

CeSPI

Centro Studi Politica Internazionale

INTERNATIONAL PARTNERSHIPS FOR LOCAL DEVELOPMENT

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Abstract

Local development is an important paradigm of the new approaches to economic and social development. An international integration between local economies is emerging as a new form of the glocalization process. We can observe natural or spontaneous international integration between local economies and societies through the internationalization of enterprises, migration and cultural links and networks, geographical proximities and new informational proximities.

Local public institutions are playing an increasing role in supporting these processes and new forms of International Partnerships for Local development are emerging.

In this framework we present some guidelines regarding the creation of International Partnerships for Local Development. They refer to the development of SMEs' clusters; the creation of local innovation systems; the development of human and institutional capital; the planning of institutional models for local development; the implementation of international strategic partnerships between local economies.

At the end we present the case of International Partnerships for Local Development between the Region of Atacama (Chile) and Italian Regions.

International Partnership for Local Development in the Glocalization Arena

Local and regional development represent an important issue of new economic development approaches. Local economies integrate into globalization processes when they are able to diversify

and to enhance their strategic resources. In this sense, international integration between local economies is emerging as a new form of the glocalization process. We can observe natural or spontaneous international integration between local economies and societies through the internationalization of enterprises, migration and cultural links and networks, geographical proximity and new information networks. In this framework, small and medium enterprises (SME) may be protagonists of the glocalization if their development is supported by innovation systems.

Theoretical analysis confirm the competitive international success of Italian industrial districts. Entrepreneurial culture and local institutions are important elements in order to consolidate competition and cooperation relations between SME, to create external economies and improve the development of collective efficiency.

In the last years, Italian SME have started a process of internationalization of production through sub-contracting, production cooperation and joint ventures' implementation. This process is involving several local public institutions and intermediate structures, such as local development agencies, technological parks, financial and entrepreneurial service centres, trade exhibition, enterprise consortium.

For such purpose, CeSPI, supported by the Interamerican Development Bank, is carrying out a research about local context, actors and activities to strengthen the competitive territorial development of three Latin-American countries: Brasil, Chile and Colombia, through international partnerships with Italian local economies. In particular, we considered the following international partnerships: Region of Atacama (Chile) with Region of Umbria, Region of Campania (Rio Grande do Sul, Brasil) with Region of Veneto and Zone 4 of Medellin (Colombia) with the Region of Toscana.

This research analyses the strength of private and public institutional systems of these areas and the possibility to establish strategic links with Italian local economies.

Our hypotheses is that international territorial partnerships with more experienced local systems, based on reciprocity and sustainability, may strengthen and consolidate local development processes in Latin America. To this purpose, International Partnership for Local Development are established.

Our studies try to identify strategic elements for increasing the competition capacity of SMEs, institutions and local economies. In particular, we consider the following aspects: creation and strengthening of production chains, consolidation of institutional networks for governance and support to small enterprises, strengthening of SME clusters, upgrading of human resources, territorial sustainability.

Researches include regional context analysis, identification of local development strategies, strength and weakness elements.

Strategic guidelines of International Partnerships for Local Development

DEVELOPMENT OF SME CLUSTERS

In the international development, in particular in the Italian experience, SMEs' clusters with their external economies of scale, increasing labour division, flexible specialization, collective efficiency and common actions are considered as industrial organization models of competitive production at international level.

International Partnerships for Local Development should sustain a strong cooperation between private and public territorial institutions in order to foster clustering of SMEs and increasing their international competitiveness.

INNOVATION AND QUALITY

Even in the case of traditional and mature sectors, SMEs' clusters are competitive if they adopt systems of progressive innovation and quality improvement. In the last years, local and regional development agencies have worked out models of marketing and technological services, making SMEs clusters able to increase innovation processes, facilitating their insertion in international markets.

International Partnerships for Local Development aim to promote a process of local innovation systems' organization, improve quality of products and processes, increase technological dynamism of SMEs, support product diversification and insertion in new markets.

UPGRADING HUMAN AND INSTITUTIONAL CAPITAL

SMEs clusters are competitive if they can rely on human capital with specific skills and abilities. At the same time intermediate institutions (Chambers of Commerce, Industrial Associations, Development Agencies, Universities, Entrepreneurial and Financial Service Centres) may perform a strategic action offering high quality services and knowledge in supporting SMEs.

International Partnerships for Local Development aim to promote the development of human capital and new generation of local entrepreneurs, strengthening intermediate institutions and a qualified offer of services and incentives.

INSTITUTIONAL MODELS OF LOCAL DEVELOPMENT

SMEs clusters development is implemented through the proactive support of different institutional models, which include several private and public actors operating in the territory. The creation of an institutional model for local development is important to define the functions of every actor and to mobilize private and public resources for strategic projects.

