Partnerships, Meso-institutions and Learning
New local and regional economic development initiatives in Latin America

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Introduction

Regional development policy perspectives have changed considerably in the past 25 years. One can distinguish three generations of theories informing policy practices. The first generation of regional policy emerged in the 50s and 60s. A fundamental point of departure was the fact that economic growth did not occur simultaneously throughout a territory but that it was selective and uneven. The cumulative character of regional growth was generally accepted but debate centred on questions concerning its internal or external origin, its structural permanence and the processes of its reproduction. There were considerable differences in interpretation as to whether this unevenness would increase or decrease over time. Centre-periphery theories argued that structural factors would reproduce and intensify inequalities. Others were more optimistic and predicted that regional inequalities would decline over time. Regional policies were mostly framed in the optimistic variant and were derived from neo-classical theories of optimal resource allocation. Policies aimed at reducing impediments to mobility and at removing monopolistic elements that would keep prices from competitive level (Maillat, 1998). The national government was the central actor in first generation policies. Through its regulatory powers and through financial incentives it could influence the location of firms. The provision of infrastructure was considered an important instrument to stimulate local demand and at the same time overcome regional disadvantage. Regional inequalities were a central issue in theories and policies of regional development. Can regional policies alter such structural patterns and reduce regional inequalities?

In the late 70s and early 80s considerable scepticism emerged about the effectiveness of conventional regional policy instruments, and a debate raged about whether policies were really ineffective or actually never put to a real test in Latin America (Boisier et.al. 1982). A number of authors rejected the predominant paradigm and searched for regional development alternatives. Already in the late seventies, several regional development analysts were looking for alternatives for the then dominant regional development paradigm. Walter Stohr advocated selective spatial closure (Stohr & Fraser Taylor, 1981) and John Friedmann the agropolitan approach (Friedmann & Douglass, 1978). Although there are considerable differences between the two, they have in common the search for *endogenous* development alternatives based on *local* actors, resources and capacities.

Since then the national and international context of regional policy has drastically changed. Shifts in national economic policies, the opening up of national economies and processes of economic restructuring and internationalisation of production during the 1980s, have re-shaped regional economic landscapes. Existing core regions have been seriously affected by restructuring At the same time new growth regions emerged outside the established core areas, which became known as industrial districts, and which were successfully competing internationally. These experiences gave rise to a new local and regional development alternative and demonstrated the potential strength of endogenous regional industrial development. Flexible specialisation and industrial districts re-defined the frame of reference for regional policies and gave rise to a *second generation* of local regional industrial policies. Research on industrial district in Latin America has contributed to this generation of policies, notably districts in Brasil and Mexico (cf Schmitz, 1995). Central to these endogenous regional development policies is the notion "to increase the developmental capacities of a region – to challenge international competition and technologies by mobilising or developing its specific resources and its own innovative abilities" (Maillat, 1998:7). An important difference with the first generation policies is that government is not at the centre stage of policy. Instead endogenous development emphasises the roles of inter-firm co-operation, of business associations, of unions, and of government to develop, in interaction with each other, specific skills, resources and 'rules of the game'. Public policy remains important but in a different capacity.

The 1990s brought about substantial re-alignment of the relationships between state and society, which manifested itself in a wave of democratisation and decentralization reforms, notably in Chile, Bolivia, Uruguay, Brasil, Colombia, Mexico and to a lesser extent in Central America. Decentralisation within the public sector gave local and regional governments more room for manoeuvre and at the same time, local governments in view of their own financial and other limitations began to involve other actors (private sector and NGOs). This contributed to create favourable conditions for local and regional development initiatives.

Currently a *third generation* of regional policies is born in practice. These third generation policies are, on the one hand, a response to the further study and evaluation of endogenous regional development and policies. On the other hand, they result from the recognition that globalisation, which deepened in the 90s, makes territorial production systems and not just firms compete with each other. This means that new policies cannot be exclusively local but must take into account the position and the positioning of territorial production systems within a global context. Furthermore, recent experiences tell us that policies cannot be exclusively local or regional, to the point of excluding sectoral and (inter)national policies and contexts. Horizontal co-ordination among a range of actors needs to be complemented by vertical co-ordination between levels. The third generation policies are premised on the recognition that new policies need not necessarily require more resources but seek to enhance 'system's or systemic rationality' in the use of existing local and extra-local resources and programmes. Third generation policies supersede the opposition between exogenous and endogenous development policies.

