. From the start, let us say that it is not a problem of "national" or "local" governability, but rather a new logic for managing local-global relations with the territory as the central point.

Alburquerque shows us the good experiences in countries such as Spain when establishing policies and lines of work in local economic development. The aforementioned bibliography refers to the manner in which the Spanish model went from Local Employment Initiatives to Local Business Development Initiatives and finally to Local Development Initiatives. Each one represents an additional step to the previous one. While Local Employment Initiatives trusted in the "visible hand" of the State as the source for solving employment issues (emergency jobs, training etc), Local Business Development Initiatives trusted in the "invisible hand" of the market, and the main priority was given to programmes encouraging SMEs. Finally, they reached the conclusion that the solution was to build comprehensive policies formulated by the State, the Market and Agents.

In a certain sense, the globalisation process strengthens those responsible for local issues. However, the possibilities which local governments now have more than ever may operate as an opportunity or threat for their legitimacy in the territory.

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7 The following paragraphs are based above all on "Desarrollo Económico Local" (Local Economic development), Asociación Chilena de Municipalidades, 1996.

8 Alburquerque, Francisco: *Desarrollo económico local en Europa y América Latina. (Local economic development in Europe and Latin America).* Consejo Superior de Investigaciones Científicas. Madrid, 1999.

Unemployment is not a new phenomenon in our society. What has made it increasingly unique in recent times are its dimensions and characteristics. It is necessary to formulate policies that respond to these aspects. In addition to the significant number of unemployed people, we need to add another significant group of workers who have serious problems in the quality of their jobs and who must choose to emigrate as a way to improve their income and live with dignity. Unemployment is not spread evenly among the different categories of active people, but is spread unevenly among different groups and territories. As a phenomenon of society as a whole, It is an anti-egalitarian fact which tends to concentrate in certain groups.

In the words of Cachon,[9] unemployment " is imposed on us as a basic social fact for understanding our societies, because, although not all society **is** unemployed, unemployment **is** in the whole social structure".

At best, our region comes from a tradition of "passive" policies linked to the job market, from a perspective in which employment is directly dependent on economic growth and in which present situations of unemployment must be addressed through "passive" methods such as unemployment insurance or social security. On the contrary, reality has shown that an unemployment has become both longer and more frequent in the active life of workers and returning to the job market requires new knowledge and tools. This leads to the need for active policies which complement, and do not substitute, passive policies.

Our subcontinent has undergone various experiences of active employment problems in recent years, driven by different agents. Very few have considered the territorial dimension as one of their central elements. On the contrary, as it forms part of the agendas of multi-lateral agencies, de-centralisation has been seen in a functional logic of the new liberal model and not as a mechanism for making society more democratic. At any event, the role of local government on this issue remains pending. The European and Latin American experiences in this regard are very different. Latin America has "entered" into local economic development from the starting point of its own needs, but also driven by development cooperation. This vision has often

been from the point of view of economics (clusters, agencies, competitiveness etc) and has clashed with the weakness of our agents and local governments. Another line of work has arisen as a counterweight which emphasises the comprehensiveness of development processes. This discourse is based around social aspects and does not develop lines aimed at improving the local economy. Neither of these two lines of work have been effective in solving problems.

Building social capital

The main hypothesis of this paper is that it is necessary to work simultaneously on local economic development, local governability and building social capital, in the belief that the former are a dependent variable of the latter. There will be no economic development if the minimum conditions for local social development are not previously generated, and even more so, there will be no sustainable local development without building social capital which maintains and gives meaning to the other processes.

I have indicated that the challenge at this moment with regard to local development in Latin America is building social capital. However, it is important to define what we mean when we refer to social capital. It is an issue which is discussed extensively nowadays (in agendas which are not always Latin American or interested in the well-being of their populations, for example, although not only, that of multi-lateral credit bodies) and we do not want to fall into definitions which prioritise forming social capital as a reduction in transaction costs, which implies a " neoliberal" vision of social capital. We will use the definition proposed by Barreiro (2000): it is a " *concept which refers to the rules, networks and organisations with which people access power and resources, and through which collective decisions are taken and policies formulated. We can refer to social capital as "horizontal associations" between people and social networks of civic behaviour and collective rules which affect the productivity of the community. The fundamental aspect of social capital is that it facilitates coordination and cooperation in mutual benefit of the members of the association".[10]*

9 Lorenzo Cachón. El estudio del mercado de trabajo local en el marco de una política de desarrollo endógeno (the study of the local labour market in the framework of an endogenous development policy). in *Economía y Sociedad*, 1992.

10 Barreiro, F. (2000): Desarrollo desde el territorio. A propósito del desarrollo local (Development from the territory. About local development).

When we point out that the ultimate goal of local development processes is to build social capital, we are saying that it is necessary, from local management and also from cooperation, to pay a great deal more attention to these processes. The necessary changes cannot be addressed by isolated organisations or by specific projects, but require the establishment of systematic and ongoing formulas for social interaction.

As Barreiro states: "if co-operation and association are key factors for the success of local development, we must find out how they work, how they are generated and why certain territories are inclined to have agents which collaborate while others are weak in cooperative actions, which are those that ultimately activate and combine existing resources appropriately. That is to say, they can produce development for the territory". The question is whether these processes can be stimulated and promoted and the answer is that yes they can. And this is the direction which needs to be taken: "social capital", Barreiro continues, "is different from other development factors in that it is the only one which is relational, it can be found in the structure of relations. In order to possess social capital a person or an organisation must relate with another. It does not belong to any of the agents which benefit from it. It only exists when it is shared".

He also indicates that one of the problems which we often face in local development is the occasional nature of the forms of cooperation. Permanence in social interaction is a builder of social capital. With this being the aim, we must consider the cost of obtaining it. It requires resources, but the main resource is time. This is one of the major challenges for cooperation and the national and regional agents acting in local development, building territories, economic, environmental, social and political dimensions.[11]

4. The role of local government agencies in this framework

In this section, which makes a clear reference to tools, we will put forward the vision of the ART Local Development Programme, conceived as a new strategy for linking development, territory and cooperation. We will place the Local Development Agencies within that framework as one of the main tools.

