



**LOCAL ECONOMIC DEVELOPMENT AGENCIES**  
FOR GOVERNANCE AND INTERNATIONALIZATION OF LOCAL ECONOMIES

**IDEASS**

ALBANIA, COLOMBIA,  
EL SALVADOR, MOZAMBIQUE

Innovation for Development and South-South Cooperation



# Presentation

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**The Local** Economic Development Agencies (LEDAs) are legal, no profit structures, owned by the public and private entities of the territory. Through the LEDA the local actors plan and activate, in a shared way, initiatives for territorial economic development, identify the most convenient instruments for their realization and enhance a coherent system for their technical and financial support.

**The LEDAs** provide several services to the population and institutions, such as territorial promotion, economic dynamization, credit, technical assistance to businesses, entrepreneurial training, with the objectives of supporting productive competitive development and economic innovation, within the perspective of an equitable, ecologic, and human development.

**50 LEDAs** with such characteristics are currently operating in many Latin American, African, East European countries, and they are gathered into the ILS LEDA network. These LEDAs are based on the experiences of the numerous similar structures operating in Europe since the '60s, nevertheless significant innovations have been introduced with regard to service supply methods, sustainability mechanisms, comprehensive management of economic promotion and the fight against poverty.



**These LEDAs**, in fact, integrate governance components (public-private partnership, local-national relations); strategic components (coordination between planning and action); human development components (social inclusion, vulnerable group support instruments, relations between the center and the suburbs of the territory, environmental protection); territorial promotion components (project financing and international marketing); business service supply components (technical assistance, professional training, marketing and loans).

**The international** organizations that structurally support the establishment and efficacy of the LEDAs are: ILO, UNDP, UNIFEM, UNOPS, and European Union. Numerous donors support the LEDAs in different countries, committing the execution of economic development projects to them. The World Bank identifies them as best practices for local development promotion. OECD recommends the Local Economic Development Agencies as the leader structures of the territory. The LEDA experience is part of the university curriculum in various academies, through masters or specialised courses.

# Which problems do LEDAs solve?

**A LEDA** helps to solve complex problems, such as the negative impact on living conditions caused by poverty, unemployment, economic transitions, and the disadvantages of the local economies in the current global arena. The key issues of their success depend on:

- the inclusion of a comprehensive response to the main need of the population for human and sustainable development under a single system of governance
- strong local ownership, so that local public and private actors can finally decide their own future
- the technical capacity of promoting and realizing complex projects, initiatives and partnerships

**According to** the specific problems of each different territory and the conditions of the country, the LEDA elaborates the different strategies that best fit the aim of promoting local economic development.

**The LEDA** pursues and provides specific solutions for the reduction of poverty, gender equality, micro and small enterprise development, exploitation of local resources, revitalization of local economy and reconstruction after conflicts, liaison with national contexts and policies, and the internationalisation of local economies.

## FIGHT AGAINST POVERTY AND SOCIAL EXCLUSION

**A LEDA** can provide emarginated and poor groups of the population with the chance to participate actively in the process of territorial development, to find permanent jobs and income, overcoming traditional strategies such as micro-credit, which generally has a very low impact on poverty reduction and sustainable development. It can also organize comprehensive services to help include women in the economic circuit, empower their capacities, and assist them in implementing business and specific projects.

### Impact on gender

In 2006, the LEDAs of the Departments of Huehuetenango and Chiquimula (Guatemala), Sonsonate (El Salvador), Valle (Honduras) and León (Nicaragua), established the Service for Women Entrepreneurship (SWE). This service is aimed at enhancing female entrepreneurship in each territory, by providing information, orientation, and technical support for business creation. It organises events about women entrepreneurship and leadership at the departmental level, in collaboration with the local and national institutions, and with women's associations network. This service represents an important instrument in the hand of the Municipal and Departmental Development Councils in order to promote equal opportunities, to design territorial integrated development strategies and to adopt planning mechanisms, involving the population in their actions, through information and training activities; the SWE conducted a study of the endogenous potential of each territory, in collaboration with universities, and came up with a map of women's economic activities, analysed through the chain of value approach. The Chiquimula LEDA SWE established a strategic alliance with the university and the Vice/Ministry of the micro, small and medium enterprises, for realising training activities on the issues of local economic development, marketing, and gender. The LEDA SWE provides technical and financial assistance to women and female student to promote new female-run sustainable businesses included in the territorial competitive value chains, and a new equitable entrepreneurial culture.

## SMALL ENTERPRISE DEVELOPMENT

**A LEDA** supports micro, small and informal entrepreneurs, without an easy access to the services and to the instruments for their enterprises growth, and with difficulties of maintaining their own competitiveness. It allows them to operate within an organized territorial environment that enables the infrastructure development, the innovation, the labor market, the services, and the finance.