Local economic development (LED) may be defined, in this context, as a process in which partnerships between local governments, community-based groups and the private sector are established to manage existing resources, to create jobs and stimulate the economy of a well-defined territory. It emphasises local control, using the potentials of local human, institutional and physical capabilities. Local economic development initiatives mobilise actors, organisations and resources, develop new institutions and local systems through dialogue and strategic actions.

Some 20 years ago, Sergio Boisier questioned the then prevailing regional development paradigm framed by polarized regional growth as a 'theory in search of a practice' in Latin America (Boisier, 1982). When considering the current situation, I would suggest turning this question around: what theory is evolving out of the new practices of local and regional development promotion found in Latin America? A recently published series of studies allow us to begin to answer this question. In mid-90s the UN Commission for Latin America and the Caribbean in association with the German Technical Cooperation Agency (GTZ) commissioned a series of case studies on decentralization and local economic development. The late Gabriel Aghón directed this project. In total more than 22 reports were published, most of which were case studies reports. The studies are all available on the website of CEPAL. From these I have selected 12 for a meta analysis on the changing practices of local and regional development in Latin America. The case studies span the entire Spanish speaking part of the continent, as they cover regions from the south of Chile to a Mexican states, which shares borders with the USA. In view of the limited space available I will not elaborate in detail on all 12 case studies. The reader is referred to the CEPAL website. In stead I will examine overall trends emerging from these case studies, note commonalities and differences. In this analysis I will focus on the central messages of new LED theory namely the importance of interaction among public and private actors, the creation of new institutions for LED and different processes of learning (Helmsing, 1998, 1999, 2000).

New local and regional development practices in Latin America: evidence from case studies

Introducing the case studies

The twelve case studies range from small peripheral communities in a mineral mining region/enclave in Chile and rural peripheral regions in Colombia, Chile and in Peru and intermediate regional towns in Chile and Argentina to large metropolitan cities regions such as Cordoba, Argentina, Medellin, and Bucaramanga in Colombia and Guadelajara (Jalisco State) and Chihuahua (Chihuahua State) in Mexico[1].

Figure 1
Overview of case studies

Country	**Location of case study**	**Type of region**
Argentina	City of Cordoba in northern Argentina	Metropolitan regional economy
Argentina	City of Rafaela in northern Argentina	Intermediate region with industry and agriculture
Chile	4 municipalities in Araucania in Southern Chile	Predominantly rural agricultural
Chile	Rural local communities in Provincia de Loa, Autofagasta in northern Chile	Copper mining region
Chile	Intermediate city south of Santiago	Intermediate urban economy
Chile	Rural communities in Ranquil, Central South region of Chile	Rural agricultural restructuring
Colombia	City of Medellin in the north western part of Colombia	Second largest metropolitan regional economy
Colombia	City of Bucaramanga in the North Eastern part of Colombia	Intermediate city in a mining region
Colombia	Rural municipality Pensilvania in the north of the Caldas Department	Small town in a diversified agricultural and forestry area
Mexico	Jalisco state in the central-western part of Mexico	Guadelajara metro economy in an underdeveloped regional state
Mexico	Chihuahua state bordering the USA	Border region with a dualistic 'Maquiladora economy'
Peru	Municipality of Ilo in the south-western part of Peru	Peripheral border area

Guillermo Marianacci (2000) reported on the local initiatives undertaken in Cordoba. The new local administration began to develop the local space for 'concertación' on the direction of economic development. The changing national and international economic conditions called for a restructuring of the cities economy. At the same time the MercoSur created new opportunities in terms of a development corridor in which Cordoba could acquire a strategic position. Pablo Costamagna (2000) examined the city of Rafaela, which has been on an historical trajectory of a regional agro- and manufacturing industry centre. 'Apertura' and internationalisation posed new demands on the competitiveness of the regional economy. The author detailed the growth in 'institutional thickness' (Amin & Thift, 1994) in order to strengthen the local capabilities for key economic activities and for LED policy. Osvaldo Bernales (2000) looked at the creation of a network of municipal strategic management teams as a means to increase the local capacity through cooperation and to promote local economic development in Araucania in the South of Chile. The provincia de Loa in Autofagasta in the North of Chile is a quite different case of a region already firmly established in the international economy as a mineral mining enclave. The mineral exploitation was causing environmental damage and drawing on a scarce resource, water. Both threatened to undermine further the livelihood of local rural people. Jorge Salinas (2000) examined this case, focussing on how the local resource conflict is handled and he outlined the initiatives to improve livelihood of local people. Carlos Muñoz (2000) looked at the case of Rancagua, an intermediate city south of Santiago where successive mayors have stimulated local government to become more entrepreneurial. A city marketing campaign, initially designed for limited objectives of attracting private investment, induces government to deepen the process of change. Private sector concessions are introduced to finance urban renewal. Luis

[1] Unless otherwise specified, all data interpretations presented in the figures 1 through 5 are based on the twelve CEPAL case studies.