What is the role of the Agencies with regard cohesion and social inclusion?

They offer an articulation framework of agents and joint scheduling of actions and resources. From the perspective of ART, Development Agencies cannot be separated from the main strategic objective of ART: building capacities in the territory, in a logic of local and national development, the Working Groups. That is why the Territorial Working Groups, supported by the ART LDP-UNDP, are an essential element for implementing the programmes. Made up of all the most important public and private actors in the territory, the groups are responsible for defining the operating strategy and plans of the ART GOLD programmes. In the ART methodology, it is essential to have multi-actor agreement in the Working Groups to implement strategies and actions. This mentality, which also often involves a process of collective learning, has often carried out a routine in the local context, which continues after the end of the cooperation programmes under different institutional forms, such as an LDA.

In particular, we can highlight the following contributions to a logic of social and territorial cohesion:

- Sustainability of the processes. This multi-actor integration provides guidelines for the sustainability of the processes, given the participation beyond electoral periods and specific policies.

- Multi-level governance. The Agency may prevent both "localism" and centralism given the participation of agents both from the territory and from other government levels, and also from the private sector.

- Public-private partnership. The objectives of the PPP have not been limited to advisory participation nor to promoting specific business investments. The PPP in the ART Initiative is focused on

11 The environmental dimension and that linked to climate change, which are not sufficiently covered in this paper, should be incorporated as central themes for a local development strategy. This paper has also not sufficiently covered issues of gender, which occupy a central role in local developer strategies.

improving governance and in the participative search for better sustainable development strategies which are agreed by all the actors in a territory. It is related to two essential aspects: strategy preparation and implementation, but above all to the power to take decisions in that respect or to influence public policies.

Therefore, the LDAs, being mixed non-profit autonomous structures, in which the local protagonists agreed to organise local competencies to make better use of the territory's resources and to value them and take decisions about the local development plans and initiatives, at the same time ensuring the technical conditions to make them viable with the aim of providing access to the productive circuit for the population as a whole and, in particular, the most excluded groups, are increasingly recognised for boosting local development processes. Indeed, each LDA organises the services required by the population and the institutions of each territory and bases this above all on:

• the participation and active commitment of local public and private actors, including communities,

• arranging the vision, strategies, objectives and instruments for territorial development,

• preparing an agreed work plan, which includes the objectives, organisation, services, and financial plans for it to be sustained in the long term.

From the point of view of the areas of articulation, the PPP from the ART programmes refers to territorial relations, such as the relations between the local and national areas and international partnerships.

• Inclusion. Territorial development cannot separate the economic component from the sociocultural and environmental component. The modality of the organisation of the social structure is decisive for obtaining sustained economic development. Sometimes this form of organisation is spontaneous, (as has occurred in many areas in the East of Italy or South of France), on other occasions it is brought about by promoting groups, and on other occasions is carried over by a set of local and non-local agents.

In all cases the local actors will have divided or different visions about the development objectives, but there is a standard component towards these objectives: identification of the territory as a coagulant and unifier of the actions of all the parties involved.

The agents which should be integrated from the start of the promotion of the idea of building an LDA are all those which may have an impact on comprehensive development (economic, social, cultural, environmental etc) of an area, that is:

• The local authorities

• Governmental institutions and national programmes

• Companies, productive associations etc.

• Civil society (social associations, neighbourhood committees, guilds etc).

• And the actors of international cooperation present locally or which have a special interest in supporting the initiative.

They all represent local, national and international institutions and may contribute towards the effectiveness and efficiency of promoting development when they operate through common concerted actions.

INNOVATION AND TERRITORY. IDEAS FOR NEW ACTIONS BY DEVELOPMENT AGENCIES

Pablo Costamagna. Specialist in Territorial Development

1. Introduction

In recent decades, the official discourse of numerous governments, international organisations and thinkers has dogmatically proposed non-intervention of the public sector in the economy and, at the same time, the application of structural adjustments (especially in the 1990s and now in the post financial crisis era), on a macro scale. These were the years of unfettered market forces.

Apart from the many voices which have questioned this model and its effects on developing countries, to which must be added profound revisions in many spheres as a result of the latest international crisis. Many countries have, for several years, been evolving towards a scenario of more heterodox proposals which recover the value of policies and are beginning to include the territorial dimension of development from a more multidisciplinary viewpoint. Organisations such as ECLAC, in its cycle of sessions in 2010 ("Time for equality: gaps to close, paths to open"), have proposed changes in the role of the state as part of a process that will bring progress towards equal rights for the majority. This approach is backed up by the approach of several governments in Latin America.

There are different routes which can be followed, which represent a transition from more simplistic policies towards others which involve a more complex view and which address the challenge of attempting to put people, organisations and society at the centre of development on the basis of a new relationship between the state, market and society. It is "the idea that social equality and economic dynamism which can transform the productive structure are not mutually incompatible and that the great challenge is to find synergies between both of these elements" (ECLAC 2010)

We are endeavouring to leave behind the fragmented visions, non-communicating subsystems and the absence of areas of interaction between the different dimensions (human, social, economic and environmental) in order to move towards a situation in which we work with multidisciplinary bonds and flows which generate value.

Likewise, a new, more inclusive vision is being introduced, which also excepts the existence of a significant degree of uncertainty. Not all of the variables which influence the development process are completely predictable, and so the concept is becoming richer and more complex at the same time. We are attempting to incorporate width and flexibility into our approach and also key issues such as: **knowledge and innovation.**

In this regard, it is important to note that we are not referring to the traditional concept of innovation, but to a new way of understanding the phenomenon in which learning constitutes the basis not only of the business world

but also of society as a whole. This is the individual and collective learning that has been accumulated in a scenario where, jointly, new forms of governance are being developed that will allow knowledge to circulate and strengthen the efforts for change.