### The development supported by the LEDA of Ixcán

The LEDA of Ixcán (Guatemala), established in 1993, played an important role in the promotion and growth of micro and small entrepreneurs, paying particular attention to women. The LEDA adopts an integrated approach, because the main need was identified in the creation of an enabling environment where economic local investment could be realised and developed in a sustainable way.

Technical and financial support to businesses, information about suppliers of raw materials and other products, markets and technologies, information about legal, financial and fiscal aspects, promotion of productive networks and correspondent productive associations, support to the internationalization of the local economy, social development, and institutional framework were, therefore, the main working areas of the LEDA for achieving the above-mentioned results. The LEDA carries out these actions through specific capacity building and through a radio (Radio Ixcán), which the LEDA itself established and manages. It facilitates communication with the more marginal communities and makes them aware of opportunities and how to exploit them. The LEDA manages its own credit fund; it established agreements with the SIM, Fonapaz, and Fis projects, and implemented specific projects for facilitating credit to women. As a result of all these actions, a credit of 1,700,000 USD was disbursed, with a return rate of 95%, benefiting almost 2100 persons in the last five years. Technical assistance and project financing are the LEDA's commitments in this area for the development of social infrastructure such as water, environment protection, housing, natural parks. Nevertheless important support to SMME development is provided through the relationships that the LEDA maintains with the local administration and the development council, which creates financial opportunities for SMMEs, and facilitates the channelling of projects to sustain them. An agreement with the University of San Carlos and with the National Secretary for Planning (SEGEPLAN) led to the establishment of a business development centre, aimed at enhancing the technological innovation. As result of all these combined and integrated actions, more than 9000 jobs were created in the last five years, of which 3100 for women and more than 400 SMMEs were created or supported.

### EXPLOITATION OF LOCAL RESOURCES

**A LEDA** helps to create territorial added value: industrial products from raw materials, tourism and industry from natural resources, economic activities from local culture and environment, etc, mainly by organising and implementing comprehensive value chains including small and medium enterprises, cooperatives, financial and non financial services, universities and research centres, education and training structures.

### The promotion of local value chains by the LEDA of Nariño in Colombia

The LEDA of the Region of Nariño in Colombia (1,700,000 inhabitants), established in 2002, placed great importance on the promotion of territorial value chains for sustainable development strategy, which it carried it out by uniting the actors to be involved in value chains and organise them into a network and associations, providing all the information and the support for value chain network operations, providing financial and non financial support, enhancing territorial brands, facilitating the marketing of the territorial products, promoting information and knowledge sharing. Five chains were prioritised: tourism, milk production, potatoes, coffee, and "panela". Through the "Semilla" Project, financed by the FORD Foundation, the above mentioned value chains were strengthened: more than 2000 producers were involved, 43 projects realised, more than 700 productive units and 50 service providers were supported. The "Tourism Marketing" Project, financed by SENA (Servicio Nacional de Aprendizaje) was launched, and it benefited 120 structures of the Tourism Value Chain. This project led to the formulation of the strategic development plan for tourism, to the design of territorial products for tourism, to the promotion of producers associations, and the design of territorial brands, such as "Nariño Cheese"; "Papa Pastusa", "Turismo Nariño", "Emprende camino conoce Nariño", "Café de Nariño". Territorial marketing was also carried out by promoting the organisation the fairs "EXPOANDINA", "EXPOLAGOS" and the handicraft fair of Bogotá, supporting business marketing, and organising two Business Forums for tourism operators in Pasto and Ibarra.

## REVITALIZATION OF THE LOCAL ECONOMY AND RECONSTRUCTION AFTER CONFLICTS

**Helping to** build an institutional environment after long periods of armed conflicts or disasters, which generally produce destruction of natural and productive resources, fragmentation of social context, greater distances between population and institutions, reduction of professional skills, and pollution.

### The Mozambican LEDAs in the fight against poverty in the post war situation

The LEDAs of the Manica, Sofala, and Maputo Provinces had to face primarily the serious problem of extreme poverty and marginalisation in their territory: the absence of an organised civil society, except for small groups of women, widows or alone because of the war; the absence of basic infrastructure, destroyed or abandoned after the long conflict. The LEDAs first commitments were to coordinate the actions of various provincial institutions and associations, in order to identify and carry out business projects aimed at reconstructing the economy, to rehabilitate local commercial infrastructure, including shops, small markets, grinding mills, etc., to promote associations, to promote and commercialise agricultural products (sunflowers, fruit and vegetables, dairy products, fish, coffee, honey, chicken, salt, tomatoes, grapefruit, garlic, goats, wood), to implement new financial mechanisms, to increase the number of training courses, so as to create a new class of local entrepreneurs, and to enhance territorial marketing. Specific support was then given to improve the organisation of women's clubs, fruit farmers, artisans, and the relationship between micro, small and medium companies. A credit mechanism was established and comprehensive support was given for creating new businesses. In the first 5 years, 359 micro and small enterprises were created, mainly by previously very poor people, 2500 jobs were created, and 600,000 USD credit disbursed. In the Province of Manica, a specific program - ASCA (Accumulation of saving capital and credit) - was carried out, which in 2005 delivered 95.000 USD worth of credit to 1839 very poor people, organised into 91 groups. From 2003 to 2005, 26 credits were disbursed worth 160.000 USD for very poor people in the province of Sofala.