Cáceres and Noelia Figueroa (2000) elaborated a case of rural small scale farming restructuring in Ranquil in the 8th region of Bio-Bio in Chile. A local development fund, set up with the assistance of a national agency, becomes a stimulus for convergence on public and private investment priorities and initiatives. Carlos Londoño (2000) took a new look at the region of Antioquia and the city of Medellin, Colombia. Public-private cooperation in this well known case of regional industrialisation has a much longer tradition than elsewhere. The author documented the initiatives undertaken since the mid-90s. Cesar Vargas and Roberto Prieto (2000) examined the case of the intermediate city of Bucaramanga. The authors reported how the Industrial University of Santander and other universities and research institutes became more involved in the local economy. This increasing role of academic institutions in local development together with increasing public-private dialogue on local competitive advantage led to the emergence of an 'innovative milieu'. Alberto Maldonado (2000) examined the emergence of a new industry of small-scale manufacture of design furniture in the rural municipality of Pensilvania, Caldas, Colombia. A local NGO, which had developed into a local economic development agency played a pivotal role in this rural diversification initiative. Guadelajara is the centre of Jalisco state in Mexico. It is an important industrial centre and has attracted a considerable volume of 'maquila' investment. Clemente Ruiz (2000a) elaborated on the efforts of the new state government to increase the local spin-of of these external investments and at the same time spread new investment geographically to selected municipalities in the state. The second Mexican case, elaborated by the same author, also documented efforts of the new state government of Chihuahua to take a strategic approach to economic development, putting greater emphasis on strengthening local industries and geographically deconcentrating its expansion (Ruiz, 2000a). Finally Maricela Benavides (2000) looked at how an initial narrowly defined and supply driven project on better informal sector regulation broadens out to a broad based local economic development initiative in the municipality of Ilo, Peru.

Conditions and triggering mechanisms

The overall political and macro economic conditions of the countries concerned also varied quite considerably. In terms of the political conditions it is important to mention the Chile and Colombia had carried out important decentralization reforms in the early nineties. The processes in these two countries are quite distinct but in both cases contributed to creating new spaces for local regional initiatives. In Mexico the coming into power of opposition parties, which followed the demise of the PRI in national elections, also gave new impulses to regional development. In contrast, Peru in the same period went through a period of mayor political instability. Argentina on the other hand found itself in an intermediate position. There was in this period a relative political stability and no mayor decentralization reforms.

Globalisation and economic restructuring was an important factor triggering new initiatives, but this cannot be said for all cases. Clearly the MercoSur and NAFTA played a role in the cases of Cordoba, Chihuahua and Jalisco. Also in Colombia, policies of 'apertura' induced local actors to examine the consequences and opportunities for their local regional economies (Medellin and Bucaramanga). In other instances, however, the influence of economic restructuring and globalisation is less immediate and evident (Rafaela, Auracania and Ilo). Other particular factors, both positive and negative, can be pinpointed without these being an exclusive cause, such as, disease and pests in agriculture (indigenous wines – Ranquil), local unexploited resource opportunities (Pensilvania) or the negative environmental consequences of mining (Autofagasta).

It is also important to mention that in several instances the local regional development initiatives are characterised by far greater 'continuity with change' than often recognised. Medellin and Bucaramanga experiences have evolved in homegrown endogenous processes that span more than de decade.

Creation of meso institutions

One of the key features of 'third generation' regional development policy is the central role of meso-institutions i.e. institutions at the level of sector and region (Helmsing, 1999). This comes, partly, in the wake of strategic conceptions of competitiveness (Porter, 1980 and Best, 1990). That is to say, the competitiveness of a firm not only depends on its own efforts to continuously improve methods, processes and products, but also depends on its suppliers and on the local business environment in which it operates. Suppliers can be a source of innovation and the local business environment can help or hinder firms in their efforts. With regard to the latter one may distinguish between ‘help or hindrances in the form of physical infrastructures or lack of it (industrial land, ports and transport and logistic terminals, electricity, etc), in human resource development and training and in enterprise support systems. Firms that are located in places well-endowed with specialised infrastructures and institutions to assist them in their restructuring, may have a decisive edge over firms located in adverse local business environments.

The institutional and infrastructural endowments of the local business environment are created over time through inter-firm cooperation (e.g. with the help of business associations) and through public policy. In order to plan for these, public-private interaction is essential. This has given rise to the creation of a second type of meso-institutions, which facilitate such public-private interaction: institutions for policy and planning (Helmsing, 2001).