Jointly, the territory is losing its close identification with purely geographical factors as it acquires new characteristics and becomes the space where political, social, cultural, economic, demographic and historical processes occur. This is the place where things happen and, therefore, where new players emerge and debates take place, for example, the debate on the role of the state mentioned previously, on the role of the citizen and the need to integrate values in surroundings which generate a milieu for change.

However, it is necessary to note that this process is neither automatic nor simple. Its context is the process of globalisation, which is as powerful as it is contradictory, and which has allowed territories to position themselves as key local agents in the quest for a response to the demands of their actors, some of which are new and others are not, but which are still waiting for those answers.

This attitude taken by some territories is related to a vision in which they are not resigned to being passive subjects, paralysed in the face of homogenisation. Nor are they willing to accept the weak, centralised, sectoral and, sometimes, insufficient and unstructured policies of the nation state. The issue of local development becomes a small scenario for the implementation of public policies which is slowly spreading.

However, it must be remembered that approaches which do not attach much importance to territorial development initiatives are still common and, from a macro point of view, they usually claim that local economic development policies do not have a significant impact on aggregate economic indicators, even when, in most countries, there are regions which show significant differences in their socio-economic levels (Alburquerque, Costamagna, Ferraro, 2008).

Even so, we can say that we are witnessing a process which is producing progress on a local scale, especially over the last 15-20 years, but where there is also a clear need to consolidate and extend these results.

This experience is closely related to practices which have included many hits and misses and which require continuous conceptual leaps, measurements and greater recognition in the political agenda. These actions over these years have a great value and we must endeavour to conserve the contributions made through our practices. In the field of development, the systematisation of experience and knowledge is an ongoing challenge and is also an essential need that will allow us to continue to define our own path.

2. A path based on practice

Today, a large number of focuses on Territorial Development agree that it is "the accumulation and development of capacities to improve the economic well-being of a community collectively and continuously" (Vazquez Barquero, Madoery, 2001) and they encourage the mobilisation of local resources and the exploitation of the favourable effects of existing external dynamism.

We are leaving behind the ideas prevalent a couple of decades ago, in which local development, like micro-development, depended basically on the flow of external funding, which led to the strengthening of the internal economy. At the time, there was a kind of territorial competitiveness for access to inward investment, through different mechanisms such as tax exemptions or the provision of land for the construction of infrastructure, in the understanding that these measures, on their own, would attract more companies and more jobs.

This idea was (and in some cases still is) characterised by a vision that only sorts economic growth and attached importance to tangible infrastructure without recognising, in general, the existence of intangible elements that gave a more complex idea of competitiveness in today's knowledge society[1].

It was held that support for a handful of successful companies would replicate positive effects among the rest of the business community. These approaches were very deficient as they did not recognise the importance of micro-enterprises and SMEs or the internal market and, furthermore, as mentioned above, they did not include a multi-dimensional view or consider complex systems.

In the face of the limited scope of these policies, a new type of intervention arose which was related to smaller companies, which are very important agents in most economies in the world, either because there are so many of them or due to their impact on job creation.

1 Iván Silva (2005) states that though it is the companies that compete, their ability to compete can be reinforced if the territorial surroundings facilitate that process, and this represents a broader concept of competitiveness, involving intangible factors which arise from social and cultural processes, such as the activation and channelling of social endeavours, the improvement of the capacity for local action through associations, the exercise of initiative and the encouragement of innovation.

These numerous agents, often ignored, brought substance to a different way of viewing the construction of a territory. Programmes were established for skill-building, technical assistance and consultancy for this type of company which represents, as mentioned above, the greater part of the business fabric in all countries.

Subsequently, these programmes have been complemented by other actions aimed at encouraging businesses associations, professional training, the creation of new companies (basically through support for entrepreneurship) and micro-funding, which has been strongly promoted by NGOs and cooperation organisations. There is abundant literature analysing this type of policy.

Continuing on from these practices, networking by companies and, later, the idea of productive chains to end the isolation of SMEs by means of areas of interaction, synergy of resources and new learning as key policies.

There also began a period in which the institutions took on a more active role. Initiatives related to structuralism introduced in organisations, the analysis of the public and private sphere and the concept of the "territorial surroundings". This, though it strengthens all kinds of companies, is crucial to the segment of smaller enterprises.

Today, work is being done on a new institutional structure for the territory, and this area is mainly occupied by Development Agencies, which attempt to meet the objective of being the instruments that will allow us to design strategies and implement policies in the context of a formal public-private relationship.

Through these approaches, we implicitly find a new relationship between the state, society and market. In this new scenario, local governments take on the responsibility of acting as catalysts to take individual efforts towards collective strategies, acting also to articulate, dynamise and train resources within the territory. Likewise, we begin to understand that the development agenda is not the exclusive responsibility of the public administration and that it generates profound debates about the role of the state. There is a new view of the design of public policies, which is understood to be a process that must be agreed by consensus and articulated between the different players

in society, embracing the private business sector and also, as we shall see later, the bodies which generate new knowledge and which transfer it to the territory (the scientific-technological and educational system) as well as those sectors which do not have a voice. The Development Agencies are, in this context, an emerging factor in these new ideas of territorial governance.

At the same time, other actions have appeared, such as those promoted through the social economy, which attempt to cover the needs of this dimension. These actions should be interpreted as a subsystem for the appropriation of surpluses and the generation of local competitive advantages to favour popular sectors, this being an area that has gradually become more relevant in the interaction with local economic development processes. We can once again see progress in the relationships where once there was a lack of communication.

In turn, the relationship between territorial identity and local development emerges and defines the need to materialise a focus that responds to the needs of production and the reproduction of social life. This has to do with the greater participation of the population in decision-making. Territorial identity is not just one among many other factors to be taken into account in analyses, but a factor that strengthens the possibility of rebuilding the future, with reflection and voluntary and collective action by organisations and in the territory. *We are progressing towards the understanding that our citizens are not appropriating or becoming involved in questions that are not their concern or which are imposed on them; this argument obliges us to rethink collective processes and to attach greater importance to the method and to their implementation.*

Likewise, the evolution of worldwide debate on human development and the development of capacities, with contributions from Amartya Sen, Manfred Max Neef and Martha Nussbaum, among others, and the incorporation of human development objectives into the global agenda nationally and locally, forms part of the move towards local development, taking the territory as the appropriate scale for action on the structure of opportunities and the development of the individual and collective capacities of the inhabitants. This has become another dimension that reinforces the need for a systemic perspective and an integrated approach that considers the life cycle of the people who inhabit the

different territories, that takes into account the way they operate and their capacities and potential as agents for change. Furthermore, the territory also plays a leading role in addressing issues of gender and minorities.