Strategic projects were then realised, through the participation of local actors, the most being: in Manica, a transport company, territorial marketing and regeneration of trade marts, including a business forum; in Sofala, the furniture market, the handicraft centre, the transport company, the alternative energy project, the promotion of "fair trade"; the apiculture sustainable development plan, and a public library; in Matola, the tourism development plan. The publication of provincial reviews "Ten reasons for living and investing in our province" was carried out by all the territorial marketing agencies.

### IMPACT ON NATIONAL POLICIES AND ORIENTATION OF NATIONAL AND INTERNATIONAL RESOURCES

**A LEDA** can stimulate and enhance national policies for strengthening local economies and making them more sustainable, and it is an invaluable benchmark for realizing international cooperation projects and partnerships, because it orientates initiatives within a territorial strategic development framework and according to needs and opportunities; it avoids duplication of efforts and waste of resources, assures project elaboration support, provides qualified technical support for implementation, involving the actors and the specialized local structures and institutions, provides financial support through credit funds, and monitors the project development.

### Impact on national policies

A significant process of for the institutionalization of LEDAs has been in place in Mozambique since 2002. The Ministry of State Administration constituted a Led Unit, which set up a national commission made up of several ministries, working on a LED National Platform (LNP) in the framework of the national policy for the Local Economic Development and Poverty Reduction. The Led Unit supports the LEDA operations in the Provinces of Maputo, Nampula, Manica, Sofala and Zambesia and promotes the constitution of new ones in the other provinces of the country.

The presidents and executive directors of LEDAs participate in the respective provincial councils, advising on LED.

The LEDAs constituted a National Network in 2003, to support their activities, to open new ones in more territories, to dialogue with central institutions in order to orient their resources towards the territories and the LEDAs. A LEDA Network collaborates with the National Commission in the elaboration of the national platform. In 2005, the LED NP was included in the National Policy for Rural Development, under the coordination of the Ministry of Planning and Development. Since then, LED became part of the national development strategy, and LEDAs were seen as local instruments in support of the decentralization process in economic issues.

The LEDAs currently also benefit from the national budget distribution. The LEDA Network is the central government's partner in LED analysis and negotiations.

LED as a policy for development is seen as a cross-cutting issue, providing suggestions and recommendations for several other national policies and strategies and creating enabling environments for sustainable and balanced territorial economic growth.



# Local Economic Development Agency, in practice

Each LEDA develops its own model in terms of partnerships, organization, services, according to specific needs and demands, and socio-cultural and historical evolution. The common characteristics regarding ownership, organization, service delivery, operational models, and sustainability factors of the LEDA are the following.

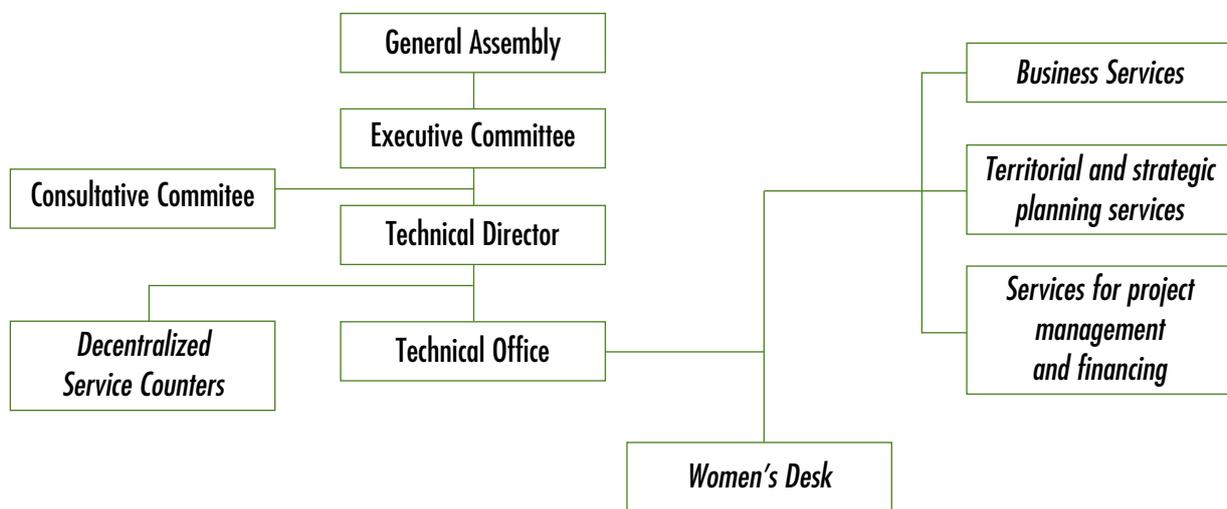
## THE OWNERS OF THE LEDA

All interested local actors with an active role in local development participate as members and owners of the LEDA: local administrations, decentralized institutions of ministries, productive associations, universities, banks and financial institutions, education and research centers, NGOs, private sector.

