Development Agencies and Local Governments—Coexistence within the Same Territory

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1. Introduction

Conceptualizing and promoting development in its most varied aspects has been a constant throughout the ages. From its first definitions associating it with material growth, up to when social capital began to gain more relevance, there has been an enrichment of the theory of development, which has changed from a one-dimensional view to a scenario of multiple factors affecting each other in a systemic manner. As a result, political, cultural, social, and environmental aspects began to be considered in the analysis and formulation of development policies. The consideration of multiple factors as determinants of development in a globalized world, with the opening of markets and new technical-organizational paradigms, has been fundamental.

This has placed business competitiveness within the scope of a macroeconomic phenomenon. The traditional factors of competitiveness were associated with new variables, and the search for competitiveness became a systemic process of behavior of the agents involved (regional/local). Thus, in the face of these new scenarios, development theory advanced towards the incorporation of territories in the conception of development. In the attempt to find a notion of development that would make it possible to act to achieve the development of backward localities and territories, endogenous development emerged (Vázquez Barquero 2007, p. 186). In the current context, it is considered that the determining factor for the development and competitiveness of a given region is the capacity for organized action of the local society itself (Casarotto and Pires 1998). Thus, local development arises, that is, development in which participation in development processes are possible and visible to its inhabitants (Gallicchio 2004). This emerges as a socio-political strategy for change. Local development implies a challenge to be solved from the territory, it seeks to disseminate development from below and with local actors, trying to endogenize...
territorially the bases for sustaining economic growth and productive employment. It is much more a socio-political process than an economic process in a strict sense. It implies a process of territorial construction, strengthening of identity, territorial values, and an articulation of the different social actors to achieve the productive efficiency and competitiveness of the local productive system. Therefore, local development strategies should be actions that tend to promote this process (Albuquerque 2004, p. 10).

In recent years (2008), Uruguay began a process of revaluing the local level by promoting development through a process of political and state reform. This reform process has been driven by the need to improve the participation of the population in the development decision-making process, mainly in the less dynamic regions of the country, where much remains to be done.

The mechanisms used in the territory to promote development have been of various types, with actions also varying. However, the lack of a policy of articulation and synergy between the development mechanisms means that some actions are disoriented, disjointed, and individualized, thus compromising the effectiveness of the process. One of the mechanisms used in this process was the Local Development Agencies (LDAs). They emerged in the interior of Uruguay at different times and for different incentives. At the time the agencies appeared in Uruguay, local development was already legitimized at the international level. International cooperation promoted this mechanism, the Canadian cooperation, the United Nations Development Program (UNDP), the European experiences, etc. Furthermore, national organizations, such as the Office of Planning and Budget (OPP), private institutions such as the Latin American Center for Human Economy (CLAEH), etc. The heads of the departments at the time were motivated and had the support of a whole network of national and international institutions to promote local development and implement the agencies in their territories. Of the agencies that were implemented, some were focused on economic issues and others focused on the broader concept of local development.

The first three LDAs in Uruguay were established in 2000 in the department of Colonia (Juan Lacaze, Tarariras, and del Este). Between 2003 and 2004, those of Río Negro, Paysandú, and Tacuarembó were created. Between 2008 and 2009, those of Rivera, Cerro Largo, and Florida were created. The Ciudad del Plata agency in San José was created in 2010. The last agency created is the one in Salto, called Salto Emprende, in 2012.

Although each Agency went through a different constitution process depending on the place, which gave each one a particular imprint, some common aspects can be recognized in them. These aspects are the participation of the International Cooperation supporting the process (Canadian Cooperation, Spanish Agency for International Development Cooperation (AECID, UNDP), the participation of national organizations such as the OPP, the promotion of the Departmental Governments, and the perception of the need for territorial agreements among the different social actors.

The way in which the LDAs have acted since their creation to date has also been different. According to the background information gathered (Cal and Montejo 2011, p. 5), some oriented their development actions towards supporting traditional territorial actions, others promoted endogenous development actions, others identified territorial value chains by promoting actions in the different links, others focused on the integral development of the territory, and the most recent ones began to introduce themselves into the economic-social logics of their departments. Some continue to act in their respective territories to this day. They have been adapting to the territory, acquiring different profiles over time and have been able to assimilate opportunities and manage limitations. Some have had some interruption in their activities, others have had to restructure, others have faced great difficulties to articulate in the territory, mainly in cases where they coexist with politically and technically strong local governments. Among the latter, some have not been able to sustain themselves in the territory, becoming extinct as a tool for local development.
According to Feiock (2013, p. 397), the latter agencies faced the conflicts mentioned in the ICA essay in Policy Studies Journal 2013, where it is clearly defined that this has been a matter of debate over time.