In the same way, anthropology and sociology address subjects such as social capital and the regulations, networks and values through which the actors influence or gain access to power and resources, formulate and make decisions. The economy added the debate about the contribution of social capital to economic growth[2] and the debate between growth and development to this definition.

The endeavours of professionals from the fields of geography and architecture can also be seen, making relevant contributions in these fields and breaking from the preconceived idea that places the economic dimension above all others. Infrastructure, the debate about the value of the land and urban planning are other important subjects in this idea of territorial development.

Furthermore, according to the Brazilian, Milton Santos, the territory is not a vacuum of interests. On the contrary, the different stakeholders have many different projects which may conflict, and this requires a detailed reading of processes and leadership**.** The result of a territorial experience cannot be the same if the leadership is focused on the business sector or if it is based on organisations of civil society or a combination of both.
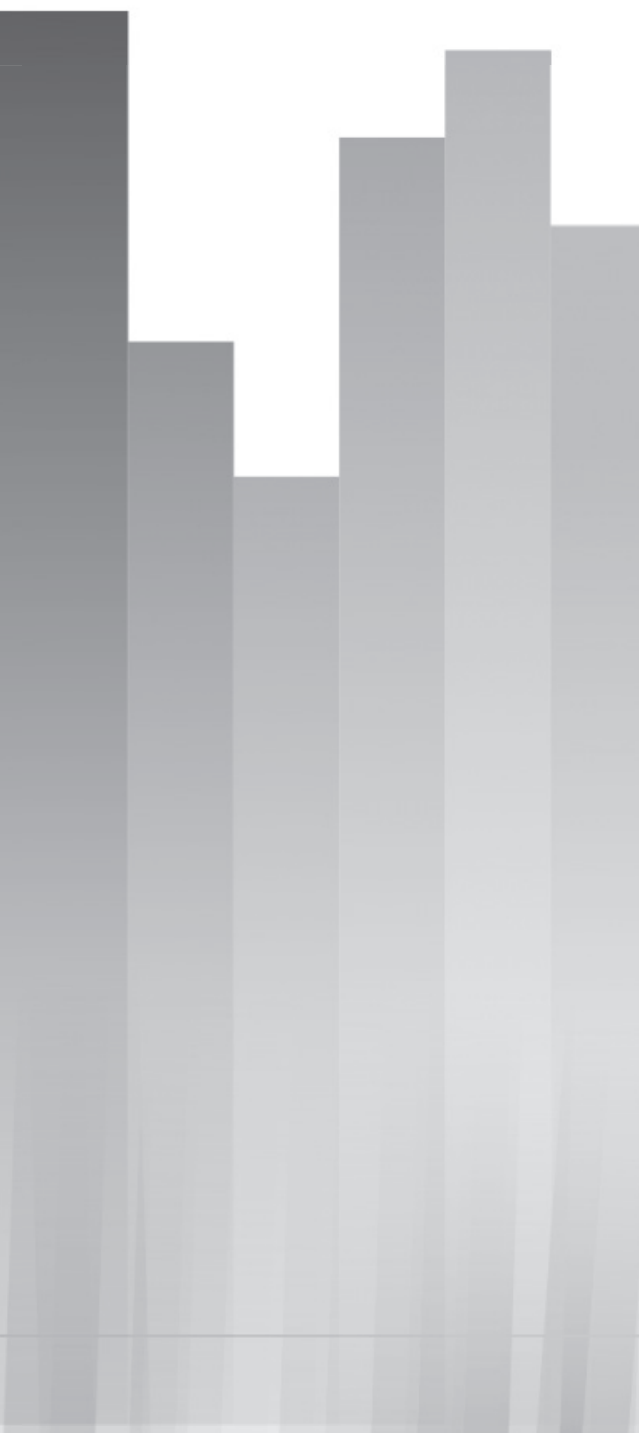
This perspective requires a reflection about who should take the role of representing those interests, who is going to mediate in a conflict, who is going to work to disseminate knowledge and innovation and apply inclusive policies. The role of the state and of public policies in the construction of territorial development and the role of the Agencies are keys to this mediation.

Furthermore, in this idea, the spaces for participation and collective definitions (despite the urgent need to strengthen them) are, surely, a way of finding new ways of solving problems and eliminating differences.

We are, without doubt, witnessing a transformation, what the Catalan, Joan Subirats, called a "change of epoch", which requires us to review the analyses of our realities in order to follow a path that will put people at the centre of development.

2 Instituciones y Desarrollo Magazine Nº1, 1998. Instituto Interamericano de Gobernabilidad/ UNDP.

Within this framework, it is important to clarify that this simple conceptual journey may be questioned by those who would add or take away from it but, however, the purpose is to demonstrate an open process without formulaic solutions, where many different viewpoints converge and which is based on the need to remember the importance of incorporating a multi-player and multi-dimensional view of development.

3. Technology, innovation and local development

The belief also persists today that the construction of competitive advantages depends on the incorporation of technology. This is, in our opinion, an incomplete view which has led us to errors in defining development policy. Though companies are a key agent as regards this objective and companies, in turn, resort to technology to improve their competitiveness, it is absolutely essential that changes brought about in productive units be part of an effort that includes, on the one hand, new knowledge related to society as a whole and, on the other, the strengthening of the social fabric in terms of inclusion and quality-of-life, recognising the role of women and young people in the local economy. If not, it is neither sustainable nor inclusive.

Undoubtedly, it is important to connect producers with their networks. However, the historical errors made in responding to the problems of society means that we must consider all of the dimensions of development when considering innovation.