## The 17 members of the Manica LEDA in Mozambique

- **Municipal Council of Chimoio.** It represents the 152,000 inhabitants of the provincial capital .
- **Municipal Council of Catandica.** It represents the 12,000 inhabitants of the city of Catandica
- **Municipal Council of Manica.** It represents the 42,000 inhabitants of the city of Manica
- **Station Eva.** Private agro-business enterprise with 42 workers
- **Mozambican Women’s Association, OMM.** It represents 26000 women of the province, organised in “Circles of interest”.
- **Farmers Association of Manica ASAM,** with 60 members.
- **Farmers Union of Manica UCAMA.** Provincial trade union with 1500 members, of which 40% women, a National Union associate.
- **Coordination Forum of the Associations of Manica FOCAMA.** It includes 42 local associations of different sectors (women, environment, workers).
- **Farmers Association of the Manica District,** which has 100 members.
- **Development Fund of Small enterprise (FFPI).** Financial institution for financing small businesses in rural areas.
- **Metallurgia of Chimoio.** Private metal company, producing goods and equipment for agro-businesses
- **Sport Club.** Association of 60 young people of Chimoio, promoting sports activities in rural schools.
- **Program for cultural activities PAC.** Private Association, promoting local culture.
- **Activa.** Association of 160 women entrepreneurs.
- **La Musica.** Association for the promotion of women who are heads of family in rural areas
- **Institute of Mozambican Cereals (ICM).** Company for the commercialisation of cereals.
- **Revue-Sagrev,** private company for the transformation of seeds and the production of food oils.

## AGENCY STRUCTURE - ORGANIZATION CHART



## TERRITORIAL COVERAGE

**The operational** area of an agency normally extends beyond the municipal territory, equivalent to the intermediate level of state decentralization. In fact, its territorial coverage has to meet requirements such as stable public-private relationships, within a geographical area equivalent to a decentralized administrative division of the state, the availability of a critical mass of resources for sustainable and competitive development, and the participation of the population in decision-making.

**The majority** of the LEDAs of the ART/ILS LEDA network cover a territory equivalent to a region or province (department, provinces, districts, according to the country), where, in fact, all the national government's decentralised departments with an important role in economic development have a delegation or an office (agriculture, labour, public works, finance, etc.). In regions with a very large extension or where poor communication infrastructure impede effective coverage in more remote areas, the LEDA establishes decentralised offices to enable the population to participate and provide direct support.

### Implementation of planning instruments

Teuleda, the Agency of the Region of Skodra (Albania), played a basic role in the strategic development plan of the Municipality of Skodra. The municipality of Skodra (112,000 inhabitant), in fact, has taken a leading role in the region for the implementation of a strategic development plan to promote economic transformation to a market economy (some nine-tenths of the former state-owned enterprises in the city were privatized).

Teuleda was given the committed the coordination of the LED commission, headed by the mayor, which involved 110 representatives of local governments, the business community, banks, educational institutions, public enterprises, NGOs, the university and local experts. The plan envisaged to:

- Exploit local economic resources, such as food processing, wood processing, artisan products industry, and tourism (religious, cultural, family);
- Develop an efficient system of communication between the municipality and its partners;
- Coordinate the activities of different organisations and agencies operating in the region.

The specific role of Teuleda in supporting the plan was identified in the following main fields:

- Promotion and support of SME: Information, technical assistance, training, loans, marketing.
- Local institutions support: Data archive, information, coordination among local institutions, technical assistance and training for 35 municipal officers.
- Territorial marketing: Data collection, publishing promotional documents, organization of promotional events.
- Internationalization: Missions abroad, promotional contacts with 93 public and private bodies, 7 International partnerships projects.

As the main results of these activities, 285 new jobs were created, 136 enterprises assisted, 24 enterprises financed with loans, of which 15 fully new, 198 entrepreneurs and potential entrepreneurs trained.

## SUSTAINABILITY OF LEDAS AND

### THE CREDIT FUND

**All the** LEDAs in the ILS LEDA network are sustainable. This sustainability is guaranteed by several types of income, such as membership fees, sale of services to public and private territorial bodies, management fees related to the execution of contracts with partners or donors, payments from intermediation services; interest rates from the guarantee fund deposited in a bank.