What institutions have been created in our case studies on new Latin American LRED policy practices? Figure 2 gives an overview.

Figure 2
Meso-institutions

Case	**Institutions for policy and planning**	**Economic institutions**
Cordoba	mixed LED agency (ADEC)	LED agency (ADEC); Incubator
Rafaela	Municipal LED training and research institute (ICEDEL)	Small Enterprise Business Association (CAPIR); technology & Innovation Centre; Enterprise Development Centre
Araucania	informal inter-municipal cooperation	
Medellin, Antioquia	Strategic planning Council (ACTUAR), Competitiveness Council	Employment observatory, Technology Development Centres (4), Regional Guarantee Fund; Social Trade Promoting Agency
Bucaramanga, Santander	Mixed Metropolitan Planning & Economic Development Agency	Enterprise promotion agency (Bucaramanga Emprendedora); Productivity Centres (4); Incubator; Science & Technology Centre (Technopolis of the Andes)
Prov de Loa, Autofagasta		
Rancagua	LED campaign agency (Rancagua Emprende)	Small Enterprise Municipal House; incubator; Micro-Enterprise Support Centres
Ranquil	mixed LED agency (Comite de Fomento Productive Comunal)	Peasant Committees for joint actions; Local Investment Promotion Fund
Pensilvania	none	Productivity Centre
Chihuahua	private LED agency (Desarrollo Economico de Chihuahua C.A.)	Supply Development Council of Ciudad Juarez; Supply Development Centre of Chihuahua; R&T Transfer Centres
Jalisco		Enterprise Clusters (AGREMs); Design Institute, Quality Standards Institute
Ilo	Economic round table (informal)	Creation of a Chamber of Commerce and a local SME association

From the above it may be concluded that in nine out of twelve cases the development of new meso-institutions has played a central role. In most cases the creation of policy and planning institutions *preceded* development of specialised institutions for the local regional economy. The new policy and planning institutions served in most instances to facilitate public-private interaction. There was a noticeable trend to establish such bodies *outside* public law (as a mixed non-profit body). The latter is an important feature as it places these institutions outside the realm of politics and parties.

The economic meso-institutions centred on supporting enterprise development through incubators, business development services (notably technological innovation) and cluster and group based programmes and on institutions serving the labour market. While micro enterprises received support in a number of cases, there is a general awareness that the strengthening of the local regional economy depends on small, medium *and* large companies.

Noteworthy is also that organisational development *within* the respective local, regional and state government was a crucial ingredient in the process. That is to say, new local economic development units (e.g. in Rancagua, Rafaela and Bucaramanga), departments or ministries (e.g. 'Gobernación' of Antioquia and of Santander and the 'Secretaria' of economic development in state government of Chihuahua) were created *inside* the government units. These units played a central role in initiating public-private dialogue, which in turn led to an institutionalisation of public private interaction through the creation of new institutions of policy and planning. These bodies helped to identify the need for new meso-economic institutions.

Nature, scale and type of LED initiatives

In order to classify the LED initiatives I use a broad based classification drawn from Blakely, (1989) and earlier work (cf Helmsing, 1999, 2001b). A distinction is made between three main categories of local economic development initiatives. The first set refers to actions that may be broadly described as community based economic development. Community based economic development may be applied to both rural and urban settings, though a number of characteristics would necessarily be different. The essence of community economic development is to facilitate household diversification of economic activity as the principal way to improve livelihood and reduce poverty and vulnerability. The second category refers to business or enterprise development. This broad category consists of initiatives that directly target and involve (cluster(s) of) enterprises. In contrast to community economic development, this category is premised on specialisation and overcoming obstacles towards specialisation in a market context. Enterprise or business development is normally closely associated with the existing economic base of the locality or region or with developing a new industry in order to diversify the existing economic base. A number of the principles of enterprise development policies apply differentially to small, medium and larger enterprises. Survival based micro enterprise activity is examined under the first mentioned category. The creation of industry specific meso-economic and enterprise support institutions plays a central role. The third category refers to locality development. This is complementary to the previous two and refers to overall planning and management of economic and physical development of the area concerned. The latter includes but is broader than policy and planning of the local business environment.

Figure 3 gives an overview of the types of LED initiatives in the twelve case studies.