We believe that development depends on the capacity to introduce innovation in the productive system and the business fabric, but we raise the stakes and say that it is necessary to work with all of the agents and players in the territory and their capacities and competence so that it is the system that generates knowledge.

What has been achieved to date is not negative, but we do believe that it is insufficient. Francisco Alburquerque (2004), said that "the introduction of innovation does not depend either on the size of the companies or the funding provided for basic technology and science. For innovation to occur, it is necessary for the persons and organisations that use the innovations, that is, the productive and business agents, to become involved in the adaptation and use of the results of research, development and innovation (R&D&I). This is why territorial innovation systems are increasingly important".

This obliges us to reflect deeply on the idea that a territorial system, with users who utilise and learn, with links and networks that go beyond just business promotion networks, and that involve education, technology and also relational capital and culture. This involves revisiting forgotten approaches that highlight proximity, where the dialogues and explanations

generate a dynamic for exchange and learning. In 1890, Marshall said that, "the location of productive activity encourages and teaches abilities and satisfaction, and spreads technical knowledge". The presence of agents devoted to a single activity makes it possible for them to educate each other.

The subject becomes clearer if we study other approaches to "Innovation and Territory". The economic study of technological change, in the way we understand it today, is related to the ideas of the economist, Joseph Schumpeter. In 1941, Schumpeter declared that: "Classifying all of the factors that could be causes of change in the economic world, I have come to the conclusion that, apart from the factors, there is one of capital importance, which I have called innovation… Growth is endogenous, since it is the economic agents themselves that change their data, seeking greater profits through innovation which brings with it new products and processes, thereby creating new industries and destroying others" (what Schumpeter called the "process of creative destruction").

More recent analyses have appeared of the relationship between innovation and territory, which brings in the districts. Under this focus, we see how SMEs located in specialised, complementary spaces produce an accumulation of practices which have brought a distinctive performance to large areas of Italy. In these regions today, the idea is spreading that "companies are competitive when they belong to competitive territories". Different authors, from Becattini to Bianchi, consider that "interpenetration and synergies between productive activity and everyday life is a dominant, characteristic feature of the district in the way it operates" (Becattini, 1989). That is to say, we are moving from the study of business dynamics to the construction of a social structure, made up of dense relationships between people, companies and institutions.

For his part, Michael Porter, from a more Anglo-Saxon perspective, adds elements from the cluster focus and addresses clearly the matter of relationships and the value of trust. In doing so, he introduces a perspective in which he argues that if an atmosphere of joint cooperation is not created, then added value will not be produced. This is precisely the missing attribute in many territorial productive fabrics which find it impossible to move beyond being a gathering of companies with an urgent need for change. However, in a cluster, the

increased competitiveness goes hand in hand with an increased joint capacity of the companies to generate virtuous circles that encourage change and innovation.

In parallel, the neo-Schumpeterians proclaim, among other contributions, the idea of process and time where, furthermore, they break down the concept of interaction. Here, the territory is strong.

Helmsing (1999) offers the concept of the "local social fabric" based on local social relationships which form safety nets which allow businesspeople to take risks and innovate, and which give rise to intense interactions that allow the rapid exchange of information and the dissemination of innovation in the territory. These networks strengthen common values and social codes which increase trust between businesspeople and creates the basis for collaboration between companies and between companies and their environment.

And so, the territory and its relationships, together with learning and knowledge, once again become the central actors: local development, understood as the strengthening of the actors and the factors in a community, is a necessary construct, leaving aside, as mentioned previously, more reductionist viewpoints.

To achieve this, it is important to mention the need to train a large number of new managers. Training and the strengthening of the institutional and social structure are a fundamental component of the policy, since these are the people who are to apply the knowledge and practices and who are going to convert them into positive transformations.

Likewise, these are the people who will make things work differently. Alburquerque (2004) declared that "companies do not operate in a vacuum, but in competition with other companies; they always depend on the existence of the strategic resources to be found in the territory, such as basic infrastructure, qualified human resources, an efficient health system, *an applied research system for development focusing on relevant local problems*, advice on access to credit, an appropriate tax system for micro-enterprises and SMEs, among other conditions". From the point of view of territorial management, we should add connections, flows and interactions to this definition, concentrating on the repair of links which years of individualism have weakened.

We are facing a scenario in which we need relationship engineering to construct an innovative society which is not just made up of innovative businesspeople. We need innovation, such as the generation of new practices which change things and which improve the results where their implementation frequently generates a natural resistance which, in many cases, is the main reason for their failure.

From here stems a fundamental premise: innovation does not emerge of its own accord. Deliberate action must be taken for it to occur, overcoming the obstacles in its way, with a significant contribution from the human side in the management each of the proposals. To implement it, it is essential to be convinced that things can improve.

According to Alonso and Méndez (2000), the introduction of productive innovation can be by means of innovation in the product or in the productive process, innovation in management methods, or social or institutional innovation.

In the first case, it is a matter of introducing new materials, improvements in the design and diversification of products, the creation of brands, quality certification or environmental control. Innovations in the productive process refers to new equipment, new facilities or improvements in the current production line , quality control, computerisation and improvements in the relationships with persons and suppliers. Innovations in management methods include improvements in the organisation of production and working processes, as well as access to information networks and the qualification of human resources.

Finally, among the social and institutional innovations are the promotion of innovative activities, the development of enterprise skills, the decentralisation of decisions on innovation, agreements between public and private agents and the dissemination of good practices. As we can see, it includes a diversity of aspects concerning technical, organisational and social questions within the territorial context which can facilitate conditions for an innovative stimulus.

This concept, which has been proposed in recent years, also represents a basis for work on innovation under the idea that society changes if its organisations and its relationships change and if it is able to generate practices which bring about transformations.

This perspective allows us to appreciate that, while there are internal company factors that we must address (such as the type of business organisation and management, management style, qualifications, involvement and motivation of the employees, among others), there are also a number of external factors which require us to work on the construction of a favourable territorial environment, values, culture, identity, among other complex matters. Among the latter, we find the importance of social stimuli for creativity and the promotion of a local enterprise culture and the link between the educational system and the requirements and problems of local productive sectors, to mention just a few examples.