**The experience** shows that in the initial five or six years of a LEDA, the income from the interests related to the credit fund represents 50-70% of the total revenue, project over-heads 20-40%, and the rest comes from services and fees. After this period, and according to the LEDA learning curve, the income from the credit activity decreases progressively to 30-40%, while sale of services and income from projects increases..



**The availability** of a fund for facilitating credit access for small entrepreneurs, farmers, cooperatives, and, generally, all the people without access to normal business financial channels, is very important. Several constraints, in fact, exist for these categories of people: lack of collaterals, lack of banking record, difficulty in accessing information on credit programmes and opportunities, complicated bureaucratic procedures, banks' lack of confidence in client loan restitution.

**It is**, therefore, important that LEDAs have the capital to set up a credit fund, and sustain entrepreneurial activities. Generally, this capital is granted by international or national institutions and programmes. A "Guarantee fund", created through an agreement with a local bank, covers the bank on the risk of not receiving back the loan, encourages the most disadvantaged people to make use of it, and often allows for the disbursement of credit two or three times the invested capital. According to these agreements, the LEDAs accomplish various tasks to minimise risks. They spread information about the possibility of receiving loans at special conditions; select business ideas which are most reliable and coherent with the territorial development strategies, and the objectives of sustainable and equitable development; support applicants in the preparation of business plans and bank bureaucratic procedures; provide loan request follow-up; provide technical assistance also after the client has received the loan; contribute to recovery, thanks to the large social involvement of the population in the agency. The 50 LEDA members of the ILS LEDA network registered a credit return rate above 90% in 15 years.

### SERVICES PROVIDED BY THE LEDA

**Each LEDA** organizes the services that are needed by the population and by the institutions of the territory. The most common services offered by the LEDAs are the following:

Impact on the local economy produced by the different services of a LEDA	
Territorial animation	<ul style="list-style-type: none"> <li>• Elaboration of territorial diagnosis in order to identify economic potential and help in local strategic planning;</li> <li>• Support to local government designing strategies for economic development</li> <li>• Promotion of a favorable climate for an entrepreneurial culture among inhabitants</li> <li>• Promotion of the associations and productive groups networks</li> <li>• Reinforcement of the role and the functions of territorial institutions</li> <li>• Support to the most vulnerable population in the exploitation of economic opportunities</li> <li>• Support to women empowerment</li> </ul>
Business services	<ul style="list-style-type: none"> <li>• Elaboration of technical and economic feasibility studies;</li> <li>• Organization of courses for technical, management and professional training</li> <li>• Financial support to new or existing enterprises;</li> <li>• Support to local value chains</li> <li>• Information system necessary for productive activities;</li> <li>• Promotion of innovation and technical exchange</li> </ul>
Territorial promotion	<ul style="list-style-type: none"> <li>• Territorial marketing</li> <li>• Creation of databases of productive projects;</li> <li>• Project financing</li> <li>• Realization of strategic projects for harmonic territorial economic development, involving local actors;</li> <li>• Promotion of the internationalization of the territory and international partnership projects</li> </ul>

Finally the LEDA organises specific “women” desks or units for gender equality objectives.