Matching the scale and coerciveness of policy intervention to the specific scale and nature of policy problems is a well-established principle of policy design, but in practice this match is complicated by ICA dilemmas because fragmentation of policy responsibility creates diseconomies of scale, positive and negative externalities, and common property resource problems. If local actors pursue strategies based on their short-term interests, then the collective action problem dictates that the outcomes of individual decisions will be collectively inefficient in the absence of mechanisms to integrate decisions across policies and/or jurisdictions.

Based on the above, the objective of this article is to develop a discussion on the current role of Uruguay’s development agencies, especially those that must coexist in the same territory with empowered local governments. Having said that, the research question is posed as follows:

How can Uruguay’s Development Agencies be sustained over time when they must coexist in the same territory with politically and technically strengthened local governments, empowered with local development policies?

In a new context, as mentioned above, with emphasis on decentralization, the role of the Agencies acting in the same territory with local governments is not clearly perceived. It is considered a priori as a study hypothesis that for the coexistence of both institutions the roles should be clearly defined without overlapping tasks and goals, always considering that there is a real political, economic, and social dialogue between local development agents. This preliminary diagnosis made to initiate this research was based on existing studies of LDAs in Uruguay, carried out by the United Nations Development Program (UNDP), CLAEH, the network of Local Development Agencies (RADEL), and students’ theses for master’s degrees in various universities (Cal and Montejo 2011; Perini 2015; Kornin 2011). As a general theoretical framework, the development approach was used from its different territorial, regional, endogenous, and local dimensions. The concepts of decentralization, development agencies, and their contextualization in Uruguay were also considered.

The particular case of the Rivera-Uruguay Local Development Agency (ADR) was analyzed. The way in which it has articulated with the local government in the territory for the promotion of development was analyzed. In this study, the local development approach will be considered as a socio-political strategy for change and not as a simple theory to be applied in any circumstance.

Based on the case study, some considerations are made on the main results found and some general conclusions on the present and future coexistence of agencies in increasingly decentralized contexts and local governments progressively empowered in their role in the territory. The objective is to analyze the possibilities of agency coexistence with public power in a new political context, with particular emphasis on local development.

2. Literature Review

As mentioned above, in order to address the problems presented, some concepts were analyzed, such as development, local development, decentralization, development agencies, and their contextualization in Uruguay.

2.1. Evolution of the Concept of Development

Over time, the concept of development has changed. It has had different definitions, depending on the intellectuals who have studied it. It is essential to analyze how these concepts have evolved over time, especially after World War II, and how it resulted in influencing the political and economic agendas of developed and developing countries.

In the aftermath of the Second World War, and especially in recent years, economic theory has increased its research on the factors affecting the development of countries.
This process resurfaced in response to the challenge of rebuilding European countries devastated by the war.\textsuperscript{1}

After WWII, development theory followed a path with advances and setbacks where it is possible to identify some characteristics that characterized the concept itself at different times (Stiglitz and Meier 2002, pp. 1–3). At the beginning, development theorists, according to the moment in which European countries were devastated by the war, prioritized the need for physical capital, infrastructure, raw materials, and financial resources. The model of economic growth promoted at that time combined the principle of scientific organization of labor with the encouragement of mass consumption. This model was driven by two basic factors: on the one hand, an accumulation regime characterized by a Keynesian-style economic policy aimed at expanding aggregate demand and, on the other hand, a production system based on large industrial enterprises, economies of scale internal to the company, Taylorist organization of labor and concentration of activities in large urban centers (Albuquerque 2004). It is worth noting that this growth model did not consider environmental pollution and the possible depletion of non-renewable natural resources, an aspect that today is considered fundamental. In this period, the power of the State appears as the main actor for development and centralized planning. For this first generation of development thinkers, the main agent of change was the state (Stiglitz and Meier 2002, p. 10). During this post-war period, the stability of this accumulation regime was guaranteed through the creation of a system at the level of institutions that allowed, in developed or central countries, an implicit social pact between governments, businessmen, and workers that regulated wage increases at the pace of productivity growth, making employment stability possible. This development model, as mentioned,

\[\ldots\] was technologically and energetically structured in the apparent “infinite” availability of a resource such as oil that made possible the articulation of the driving sectors and branches, which were the most dynamic during the so-called “Fordist” period of capital accumulation. (Quoted in Albuquerque 2004, p. 13)

From the 1960s onwards, the post-war economic growth model began to run out of steam. As a consequence, a deep economic crisis was unleashed in developed countries with stagnation, inflation, low productivity, and decline of the most flourishing industrial sectors.