In these favourable environments, innovation acts as a multiplier which more than proportionally increases the individual performance of the factors. The construction of these favourable "territorial environments" is, then, an essential task in the promotion of development.

To this end, there must be decisive collaboration between the different public and private social agents, or with the new organisation in the territory which, in many countries, is given the name Agency. That is, we bring the whole range of local actors into the debate: the territorial levels of the public administration, business and trade union organisations and other organisations of civil society (universities, research and development institutes, non-governmental organisations and others) into an organisation which faces an enormous challenge for the future.

The construction of an atmosphere that is favourable to development and innovation depends largely on the capacity for agreement and articulation of this group of agents and on the role of the Agencies. Adequate management of innovation is needed, and this must also stimulate creativity and the motivation of the members of the organisation and facilitate the identification of ideas with potential to become projects for social improvement.

As we can see, innovation is more than a competitive possibility or alternative; it is essential to the productive organisation and also to development in general. At a time of great technological and social change, organisations must become flexible in the way they work, adapting to the growing changes. Technological skills and the capacity to use and

spread technology are the main source of dynamic competitive advantages, and this means paying priority attention to the training of human capital, the incorporation of socio-institutional innovations in the territory and the dissemination of knowledge.

As regards this latter point, Paulics, in his work at the Polis Institute in Brazil, has sought to explain how the process of dissemination takes place and, today, it is thought that it is necessary to observe in detail the diverse interests and processes, the system of relationships in all of its complexity, in order to understand and strengthen scenarios for intervention. Clearly, there is scope for action on strengthening and rethinking public policy. (Paulics, 2009).

Innovation, in summary, does not depend only on the existence of funding, but on the attitude towards and willingness to change, which can be facilitated by promoting a culture of innovation in local society, thereby promoting risk-taking, participation and creativity in a framework of participation and strong public policies. Development is a collective, diverse construct, which must be taken on as a commitment.

4. Social Innovations, their contribution to the widening of perspectives and intervention[3]

In today's society, it is evident that some innovations and transformations generate a feeling of fulfilment and self-sufficiency, but also uncertainty and, in some cases, frustration since they do not reach the whole of the population and a large part of society takes a passive attitude which is the result of exclusion.

This sensation coexists with the undeniable need to accelerate the resolution of the great problems expressed in declarations, such as, for example, the Millennium Development Goals, which are based on a commitment made by the majority of the countries.

Widening and raising our view of the role of innovation in development, opening it up to new spaces for comprehension which are not exclusively technological or market-based, reinforcing integrated solutions, efficiently identifying problems, social challenges and the subject of innovation, intensifying the process of construction and involvement of the community and society are all elements that we believe are essential in the new paradigm that has been formed in recent times.

Social innovation is a new perspective, a meeting space for agents (which covers the community-territorial, public and digital areas of action) from a non-confrontational perspective, with open relationships, networked, sustainable and without resignation in the face of reality. It is a new space where there arise a number of original initiatives which fit surprisingly well with all of these development dynamics, which are apparently divergent, according to classical logic. They are actions which take an original approach and do not accept resignation in the face of the problems of communities and societies.

Many of these initiatives, which have arisen in different territorial areas, promoted at different levels and institutions, both public and private, and which are recognised by different disciplines (sociology, economics, business, social work, etc) have been catalogued as social innovation phenomena.

The Economic Commission for Latin America and the Caribbean (ECLAC) –with its wide experience of different editions which have promoted innovative development experiences- defines social innovation as new processes, practices, methods or systems to carry out traditional processes or new tasks which are performed with the participation of the community and beneficiaries. These beneficiaries become the players in their own development, thereby strengthening the sense of citizenship. Other institutes include those original initiatives which improve the efficacy of public action within the concept of social innovation. Lastly, many people identify social innovation with the social application of technological innovation, also including the participation and management of human talent. In our point of view, it is a social process for the creation and valorisation of knowledge to be used to solve social problems and/or generate transformations which lead to greater well-being and quality of life in the community.

In a framework of change and new expectations, innovation in this field has an obvious role in economic development, but also in social development and in the mark made by innovative activities on territorial well-being. This obliges us to address issues of inequality, inclusive education, the growth of the capacity for collaboration, sustainability, equality of opportunity, territorial dynamisation, etc.

We are, then, taking on challenges, many of which involve the construction of intangibles, the re-valorisation of trust, the circulation of knowledge, the strengthening of spaces for joint production, the institutional construction of agencies that will guide us towards the well-being of all of our people, a priority which, in truth, we should never have minimised.

5. New Mechanisms for Governance

Innovation proposes a scenario which is innovative in itself and which involves taking action under new conditions of governance. This implies, among other things, listening to what is happening in our societies, trying to understand the expectations, disappointments and realities of those societies. This is not something that has been frequent in the actions taken under plans which do not take the slightest account of the interests of the citizens.

We are now beginning to recognise that the great challenges facing our societies have multiple causes and are the consequence of factors that depend on many different actors. To overcome them, then, requires new relationships and capacities, networks and articulations and, in short, it requires the management of *complexity. Likewise, it requires leadership that can initiate social learning processes and catalyse the changes that occur.*

In this framework, the new *governance, as a new public policy,* arises as a way of managing the interdependence of different agents whose resources converge in collective actions with the aim of achieving their objectives, by means of new institutional arrangements and relationships, both formal and informal, which transform management on the basis of the interaction between public and private agents. *Once again, the Agency is one of the instruments in this scenario.*

As part of these new challenges, we need to take a new look at the interaction between the public and private sectors. To do so, we must have knowledge in order to transform, discover interests and spaces so that we can strengthen relationships between agents and thereby find answers to real needs and manage situations of conflict which might arise.

In this regard, understanding the different areas of public-private interaction means once again looking at our new concept of the territory as a raft of social relationships where identities and people's and organisation's ways of doing things are rooted.