### Impact on the local economy produced by the different services of a LEDA

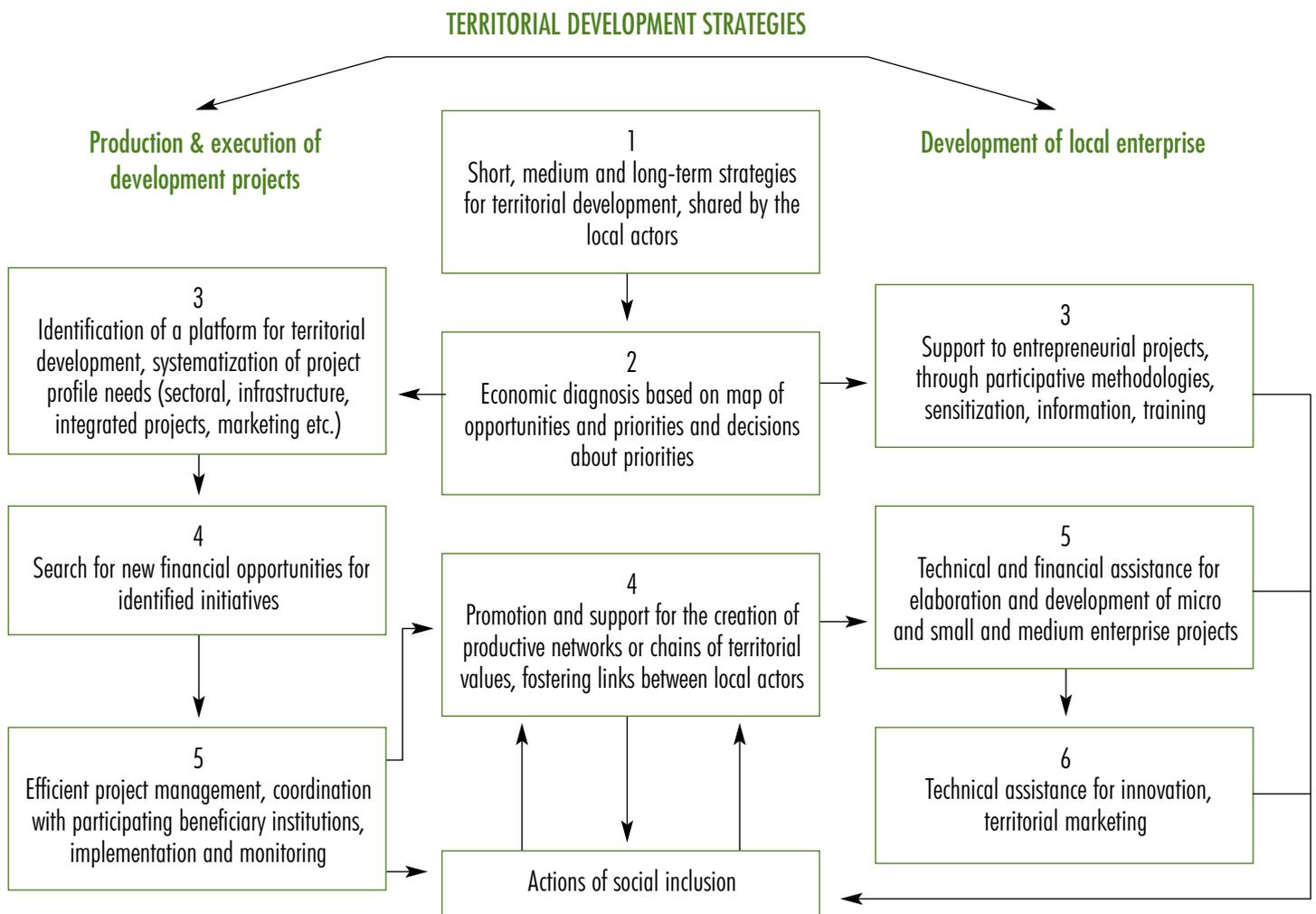
The LEDA of the Department of Morazan in El Salvador, established in 1993, has a relevant impact on the territorial development, from the occupational, social, technological, and economic point of view. In the last five years, more than 2000 new jobs were created, almost 1000 were saved, half of which involved women. The LEDA created, in the same period, about 90 small enterprises (employing less than 5 persons), provided assistance for the survival and growth of 2000 small businesses, and disbursed credit worth 3,640,000 USD, which benefited 32,000 disadvantaged people. Three clusters of agro-industrial enterprises have been promoted and developed, one with 105 small enterprises, another one with 31, and the last with 62. These clusters contribute to the long term sustainability of the associated enterprises.

The Morazan LEDA reserves part of its own income for social initiatives: in the last five years 203 grants were given to students to support their university studies; 6400 disadvantaged people (2400 women) were empowered through capacity building; projects for disaster prevention were realized benefiting 4000 people; the cooperatives created benefit 1200 producers; 3500 producers participate in the Farmers Forum; 2400 persons participate in the project for institutional empowerment of municipalities.

The LEDA has implemented new advanced services for the community, such as the Geographic Information System (GIS), used by the local and national administration in planning, and established its own financial institution for improved management of credit operations for disadvantaged people.

### THE WAY AN AGENCY OPERATES

An Agency operates through two general operational lines: development of local enterprises and fulfillment of projects coherent with the territorial development strategy.