International Partnerships for Local Development transfer knowledge and methodologies to promote new institutional models of territorial development, and, within this frame, to plan and connect actors and instruments supporting SMEs clusters. This institutional assistance could represent an important element in the present transition of several DCs to decentralization systems.

STRATEGIC ALLIANCES BETWEEN ITALIAN AND LATIN AMERICAN OPERATORS

SMEs clusters and Italian intermediate institutions are promoting their internationalization through new strategic alliances with foreign countries. International Partnerships for Local Development try to reach agreements of territorial partnership between Latin American and Italian operators. The cooperation between regional and local governments, Chambers of Commerce, Industrial Associations, Trade Services' Centres, SMEs' systems, involves institutional and technical assistance for increasing trade and investments, fostering new links and the creation of new resources. Italian Regions and operators, as Chambers of Commerce and local development agencies are interested in investing resources in projects related with International Partnerships for Local Development.

International Partnerships are transversally established at three levels:

- At regional government's level, in order to plan new institutional models of local development and to improve his strategic capacities of planning and intervention in clusters' development.
- At intermediate institutions' level (Chambers of Commerce, Industrial Associations, Universities, trade and financial services' centres, technological centres, SMEs' Associations), aiming to strengthen the offer of qualified services for companies.
- At SMEs' clusters' level, in order to foster and organize innovation systems regarding production, processes and markets.

The case of the Region of Atacama (Chile)

Studying the Region of Atacama (Chile) we have identified two main objectives of the International Partnership for Local Development: the competitive development of SMEs' clusters and the identification of a new institutional model for regional development.

The International Partnership takes in consideration the administrative decentralization process implemented in Chile. In particular, it tries to support the will of the Government of Atacama to implement a systemic vision of local development, as written in the document "Estrategia de Desarrollo Regional 2001-2006".

The development of the Region of Atacama depends on the improvement of Atacama competitiveness, diversification of the regional production so far concentrated in copper production, local innovation and promotion of SMEs' clusters.

The strategic goal of the technical assistance and the cooperation of private and public Italian institutions towards Atacama, is to help defining a new institutional model able to foster coordination and interaction with national economical institutions (CORFO, Sercotec, Sernatur, INDAP, ...) and to implement a more effective plan with the active participation of the local private sector.

In this framework some systemic priorities are identified: the creation of metallurgic and mechanic SMEs' clusters connected with the mining sector; tourism SMEs' clusters; food and agricultural SMEs' clusters of Huasco Valley.

These priorities derives from the historical dependence of the regional economy from the exploitation and the exportation of its main natural resources (copper, agricultural and fishing products). These resources represent both strength factors and major structural weakness of the regional economy. An economy based on the exploitation of natural non-renewable resources showing reduction of mark-ups, needs to identify new economic factors for a sustainable regional development.

SMEs' clusters, and, in particular, their human capital, represent a potential strength for regional development. But public and private actions are still scarcely coordinated and interactive. These actions depends on the centralized model of public economic institutions (CORFO, Sercotec, Sernatur, INDAP). Regional institutions lack decisional power and capacity. In spite of the will to build a regional development strategy, the lack of coordination and interaction generates little synergy, no external economies of scale and fragmentation of programmes.

It should be borne in mind that Chile is implementing a decentralization (and deconcentration) process that could have great effects on the coordination of regional development policies and could

also foster the participation of the private sector. Moreover, in the case of Atacama we can observe a positive ground for collaboration between public and private institutions and regional leaders.

There are, therefore, many opportunities and potentialities for an effective Italian technical assistance able to strengthen the development of SMEs' clusters, and to support Atacama's government in planning a new institutional model for local development.

Programme's purpose and planned projects

The purpose of the programme is to diffuse innovation in SMEs' clusters in the main three economic sectors identified as well as innovate the institutional model for the development of Atacama.

This programme will be implemented through the planning of the following projects:

- Innovation of the institutional model for the development of Atacama
- Regional experimental fund for SMEs.
- Creation of a technological services network for connecting metallurgic and mechanic SMEs clusters to the mining sector.
- Collaboration of the SMEs' clusters of Atacama with the Italian SMEs' unions in order to participate in the licitation of the mining industry.
- Promotion of SMEs' clusters in order to create integrated tourism systems.
- Diffusion and improvement of quality in agricultural and food production of SMEs in Huasco Valley.

The first project represents a line of action to define a common framework for other sectoral projects. This framework is the most important innovative element through which we could plan a new institutional model for regional development. This model must generate an economic governance process and coordinate economic policies and instruments for SMEs clusters development.

In this way, International Partnerships for Local Development could represent a new cooperation policy for co-development in the framework of the emerging glocalization opportunities, fostering an economic and more equitable social growth.