With the evolution of countries, and especially after the reconstruction of European countries in the post-war period, the theory of development began to change and to emphasize other factors that were not only physical capital. Human capital began to be considered, and in the 1960s it began to be given more relevance. Although the importance of economic growth from the point of view of development was not abandoned, importance began to be given to “the qualification of the producer, to his basic needs, to his health, education, housing, and social security” (Stiglitz and Meier 2002, p. 9).

Since the beginning of the 1980s, the theory of endogenous development has begun to be put forward. It came from the confluence of two lines of research:

\[\ldots\] one, which was born as a consequence of the attempt to find a notion of development that would allow to act to achieve the development of localities and backward territories; and another, which appears as a consequence of the analysis of the processes of endogenous industrial development in localities and regions of southern Europe. (Vázquez Barquero 2007, p. 186)

This interpretation is strengthened by the emergence of more flexible forms of territorial organization of production, the incorporation of business networks and networks of actors in the economic analysis of territories, and the recognition that socio-cultural and institutional components have a strategic value in development processes (Vázquez Barquero 2007, p. 186).

Social capital is beginning to be given greater relevance as an important factor for development. As a result, development theory is beginning to consider political, cultural, social, and environmental aspects as important factors in the analysis and formulation of policies.
As can be seen from the above, the theory of development has been enriched over time, moving from a view that gave importance only to economic growth (a one-dimensional view) to a picture of multiple factors that affect each other in a systemic way. The starting point was a purely tangible concept of development, based on physical capital, which gradually evolved and gave value to intangible assets such as education, knowledge, information, laws, training, governance, justice, social networks, trust, identity, and culture. The union of these factors is called social capital since it brings together the associativity and trust that must occur in a society to promote human development.

From this conceptual overview, it is clear that in order to analyze the determinants of development, multiple factors, multiple actors, multiple contexts, and different moments must be considered. The importance of considering multiple factors as determinants of development is evident in today’s world. The point is that one must know how to estimate the weight of each of them and know how to select the best mechanisms for their promotion. With respect to the multiple contexts and different moments, we must be clear that development models do not always adapt to all contexts and at all times. As we said at the beginning of this study, the idea that there is only one form of development is inconceivable, since not all policies are adapted to the same place or the same time.

In this evolution of the concept of development, the phenomenon of globalization was undoubtedly a determining factor.

Globalization and the opening of markets, as well as the emergence of new technical-organizational paradigms, have made business competitiveness a macroeconomic phenomenon. The traditional factors of competitiveness were associated with new variables. The search for competitiveness was transformed into a systemic process of behavior of the agents involved (regional/local) in their environment, playing previously established roles through networks of relationships (Goedert 2005). Precisely in this regard, (Casarotto and Pires 1998) state that the changes taking place impose new forms of organization, action, and articulation between public and private economic agents, and that the influence of the private sector on governmental actions is becoming increasingly technical, with a view to productive restructuring and modernization of the economy and the State itself.

It is due to all this that the theory of development advanced towards the incorporation of territories in the conception of development. The possibility of turning the territory into a favorable scenario for development, through the enhancement of competitiveness, is the basis of endogenous development models.

2.2. Local Development Strategy

In order to talk about development and its factors from a local perspective, it is necessary to understand what we are referring to when we study it. It is important to note that the concept of local development has been reinforced at the same time as the phenomenon of globalization. Globalization, with its dynamics of deterritorialization and, at the same time, localization, produces the conditions for recovering the role of local actors as decision-makers about their destiny. Undoubtedly, it is a concept that is trending, and if we try to assimilate the concept of local development to the idea of the commune, to the municipal, we would be simplifying a concept that in the end is much more complex. The meaning of the local is perceived when viewed from the outside and from above. As Boisier (2001, p. 7) says “[…] thus, regions constitute local spaces viewed from the country, just as the province is local from the region and the commune is local from the province, etc.”

The challenges involved in local development are more related to the articulation of actors and social capital than to local management. It is, above all, a socio-political strategy for change” (Gallicchio 2004, p. 13).