Figure 3
Types of LED programme initiatives

Case	**Type of LED initiative**
Cordoba	Locality development with mayor urban property development (telepuerto); Enterprise development (incubator and training subsidies); Community economic development through micro-enterprise support and credit.
Rafaela	Locality development (infrastructure & physical planning); Enterprise development (incubator, enterprise support services; innovation).
Araucania	Locality development and tourist promotion; Small enterprise development in agriculture.
Medellin, Antioquia	Labour market and human resource development (information, training); Enterprise development (cluster development and group based programmes in four industries (metal engineering, plastics & rubber, food processing and bio-technology)); Community economic development through micro-enterprise support (support

	services and government purchasing programme).
Bucaramanga, Santander	Innovative milieu; Small enterprise development through Productivity Centres in food processing, leather, textiles & clothing and jewellery; Locality development (S&T park).
Provincia de Loa, Autofagasta	Community economic development through micro-enterprise support in agriculture (water conservation and irrigation processes and new products- fruits and dairy).
Rancagua	Labour market improvement and HRD; Community economic development through micro-enterprise support centres and incubator; Locality development (urban renewal through concessions); city marketing to attract outside investors.
Ranquil	Small enterprise development in agriculture (group based learning for innovation in technologies and products – wine and forestry and fruit and vegetables respectively).
Pensilvania	Small and micro-enterprise development in design furniture based on business development services, training and equipment
Chihuahua	Enterprise development and upgrading in strategic clusters (light industry, food processing and services), development of supply clusters around FDI maquila in electronics, business development services.
Jalisco	Enterprise development through clusters in leather, textiles & clothing, furniture & decoration and metal engineering and car parts, development of supply clusters around FDI maquila; State marketing for attracting FDI; Locality development (strengthening capacity of municipalities)
Ilo	Locality Development – general and economic infrastructure, industrial trade fairs Community economic development through micro-enterprise support in training, rotating credit, machine centres

In terms of concrete initiatives that were launched there is a general tendency for (small) enterprise development programmes to predominate. These programmes in most instances refer to business development services, especially technology and innovation. Enterprise finance is (surprisingly) much less prevalent than expected and if it occurred it was related to venture capital for new technology firms (Bucaramanga and Chihuahua).

In larger economic units cluster development programmes constitute an important programme component, notably in Mexico and Colombia. As one moves from large economic units (state regions and metropolitan cities) to rural and municipal initiatives, small and micro-enterprise development programmes become more important.

In several instances, notable in Mexican and Colombian cases, there have been concerted efforts to create a local 'innovative milieu' (Maillat, 1995, 1998). Capello (1999) considers an innovative milieu as the highest form of collective learning, in which universities, public agencies and firms undertake concerted action to actively create new local competitive advantages.

Locality development concentrates on infrastructure and property (re) development and on city marketing. It is important to note that in three cases, Cordoba, Argentina, in Rancagua, Chile and in Bucaramanga, Colombia urban renewal and property development played an important role. The physical re-shaping of cities plays very much part of new local economic development initiatives.

Improving the functioning of the local urban labour market takes place via information and intermediation. HRD is important in those instances where national policies provide incentives (Chile), though there is one case where a metropolitan authority provided training subsidies (Cordoba).

Actors, partnerships and networks

As part of overall macro-economic reforms, central governments have considerably reduced their responsibility for regional development and for place prosperity. Localities and regions have been thrown onto themselves to take responsibility for their own development. Mostly by default and occasionally by design (decentralization and local government reforms), local actors have been given the room to developed themselves the full range of processes to do so. This has made that one of the key features of third generation local and regional development is the involvement of multiple local actors. The range of actors has increased, including governments, communities and their organisations, non-governmental organisations and now also private enterprises and their associations.

Local producers and their associations are key actors in enterprise and local business development. Inter-firm cooperation and joint action plays a central role. However, local producers are very often individualistic and find it difficult to combine competition with cooperation. Several commentators have indicated that joint action and inter-firm co-operation, of the kind enumerated above, does not come easily. Some argue that such collaboration requires a kind of external catalyst or brokerage role (Meyer-Stamer, 1998, Barzelay, 1991, Helmsing, 2001a). The multiple roles of business associations in economic development are increasingly recognized and they may take a variety of forms (Levistky, 1993). Traditionally, they represent their members in their dealings with government. They often negotiate with trade unions. Their other traditional function is a social one. An association provides a reference group for individual entrepreneurs. More recently, the emphasis shifted to two other functions, the provision of business development services and what some have called ‘private interest governance’ (e.g. establishing codes of conducts for an industry, settling disputes, etc.).