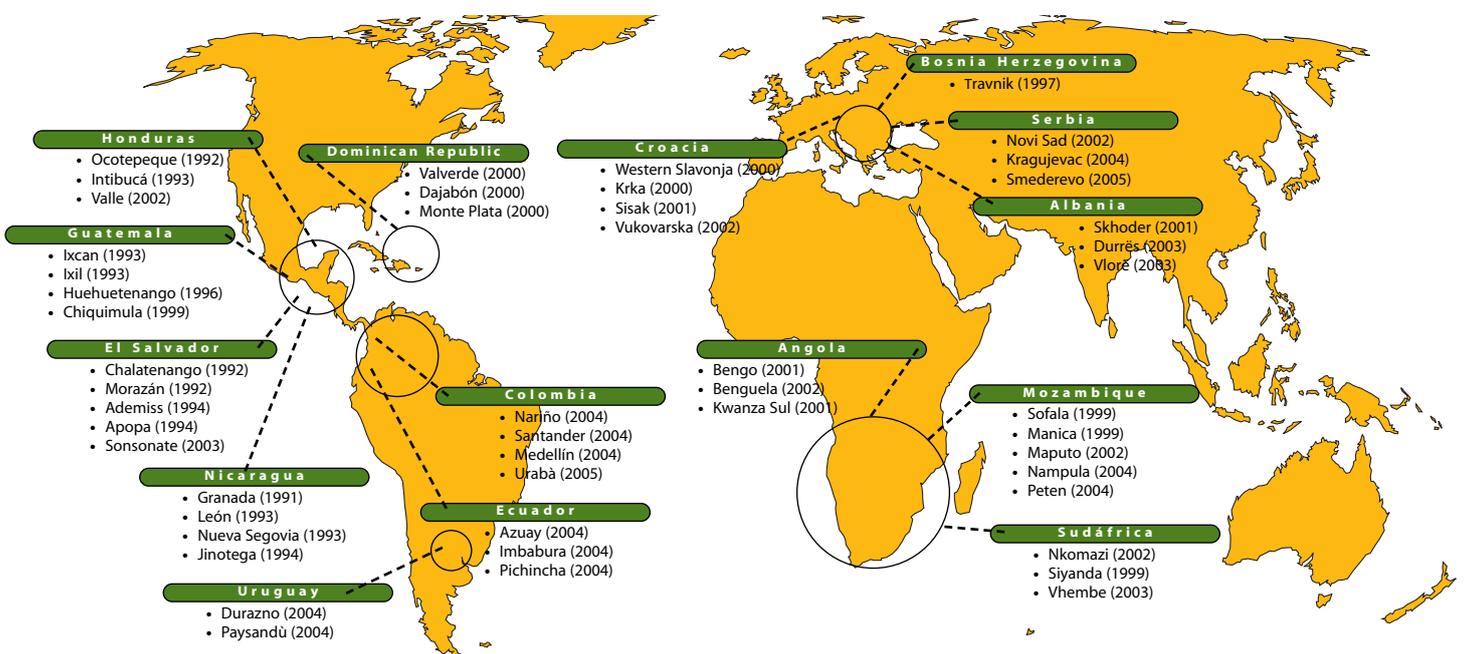


# Results

Each of the fifty LEDA in the ART/ILS LEDA network achieved important results, as regards impact on territorial development and improvement of living conditions for the population. Some exemplary results achieved by various LEDAs in different strategic fields have been described in previous sections on objectives and functions, to illustrate the structural information with concrete examples. This chapter, therefore, complements the information already provided elsewhere, and regards mainly the international interest raised by the LEDAs.



Nevertheless, the most significant result which produced the greatest impact has been the sustainability achieved by all the LEDAS in the international network, and their capacity for channelling local, national, and international resources.



# International interest

**All LEDAs** in the ILS LEDA network attracted the attention of international operators working in the country. Numerous donors have given support the activities of LEDAs in different countries, enabling them to carry out their own international cooperation initiatives.

A LEDA, in fact, represents:

- a unique structure involving the most important public and private actors engaged in economic development;
- a structure with technical capacity to provide integrated services for economic development;
- a structure capable of activating important resources (banks, entrepreneurs, universities) for carrying out projects and integrated interventions.



**In countries** where LEDAs are recognized as instruments of national economic policy, and are well linked to the local institutional framework, their capacity for attracting the attention of international cooperation is stronger. The same national and local administrations, in fact, invite international partners to use the LEDA to implement projects.

**The international** organizations that helped structurally the creation and functioning of the LEDAs and their international links are ILO, UNDP, UNIFEM, UNOPS and the European Union. UNDP, ILO and UNOPS have provided support to LEDAs in several countries since 1995, through various international cooperation programs.





**The ILO-IFP/Crisis** programme identifies the LEDAs as instruments for combining emergency intervention in crisis situations with the building of conditions for sustainable development, and improved utilisation of often considerable emergency response resources. An ILO study, realized in collaboration with the universities of Madrid, Grenoble, Insubria, the London School of Economics, the High Institute for Scientific Investigation of Madrid, Eurada (Brussels), the Agencies of Shannon (Ireland) and Soprip (Parma), the Sebrae (Brasil), identifies LEDAs as an important instrument for implementing policies for human development, decent work, and the fight against poverty. (Local Economic Development, Human Development and Decent Work: Overview and Learned Lessons” [www.ilo.org/universitas](http://www.ilo.org/universitas)).



**The World Bank**, in its web page, identifies LEDAs as best practice for local economic development (<http://www.worldbank.org/urban/led>).

It considers LEDA to be structures that can promote and support endogenous networks, catalyse development and build a favourable environment for creating jobs, promoting small enterprises, improving the economic situation.