Local development implies a challenge to be solved, from the territory, which involves the empowerment of resources (people, resources, companies, governments, governance, local project), that is, of everything existing in the territory, obtaining resources from outside the territory, taking advantage of the existing opportunities for external dynamism, and the management of the economic surplus produced in the territory, namely the way
in which the resources generated in it are used to improve the quality of life of the inhabitants. In this sense, local development is a much more socio-political than economic process in a strict sense. It seeks to disseminate development from below and with local actors, trying to internalize territorially the foundations that sustain economic growth and productive employment.

This is an integrated approach in which all environmental, cultural, social, institutional, and political aspects must be considered, as well as the social and human development dimensions of each territory. The local economic development approach must incorporate all these dimensions (social and human development; institutional, political, and cultural development; environmentally sustainable development; economic, technological, and financial development) in an integrated manner and not only respond to the economic dimension, although it should not be forgotten that this is the one that allows the generation of the local economic surplus necessary to cover the expenses required by social and territorial investments (Albuquerque 2004, p. 19). Actions for local development take place in a territorial context that integrates all dimensions and actors, Albuquerque (2004, p. 28).

It is important to consider, when thinking about development at the local level, that the existence of comparative advantages between territories cannot be denied, but this cannot be a limiting factor, since it is also true that competitive advantages can be created to overcome them. In relation to physical capital, the differences between regions, most of the time, are related to the availability of resources. But this can be modified by policies specifically oriented to it. Something similar happens with human capital; at the local level, conditions must be created to create the right environment to foster development, promoting freedom, access to education and basic conditions. Finally, it should be noted that, at the local level, it is undoubtedly better to strengthen institutional capital and civil participation, which are fundamental for development. Hence, the importance of integral decentralization processes, together with the distribution of the necessary resources (CEPAL/GTZ 2001). Therefore, for the design of local development strategies, two fundamental dimensions should be considered. The first is of an institutional nature and the second is related to the particular conditions of each territory and its organizations (Albuquerque 2004, p. 24).

Local development strategies should be actions that tend to promote a process of territorial construction, strengthening of identity, territorial values, articulation of the different social actors to generate the conditions for productive efficiency and competitiveness of the local productive system. The question that arises is what type of organization would be the ideal one to energize this local development process? A study of the literature on local development and an analysis of the different experiences in the territories shows that there are different organizational modalities for implementing local development initiatives. However, there is no better organization than the local development agency for articulating in the territory, resolving the weaknesses of the institutions present in the territory and promoting local production chains.

The Agency for local development constitutes a social organization oriented to summon the forces, interests, and resolutions of the different political, economic, and social agents in order to design a territorial development strategy; and the fundamental task is to promote the mobilization of the local socioeconomic actors in search of the collective construction of capacities to solve the disadvantages of social exclusion and poverty. When referring to an organizational modality, it should be clear that the constitution of Development Agencies is not a previous, essential, or conditioning instance to produce local development ideas, but rather the support or axis is centered on the political decision to undertake the challenge of producing an economic growth strategy with social, cultural, and environmental impact (Albuquerque 2004).

2.3. Development and Decentralization

The phenomenon of globalization modified the meaning of territories and decentralization, on the other hand, redefined their value. It is in the very essence of the globalization movement, as (Auby 2001, p. 12) says, “a kind of “erasure” of territories.” This is due to
the fact that, as there are more and more activities that do not need to be tied to a national space, territories, which in principle are areas controlled by political and administrative systems, lose their essence. Added to this is the fact that globalization tends to take the level of decision making to wider spaces, “thus, distancing some realities from the possible zone of influence of power and local democracy” (Auby 2001, p. 14). In parallel, these phenomena of “deterritoriality” are counterbalanced by others, which go in the opposite direction, giving value to the local. The latter are driven by the decentralization processes that have been taking place in different countries, mainly in Europe and Latin America.

“The globalization works on national societies and state institutions upwards, from the outside, while decentralization demultiplies them inwards, downwards” (Auby 2001, p. 7).

It can be seen, then, that globalization and decentralization are phenomena that go hand in hand, although it may seem contradictory. Decentralization is intended to strengthen the power of local governments and the population, so that they can acquire greater conflict resolution capacity and achieve a more efficient and equitable allocation of public resources. It implies changing the centralist process and encouraging the formation of dynamic local societies capable of generating wealth (Barreiro and Rebollo 2010). It is essential to improve the participation of the population in the decision-making process on social and economic development, and therefore, to strengthen the democratic institutions of a country. It is a process that economically and politically benefits local governments (municipalities and future municipalities) and the population in general. From an economic point of view, it makes it possible to provide a set of services that better responds to the needs and expectations of the population and local economies. From a political point of view, it improves the degree of governance of a territory, giving more protagonism and participation to the population, allowing a better representation in the political process (Barreiro and Rebollo 2010, p. 24).