Several factors have contributed to a more prominent role for local government in local economic development. First of all, there has been a generalised and persistent trend towards decentralization in the public sector, which has complex and multiple causes. Public responsibilities have been transferred to local governments, but very often without adequate transfer of resources. The need to generate more local revenues has forced the local governments to take more interest in the economic development of their area of jurisdiction. It is worth adding that the concern for local economic development does not only derive from the need to raise revenue but is also a genuine response to the local demands of people and enterprises. Secondly, in a number of countries new legislation has facilitated local governments to enter in public-private partnerships (e.g. Colombia, Chile and Bolivia). Thirdly, changing perceptions on poverty reduction have made local government more active in pursuing local employment creation. Fourthly, in a number of countries, national or state governments have launched support programs to enable local and regional governments to become more active in local economic development (Chile’s regional development fund). Finally, in some countries, there have been genuine regionalist pressures which stem from political demands in response to past neglect (Mexico), but which also may arise from the build up of local initiatives in association with successful processes of local and regional specialisation (Colombia).

Much in contrast to past practices at national level, local governments generally realise that they are but one of many players involved in local economic development. Most local authorities spend a minor fraction of their budgets on direct economic development support. More important, however, are the manner in which they discharge their main functions and realise their economic significance as a) a source of economic opportunity and b) a service enhancing or inhibiting enterprise development and competitiveness. Instead of self-contained, hierarchical bureaucratic processes, mediated by more or less democratically elected politicians, ‘third generation’ local governments seek to involve other local actors in the formulation and/or implementation of government policies and programmes. They actively pursue the formation of local policy and support networks. These were denominate horizontal networks and networking.

It is important to stress here that LED does not refer only to local institutions but also to decentralized sector and national agencies. The participation of external stakeholders may be critical. First of all, specialised sector agencies can provide critical resources and services, such as training, finance. Secondly, national sector agencies mediate between the local and the global and provide windows through which local firms can better understand global changes and participate in international markets. Especially when local institutions are weak on the ground, national agencies can play important complementary and enabling roles. Horizontal networking needs therefore to be complemented with vertical networking to access national institutions and resources.

Figure 3 gives an overview of actors and patterns of networking in the twelve case studies.

Figure 3
Actors: horizontal and vertical cooperation and networking

Case	**Vertical**	**Horizontal**
Cordoba		Municipality, local business associations, university; broad based civic consultations on city strategic plan;
Rafaela		Municipality, local business associations, a new small enterprise association and NGOs
Araucania	Municipality-regional government	Inter-municipal cooperation
Medellin, Antioquia	Municipality-departmental government	Municipality, local business associations (incl. Chamber of Commerce), universities
Bucaramanga, Santander	Municipality-departmental government	Municipality, Chamber of Commerce, private firms, universities
Provincia de Loa, Autofagasta	Dominant role by regional government, national mining company, sector agencies, national NGOs	Limited and informal
Rancagua		Municipality, private real estate companies, local micro-entrepreneur association
Ranquil	Social Development Agency (FOSIS) – Agriculture line agency - municipality	Municipality, peasant groups, NGO, consultant firm
Pensilvania	Line agency (SENA) – Local development foundation – Municipality - donors	Municipality, local development foundation, large local sawmills
Chihuahua	State Govt – 2 City Governments – Local Development Agency	State Government – Business associations – University
Jalisco	State Government, selected municipalities, Federal PYME agency	State Government, Chambers of Industries – Enterprise Groups, University
Ilo	Limited between Ministry of Industry-municipality, inputs from UN Agencies	Municipality, Chamber of Commerce, Inter-municipal cooperation

When examining our twelve case studies in terms of actors, partnerships and networks, it is noteworthy that in all cases, except one there is horizontal cooperation between public and private actors. In most cases the private sector takes part via representative bodies such as chambers of commerce and industry and sector business associations. In some instances the presence and influence of large firms and enterprise groups is visible (e.g. Bucaramanga, Chihuahua)

NGOs are less frequently involved than initially expected. Notably in Chile and in Colombia, NGOs are active in community economic development through micro-enterpise and training programmes. A rather exceptional example if the local Dario Maya Foundation in Pensilvania, Caldas, Colombia which as a ‘vertically integrated’ support agency, played a pivotal role in virtually all aspects of the local development initiative[2].

In the majority of cases there are also clear indications of vertical cooperation and networking. That is to say, sector or higher levels of government play a central role in the local development initiatives. In the case of Chile it is the regional governments and in Colombia the Departmental Governments. The National Vocational training Agency (SENA)

[2] This NGO was established by a leading and (very) large landowner, whose family controls most forest resources in the municipality and owns 2 large saw mills, which provide a mayor source of local employment.

plays a supportive role in all three Colombia cases. In Chile the FOSIS, a social fund/development agency plays a similar role.