The territory becomes a specific resource to the extent that we are in the presence of a social, economic and institutional construct which valorises and exploits its endogenous potential, making itself an essential element for development.

Within this ample concept, there are institutions (public and private, in the educational sector, in the technological sector, professional organisations, etc.) which interact in different ways and to a different extent, stimulating the creation of more or less dynamic spaces. The intensity of these links and the existence of an articulated institutional mesh, with common projects, networking, etc, bring an increase in opportunities for the improvement of capacities and competence for the solution of problems and to define strategies to address the great challenges of the current economic situation.

Underlying this is a proposal for territorial management in which there is a mandate for one or more agents to take responsibility. *The Development Agencies can, certainly, occupy that place and act in their own right and as part of a network.* What is sought is an open space for the participation of public and private institutions, which could give rise to processes of collective efficiency, which can also be defined as competitive advantages, derived from external economies and the joint action of agents (Bianchi & Miller, 1994).

In this regard, international experience suggests that when action in these spaces is coordinated, dynamic uncertainty is reduced, the weakness of the organisational culture is compensated, learning processes are strengthened, competence which the agents lack is provided and the process of the dissemination of codified and tacit knowledge is enhanced (Camagni, 1991) (Boscherini, López & Yoguel, 1999). In other words, the possibility of conflict is reduced, thereby contributing to development.

The territory and its organisations then become an "actor" and a manager of strategic resources, mainly knowledge. However, not all territories are equally prepared to face the challenge of mutual cooperation, since there is usually an enormous disparity between territories, where the technical capacity is unequal and, for this reason, it is advisable to think in terms of intervention in the context of each of our specific realities. We must, once again, highlight the role of the Agencies as flexible agents which can perceive the existing situation and take appropriate action.

Likewise, in all of these spaces, the institutions have an important role in economic development and they contribute to improved productivity (North, 1991) with respect to which Amin (1996) mentions a series of institutional characteristics which are essential. Institutional density comes from pluralistic institutional representation and at the same time refers to a number of different types of institution (multiplicity and complementarity), including chambers of commerce, innovation centres, financial institutions, training agencies, trading associations, trade unions, local government, marketing organisations, etc. These institutions, in general, provide services to their members which make them representative, thereby becoming a fundamental pillar which creates trust in collective representation.

When he speaks of institutional density, multiplicity, complementarity and representativeness, Amin is referring to the existence and implementation of a shared subculture with a set of beliefs that help to reach specific common destinations. To achieve these objectives, exchange and interaction between representative institutions is very important, and this requires certain governmental and power structures.

More specifically, therefore, an articulated environment contributes to:

- Coordinating activities and encouraging networks to generate synergies with results that cannot be achieved individually.

- Reaching agreements by means of decisions which respect territorial identities and attach importance and strengthen the actions, but allowing different interests to emerge.

- Favouring the participation and the commitment of the players and incorporating sectors that are not usually involved in decision-making.

- Sharing and circulating information, creating areas of learning and for the circulation of knowledge.

- Furthermore, the design of public policy, the encouragement of public-private co-operation and the construction of a new organisation in the territory will:

- Improve knowledge of the problems and modify the orientation of the requirements of different social groups.

- Provide feedback mechanisms for the evaluation and redesign of policies, making actions more credible.

- Balance public and private interests, adding transparency and levelling out the influence exercised by different sectors.

- Define priorities and assign public resources, which historically were decided only in government circles.

- Provide a tool for conflict management.

All of this implies a process of construction through which the implementation of practices should be modified. This task of reaching agreements, which is both complex and necessary, requires that those responsible for guiding the actions taken in the community must detect and take initiatives by consensus that will give local agents a common vision in order to develop an implicit or explicit pact which makes it possible to work on a territorial development strategy for the common good.

The agency is an organisation that must develop capacities with a long term view of participatory processes and networking, with power to implement policy when necessary.

Likewise, although there are no models, some of the lessons learned from the analysis of experience in other territories can be useful. This will give rise to considerations and elements to be taken into account in the design and implementation of a policy to strengthen new governance processes. These are:

- The generation of trust among local players, with transparent relationships and coherence with existing expectations.

- The reinforcement of the participation of women and ethnic and cultural groups, among others, in order to guarantee inclusive processes which reflect all of the viewpoints in the territory.

- Working so that the diagnoses can serve as a local framework for debate and, at the same time, as triggers of an awareness-raising process, so as to establish a coordinated focus for the actions to be taken.

- Ensuring that the agreements lead to specific actions and that they address real problems.

- Understanding development as a complex, multidisciplinary process.

- Understanding that intervention does not simply mean taking the actions, but that it also requires a long-term plan, focusing and achieving intermediate results which feed and legitimate the process.

In addition, although it may seem obvious, it is important to note that it is necessary to analyse the institutions, agents, programmes and policies that are already under way. In this regard, the background must be examined and on the basis of those foundations, strengths and weaknesses must be diagnosed because, otherwise, there will be a high probability of repeating the errors of the past. Furthermore, this will serve to assess which mechanisms work best and learn lessons that will help to eliminate the limitations of territorial management. Territories already have mechanisms for learning, listening and making agreements and, very often, all that is required is to make them transparent in order for them to produce positive effects.

6. Adding innovation to Territorial Development Strategies:

Important elements of the new strategy include the incorporation of innovations, the encouragement of creative interaction between public and private agents in order to construct an *innovative territorial environment* and the training of persons, both in society and in the promotion team in the territory which is able to promote policies in this regard.

This requires an investment in intangibles which takes into account relevant innovation factors such as:

- The continuous nature and speed of technological innovation.

- The importance of knowledge, people being the main source of change and mobilisation.

- The importance of new information and communication technologies in the lives of people, organisations and the territory.

- Greater flexibility in productive systems and labour markets.

- The environmental impacts of development and the treatment of natural capital as an important asset for local development.

- Strategic alliances, business cooperation and networking for access to decisive information and knowledge that will improve productivity and competitiveness.