In Latin America, the decentralization process occurred in a very delayed manner in two cycles. The first cycle during the 80's as a consequence of the economic crisis and the difficulty of central governments to respond to the needs and demands of society. Decentralization then emerged with the consequent transfer of power to subnational governments. The second cycle occurred towards the end of the 1990s as a consequence of the concern for democratic development and citizen participation. Due to the traditional centralist logic of Latin American countries, great difficulties were faced in implementing dynamic and effective decentralization processes.

The decentralization process in Uruguay and the debate at the national level has been perceived in the last 30 years, coincidentally, with what is described at the international level about the globalization process and the forms of regional integration.

In recent years, Uruguay has been undergoing a process of political and state reform that is undoubtedly aimed at a revaluation of the “local” in its development model. To this end, the country has faced the challenge of creating, applying, and deepening a series of public policy instruments on which it can rely throughout this process, in order to effectively encourage local development. Thus, in response to the demands of the localities of the interior, the country has in recent years been promoting an improvement in public services and processes of territorialization of sectoral policies.

As early as the 1996 Constitutional Reform', decentralization was considered a State issue, and modifications were incorporated with the aim of strengthening local structures politically and economically. With these modifications, reference is made, for the first time, to specific territories, and it is required that socioeconomic data begin to be presented broken down by territory.

It is important to note that in Uruguay, a country with markedly centralist characteristics, until the end of the 1990s there was no recognition of the territories in the sense of considering them capable of leading local development programs. Until the constitutional reform, departmental governments were exclusively dedicated to taking care of cleanliness, road infrastructure, lighting, cemeteries, and squares, while the central government
was in charge of designing and managing economic and social development programs and projects for all territories, regardless of the specificities of each one and without real participation of local actors. These programs and projects developed at the central level were often unsustainable due to the lack of community involvement.

In 2008, departmental governments were assigned responsibility for territorial planning in their jurisdictions with the approval of Law No. 18308, on Territorial Planning and Sustainable Development. Finally, in February 2009, and after a broad debate process supported by the ART Uruguay Local Development Program (ART Uruguay-UNDP), Law No. 18567, on Political Decentralization and Citizen Participation, was approved (see note 2).

As of May 2010, for the first time in its history, the country began to have a third level of government throughout the national territory. In other words, in addition to the national and departmental levels of government, the new legislation added a third, the municipal level. For this purpose, the law defines a Municipality as the “territorial circumscription in which the third administrative level of government of the country is located. It covers urban areas, rural areas, or both, and may have territorial subdivisions.”

The Municipal Management Incentive Fund (FIGM) came into effect in 2016. The purpose of FIGM is to enable municipalities to develop their capacities and have planning instruments to strengthen their territorial management.

Uruguay has managed to create important mechanisms to support the decentralization process and has been able to finance territorial development, through national, subnational budgets, and private investment. As Varinia (2018, p. 72) mentions in the January 2018 Diagnosis of territorial development in Uruguay,

[ ... ] Uruguay has solid mechanisms in each area, for example, a medium-term budget, investment funds for public and private sector development, and departmental governments that can generate their own revenues. It has also achieved governance bodies that facilitate the process, has robust institutions, supported by solid and diverse frameworks. These are backed by a number of good practices, especially in the budgetary and financial area, which can support territorial development.

It can be observed that the central authorities are beginning to view the territories differently, recognizing their specificities and allowing local actors to participate in their development. The new forms of power, the specific conflicts of each territory, the level of competitiveness, and the need to intertwine the instances created by the Central Government (sectoral, social action, and rural development roundtables) with the existing local organizations (intendancies and local organizations) are recognized, although the necessary articulation with local actors to achieve effective and equitable development has not yet been achieved.

Although it has been possible to improve the quality of life of citizens (numerical values, National Institute of Statistics—INE), it has not yet been possible to successfully manage the causes of territorial inequalities. According to the Diagnostic of territorial development of the Social Cohesion Program for Latin America (Varinia 2018, p. 79), this is due to the fact that territorial development is currently based on central government projects or programs driven by thematic or sectoral objectives. There is, not yet at the country level, a national strategy with long-term objectives that are clearly articulated, with realistic goals that could help prioritize the Government’s territorial interventions and serve as a roadmap for sectoral policies and at the departmental level, increasing citizen participation and initiatives for territorial development. In other words, there is no “National Strategic Plan for territorial development” (Varinia 2018, p. 133).