In addition it should be added that frequently national policies provide important resources and opportunities for local development initiatives. This is most clearly evidenced by the Colombian National Small Enterprise Policy formulated in the mid-80s, which put forward the creation of Centres for Productive Development (CDPS) and gave SENA a supporting role in these. Even though this policy did not have a large implementation coverage in terms of the number of created CPDs, all our cases-studies incorporated CPDs in their initiatives. Also the role of FOSIS and its regionally defined small and micro enterprise projects has provided a window of opportunity for local development initiatives.

Learning processes

Learning is rapidly gaining ground as a central concept in third generation local and regional development. Learning takes place at the level of the firms, at the level of clusters of firms and at the level of the locality or region itself.

In the competence theory of the firm, a firm is defined as a repository of productive knowledge (rather than a nexus of contracts). Learning is central to maintaining and renewing competencies. 'Core competencies are the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple technologies… Core competencies do not diminish with use but are enhanced by it' (Lawson, 1999). In this view, product market competition is merely a superficial expression of a deeper competition over competencies. Conceiving the firm as core competencies suggests that inter-firm competition, as opposed to inter-product competition is essentially concerned with the acquisition of knowledge and skills (ibid).

By being part of an agglomeration or cluster a firm can greatly expand its capacity to learn. A cluster can help to reduce uncertainty. It contributes, organizes and can facilitate exchanges of information. It provides additional signalling and articulates needs of firms and facilitates co-ordination of actions. Learning at the level of cluster can take place via supply chain linkages (i.e. supplier and customer relations), via mobility of skilled labour between the firms in the area, and, last but not least, via spin-off activity (creation of new start-ups). It also involves i) imitation and reverse engineering. ii) informal knowledge exchange via 'cafeteria effects', and, iii) specialist services. In short, a cluster enables collective learning (Camagni, 1991, Lawson, 1999).

As markets become liberalized and firms get exposed to international and 'new' competition, firms need to develop a dynamic capability to renew, augment or adapt their competencies in order to maintain economic performance. Innovation and learning are central and involve combining diverse technological, organizational and market knowledge. Firms have a limited capacity to undertake a range of activities. Choices must be made. Thus, when firms want to invest in new products or processes, in response to new competition, they encounter problems because they lack the knowledge to efficiently undertake the complementary activities needed to produce and market them. Or a firm may be able to produce cheaply but lack the competence to design its products to the latest fads and fashions. Inter-firm cooperation becomes a key to address this issue. In regions where this complementary knowledge is available, firms have a better chance to learn and develop new routines and competencies. Skilled labour, specialist services and inter-firm cooperation create a capability in a region or cluster to renew and augment the competencies of firms. This requires a social context, and a common language and culture to facilitate exchange, and the region may provide these.

Local actors are best placed to assess their own situation and learn by comparing with other experiences. Learning at the regional level involves institutional and organizational processes. The form of learning takes place through interaction among local actors, i.e. firms, governments, NGOS and community organisations. This is what Lawson (1999) conceptualised as a new (third generation) local or regional competence. It requires an ability to spot signs of change; to create awareness and communicate it to other actors so that all understand the implications; and lastly, it requires a responsiveness to mobilize resources to address emerging problems. Essentially this is a case of collective learning, but now at local governance level. A local regional innovation system (LRIS) is a system in which universities, research training and technology agencies interact with government and local industry. This contributes to greater systemic rationality at the level of the local regional economy, and is capable of generating substantial efficiencies in the enterprise support system, by reducing policy mismatches and by creating greater convergence in complementary investment and support programs. The LRIS, if properly structured, can contribute to collective learning, now at the level of local and regional policy making. It can assist in a social and economic intelligence function by contributing to three feedback loops (Cooke and Morgan, 1998): a) assessing the extent to which the economic trajectory of a region is appropriate; b) comparing the regions' performance with other and 'peer' systems; and c) working out the implications for changes in the system in order to prevent a lock-in (for example, in the orientation of and priorities for the enterprise support, training and human resource development).

Based on the above one can distinguish five different types of learning processes. The first is learning through education i.e. knowledge transfer through HRD and training activity. A second fiorm is organisational learning, e.g. in the firm in order to become or stay competitive and in the relevant public bodies in order to learn about economic development of the territory. A third form of learning is what Hilhorst (1990) called planning as a social learning process. That is to say, developing among local actors a common understanding of the local development problems, identifying rationalised choices and generating agreements about development priorities and strategic plan initiatives. A fourth form, collective learning, would be cluster and group based learning among local firms as outlined above. Lastly, there is learning through institutionalised local regional innovation systems in which universities and research institutes play an active role (innovative milieu).