**The IADB** (Inter-American Development Bank) supported several LEDAs in Central America ([www.iadb.org](http://www.iadb.org)). OECD recommends Local Economic Development Agencies as the leading territorial structure (OECD-LEED, “Best practices in local economic development”, 2000). The network that includes more than 300 LEDAs in Europe, has provided support to the ILS LEDA network since 1999

**The LEDA** experience is part of the university curriculum in various academies, through masters or specialised courses.



# How to set-up a LEDA in other countries

**The strategies**, the objectives, the specific organizational forms, and the services provided by a LEDA always depend on the cultural, political, institutional, economic and social context of the territory. However, there are some important aspects that determine its success and need to be considered in any country.

## PROMOTIONAL METHOD

**It is** advisable to use the accumulated experiences of other similar agencies, which can provide technical assistance and training for the creation of a new one. A bottom-up approach will be utilized, and it implies:

- Participation and active engagement of public and private local actors, including communities;
- Concerted vision, strategies, objectives, and instruments for territorial development. Agreements with local actors could be achieved in different ways and different times;
- Elaboration of LEDA business plans, which include objectives, organization, services, and financial plans for the long term sustainability.

## MINIMAL CONDITIONS FOR SUCCESS

**The minimal** conditions for the success of a LEDA are:

- Legal and administrative autonomy, needed to reduce the risk of dependence on the most powerful institutions or bodies;
- Private-public partnership, needed to guarantee a constant balance between economic growth, human development, equality, and environmental protection;
- Strategies focused on the development of endogenous potential, in order to reduce the risk of exploitation by strong national and international powers;
- Supply of a comprehensive system of services;
- Professional management and experts, which are an indispensable condition for success. This requires very rigorous selection mechanisms and human resources management.



## FINANCIAL CONDITIONS

**To promote** a LEDA it is necessary to have an initial investment to fund the following activities:

- Technical assistance for the initial process of promotion and creation;
- Professional training for local actors;
- Capital for fixed investments: infrastructure, office equipment, means of transport, service contracts;
- Capital to cover initial operational costs of the LEDA, until financial autonomy is reached
- Capital for the credit fund (guarantee fund or other mechanisms of revolving credit).



## LEGAL FRAMEWORK

**A LEDA** is a non-profit organization consisting of public and private institutions designed to provide integrated services, including loans. The legal framework depends on each country's existing legislation. The most widespread legal forms are associations, foundations, and mixed consortiums. During the promotional phase of a LEDA it is necessary to check which laws and regulations in the country regard the creation of organizations founded on the partnership between public and private sectors and on the absence of profit.

**In countries** that don't allow the public administration to enter into partnership with the

private sector, the LEDA can become an instrument to initiate these relations in the territory. It is important, in any case, to promote adequate national regulations, in collaboration with interested national institutions and political actors. Besides permitting the creation of LEDAs, these regulations basically open a road for the establishment of territorial services with modern mixed management forms, and the exploitation of available territorial resources. Even agreements between LEDAs and financial institutions to carry out local credit activities involve various legal aspects, depending on contexts, and this must be handled and resolved with the help of national institutions and legal experts.



## Contacts

**Technical teams** of the following LEDAs are available for providing technical assistance to national and local actors in other countries interested in promoting the creation and functioning of a Local Economic Development Agency. Specifically:

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**The IDEASS Programme** – Innovation for Development and South-South Cooperation – is part of the international cooperation Initiative ART. IDEASS grew out of the major world summits in the 1990s and the Millennium General Assembly and it gives priority to cooperation between protagonists in the South, with the support of the industrialised countries.

**The aim** of IDEASS is to strengthen the effectiveness of local development processes through the increased use of innovations for human development. By means of south-south cooperation projects, it acts as a catalyst for the spread of social, economic and technological innovations that favour economic and social development at the local level. The innovations promoted may be products, technologies, or social, economic or cultural practices. For more information about the IDEASS Programme, please consult the website: [www.ideassonline.org](http://www.ideassonline.org).

# ideass

## Innovation for Development and South-South Cooperation



ART - Support for territorial and thematic networks of co-operation for human development - is an international co-operation initiative that brings together programmes and activities of several United Nations Agencies. ART promotes a new type of multilateralism in which the United Nations system works with governments to promote the active participation of local communities and social actors from the South and the North. ART shares the objectives of the Millennium Development Goals.

In the interested countries, ART promotes and supports national co-operation framework programmes for Governance and Local Development - ART GOLD. These Programs create an organized institutional context that allows the various national and international actors to contribute to a country's human development in co-ordinated and complementary ways. Participants include donor countries, United Nations agencies, regional governments, city and local governments, associations, universities, private sector organizations and non-governmental organizations.

It is in the framework of ART GOLD Programmes where IDEASS innovations are promoted and where cooperation projects are implemented for their transfer, whenever required by local actors.