- The important role of public policies in managing interests and ensuring that the process is inclusive and all-encompassing.

These characteristics are conditioning elements, the guide of the local development strategy, and they mean that we must insist on the Agencies as an important part of *territorial management* in order to facilitate efficient cooperation between the different levels, both horizontally (internally and with local social stakeholders), and politically (other territorial levels of the State). Furthermore, this management capacity must be reflected in the creation of interactivity and consolidating two-way flows. There is no institutional

agent which currently holds a clear mandate to do this.

Additionally, to achieve this, we need *to train people,* otherwise we shall be facing one of the greatest barriers to change, which is the lack of fundamental skills for negotiating, dialogue and planning. These are elements which, among others, are not overabundant in local systems. Once again, we are not speaking here only of financial resources, which are of course important, but which are inefficient if the territory does not function effectively.

It is, moreover, necessary to add that the complexity of the actions also obliges us to promote ongoing collective learning where, again, the following aspects stand out[4]: networking and cooperation between projects, integrated focus, proximity management and public-private cooperation.

All of these perspectives aim to overcome the habitual fragmentation of sectoral focuses and the search for strategic alliances between local agents and they require the creation of an institutional framework that must have the technical capacity to implement the decisions taken by consensus among the local agents.

With these changes, we are strengthening an approach in which innovation and development evolve through actions to dynamise, structure and consolidate. The dynamisation actions require the creation of bonds between the population and the socio-economic and institutional agents, identifying the potential and building trust among the agents of the system.

The structuring actions have the purpose of modifying, through specific action, the material and immaterial environment of the territory. Finally, consolidation aims to ensure the long-term sustainability of the activities undertaken. Behind all of this, clearly, lies the role of public policy.

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4 Some of the essential aspects are part of the design of productive integration projects in Latin America and they coincide with the innovative experiences seen at international level, particularly with local economic development initiatives in the rural world (*Leader* programme of the European Union). European Commission.

7. Collective action and the capacity for innovation at territorial level

Learning refers to the construction of new skills and new capacities. It is not, in other words, just limited to obtaining better access to information (Alburquerque, et al., 2008). And so, it is the capacity of persons, companies, organisations and territories to learn and adapt to rapidly changing circumstances, which creates the capacity to compete in the current economic context.

Likewise, innovation is not a linear process generated by research and development institutions working in isolation. On the contrary, innovation is a social process which is cumulative and interactive, and in which the users of the knowledge must interact with those who produce the knowledge. In this way, both parties learn from each other, through learning by interaction. The absence of this mechanism also explains the tremendous lack of knowledge transfer seen in national systems in recent years.

In the same way, innovation is not only produced through rupture or radical leaps, but also moves forward, generally, in an ongoing manner. Given the social nature of learning and innovation, these processes work better when the stakeholders involved are in close proximity, allowing frequent interaction and the easy, efficient exchange of information.

Furthermore, part of the knowledge transmitted between these local stakeholders is more tacit than codified, and this brings advantages to members of territorial networks. This common code or language of communication, which facilitates interaction, can also be complemented by the creation of territorial institutions which help to produce and reinforce the norms and conventions that govern the behaviour of local companies and the interaction between them.

We are moving towards an "innovation system", then, that consists of a series of elements and relationships that interact in the production, dissemination and development of new, economically useful knowledge (Lundvall, 1995). Within this framework, territorial learning capacity also depends on the construction of an appropriate institutional environment to stimulate private and social learning among workers, companies, networks, groups of companies and public and private organisations within the territory.

To achieve this, it is important to ascertain the regional capacity for learning (learning regions), in which the social and cultural context of both the research infrastructure and the network of relationships between companies and territorial stakeholders are crucial. The promotion of a territorial environment that is favourable to innovation depends, then, on the capacity to promote cooperation relationships in different territories in line with the capacity to design and execute policies and to understand their internal processes.

As can be seen, the innovation system does not involve only private profitability criteria, since there are diverse agents who contribute to the generation of innovation and a significant proportion of these agents are not motivated exclusively by profit, such as governmental institutions or non-commercial public or private organisations. On the other hand, the agents that incorporate this interactive focus will widen and improve their skills through the dynamics of learning, and this will allow them in practice to achieve better returns to scale, which do not depend on size, but on the quality and density of the network of relationships between the different agents and institutions.

8. As a short summary...

We are facing a scenario, although it has contradictions as regards its impact and evolution, which is opening up spaces to incorporate a more complex perspective of development, in which the human dimension is strongly re-emerging at the centre of our objectives.

The territory is again becoming the central player, renewing its role and generating a perspective which sees knowledge and innovation as inputs, but not in the traditional sense of technological innovation, but as the lifeblood of a wide-ranging, inclusive, collective process which involves a new relationship between the state, market and civil society.

This interpretation of the changes necessary is not an isolated fact, it is part of the failure of old models and of the evolution of the concept of territorial development with a multi-stakeholder and multi-dimensional vision which attempts to learn from our practices.

In this regard, the relevant elements, both old and new, are considered in the debate, such as the role of public policy, networks, the dissemination and flows of innovation, the mediation of interests that emerge from the contradictions and disputes which occur within these spaces as a result of inequality, of the different ideas of sustainability and the meaning of territorial dynamisation.

It is not an easy path and, in many places, some simplistic beliefs and incomplete perspectives, which have led us to make mistakes in the past, still survive. *Engineering a powerful system of relationships with multiplier effects to improve the performance of our society is a great challenge.*

These are times for new instruments. Agencies are emerging as options for the construction of strategies based on an idea of governance that can promote cooperation in the different territories in line with the capacity to design and execute policies which generate a more equitable space. Agencies are open spaces where trust can be built, agreements reached, policies applied and interests managed, among other contributions.

Lastly, this obliges us to insist on the training of managers, leaders and networks, on the incorporation of socio-institutional innovation with efficient mechanisms for dissemination in the interior of the territories, with fresh visions, such as social innovation, permanently accompanied by reflection, through the systematisation of our experiences, as a contribution and also as an essential need in order to define our own path.

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