Figure 4 summarises the different learning processes are they have been taking place in the twelve case studies.

Figure 4
Learning processes

Case	**Regularised knowledge transfers (training)**	**Organisational learning in local public agency**	**Social learning in policy and planning among public and private actors**	**Group based and collective learning among firms**	**Local innovative system**
Cordoba	Yes	LED unit	Strategic plan for city		
Rafaela	Yes	LED unit	Strategic plan for city		
Araucania	Yes	Municipal teams			
Medellin, Antioquia	Yes	Departmental and local governments	Competitiveness, strategic plans and LT visions for city and region	Enterprise groups	In formation
Bucaraman-ga, Santander	Yes	Departmental and local governments	Competitiveness, role of S&T, strategic plans and LT visions for city	Enterprise groups, research clusters	In advanced stage of development
Provincia de Loa, Autofagasta	Yes		On specific themes (such as water, environment)		
Rancagua	Yes	LED unit	City marketing campaign		
Ranquil	Yes	Limited	Yes, defining LED initiatives	Small farmer groups	

Pensilvania	Yes	Limited	Limited		
Chihuahua	Yes	LED secretariat	Strategic plan, strategic clusters	Enterprise clusters	
Jalisco	Yes	Same	Strategic and spatial decentralisation plan	Enterprise clusters	
Ilo	Yes	LED unit	Yes, on strategic interventions		

In all twelve case studies we find instances of learning by educating. That is to say, through training and transfer of knowledge e.g. as happened in Centres of Productive Development, Techinology & Innovation Centres and the like). Existing HRD and training institutions (e.g. SENA) provide skill training programmes, frequently oriented towards micro and small enterprise.

Common in almost all cases is organisational learning in the relevant public bodies about economic development and about how to engage other actors. As we saw above, new local economic development units, departments or ministries (secretarias) were created *inside* key government agencies. Many case studies signal the importance of organisational learning within these new units, often associated with the employment of new young professionals. No, doubt there is also organisational learning within individual firms but this is not reported on.

The most pervasive form of learning is that of social learning in policy and planning in relation to LED initiatives. The new generation of Latin American local and regional development practices is associated with a new style of planning: less government and public sector centred and more strategic planning, seeking to understand the likely direction of local economic development and seeking broad based consensus on a long term vision about desirable local development.

A fourth process is cluster and group based collective learning among firms. The creation of group or cluster based learning processes has been object of local economic development initiatives in less than half of the cases. These are oriented towards medium and larger enterprises and most of them, though not all, take place in the larger territorial units (e.g. in Medellin, State of Chihuahua).

Finally, there are a few instances, notably in Bucaramanga, Colombia where local economic development initiatives are systematically seeking to develop an ‘innovative milieu’ in which universities, government, private sector cooperate to develop a stronger competence for LED policy and are undertaking concerted actions to develop local technological competitive advantage in selected local industries.

Concluding observations

The twelve case studies examined in this paper cannot provide conclusive evidence about new trends in the practice of local and regional planning in Latin America. Nevertheless, they provide indications of an emerging third generation ‘new institutionalism’. Central is the position and positioning of local economies in large (national) and international economic contexts. National economic restructuring and globalisation have created necessity to be concerned about this and decentralisation has given the opportunity for local initiative. The new practices seek to give shape to new forms of public-private cooperation, in both horizontal and vertical networking. Public-private cooperation centres on the creation of meso-institutions at the level of territory and industry. They involve a variety of processes of learning, which in some cases is more restricted but in other cases reaches the stage of an ‘innovative milieu’. The concrete initiatives focus predominantly on enterprise or business development and in some cases on the physical re-development of cities.

The case studies also generate questions about the new practices of the local and regional development. How inclusive are these new practices? While the broadening of the base of public decision-making on local economic development priorities certainly is a desirable feature of these new practices, do they also create a better distribution of (the means to take up) economic opportunities? Do they contribute to broaden the base of the local economy? Unfortunately the case studies do not permit us to answer this question. Though in one case, the Pensilvania case study, the contribution is clearly very marginal.

Last but not least last, there is a question of a methodological nature. Do the new practices of local and regional development promotion actually make a difference? This would require research that examines outcomes and relate these to local efforts. In other words, one would select localities and regions, which have demonstrated a dynamic economic performance and examine to what extent, if at all, this performance can be attributed to new practices of local and regional development promotion. Only a few of the twelve case studies explicitly raise this question.

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