Development policies promoted from the national level, as well as decentralization policies, have helped to encourage the search for local development strategies to increase the competitiveness of the territories, considering their specificities.
2.4. Development Agencies

Development Agencies emerged as an alternative to respond to the new concept of local development together with that of territorial policy, seeking to recover local endogenous potentialities and combine with exogenous factors, strengthening local capacities to generate a favorable environment for territorial competitiveness (Perini 2015, p. 19).

At the international level, development agencies began to form after the end of the Second World War in Europe and within the framework of the reconstruction of countries devastated by the war. The first development agencies emerged in the 1950s. They were the fruit of the European territorial pact and served as a mechanism for regional governance. During the 50 years that followed, the agencies continued to form, mainly to face periods of crisis, and by 2008 there were 200 regional development agencies in Europe, according to (Ribas 2008, p. 71). Most of them were created to face specific problems or crises. Finally, it is worth mentioning the Spanish network of regional development agencies, Foro ADR. Many of the agencies in this network began in the 1980s and accompanied the political-administrative decentralization process (1978 Constitution—autonomous communities).

Costamagna and Saltarelli (2004, p. 16) consider that each territory must be read and interpreted in a particular way since it has specificities that make policies differ, but they also insist that a correct interpretation of local needs must be made, regardless of who has the initiative to make this reading and interpretation of local needs. The Agencies would be Institutions with responsibility for designing and executing territorial development strategies. Their action is aimed at boosting productivity by generating capacities and competencies, respecting the specificities of the territory, within the framework of complementarity and public-private cooperation.

It can be observed that, in general, the agencies have been conceived as institutions in which most of their functions are related to business services and/or as institutions with broader objectives that promote productive, socioeconomic, educational, and cultural development.

In short, the function of a Local Development Agency is to stimulate and promote the formation and development of networks of local actors that allow the identification of a development path for the territory. As expressed by Kornín (2011, p. 5), the Agency must “assume itself as a political actor, have the capacity to look at networking, articulation and dialogue, and policy design”.

As contributing to the strengthening of local capacities and governance has been one of the strategic lines of the United Nations Development Program (UNDP) since its inception, the strategy of Articulation of Territorial Networks—ART Uruguay supported the entire process of debate that led to the approval of the Law on Political Decentralization and Citizen Participation. In response to the demand from the territories themselves for a work methodology that favors decision-making power in the hands of local actors and that favors the articulation between national and local development policies, since 2009, the ART Initiative has expanded throughout the country. From then on, experiences began to take place in several departments and localities where, through this methodology, strategic lines were defined and agreed upon with the main social actors, most of which have been guiding local development initiatives through the various institutional instances.

2.5. Rivera Development Agency

The Rivera Development Agency (ADR) was formally constituted on 13 June 2009 as a non-profit civil association, as shown in Figure 1. It has an Assembly of Partners composed of 34 Public and Private Institutions, as the highest authority, guidance, and control instance. At the time of its creation, it had a Multidisciplinary Technical Team (Kadel 2011, p. 24). The actions of the Rivera Development Agency have been carried out based on the prior identification of territorial value chains. Since its creation, it has sought to insert its actions and promote changes in certain links of the chain. The value chains prioritized during the Agency’s formation process were: (1) Forestry and Timber, (2) Trade and Tourism, (3) Social Inclusion and Self-Employment. Considering these value chains, the following strategic
lines of action were agreed upon territorial image and competitiveness, education and training, MSMEs and associations, and capacity building. Since its creation up to the time of the last report on the (Programa de Naciones Unidas para el Desarrollo 2012, p. 26), it has carried out projects on Productive Integration, Capacity Building and Inclusion, Territorial Self-Management Unit, IDB MIF Project, Rivera Technological Pole.

![Figure 1. Territories of the ART Uruguay Local Development Program—Department of Rivera. Source: (Programa de Naciones Unidas para el Desarrollo 2012), p. 56.](image)

3. Methods

In order to answer this question, an applied type of research was conducted. For the collection of secondary data, a bibliographic and documentary research was carried out, including a review and consideration of a series of relevant research precedents on the topic under study. For the primary data, the qualitative approach was chosen, particularly the case study. Semi-structured interviews were conducted using questionnaires with closed questions. With this, information and visions of internal references to the LDAs (manager, directors, local government), external and qualified national and international experts were gathered.

Four of seven incumbent directors and the agency’s manager were interviewed. The local government representative, who is also a member of the ADR board of directors, was interviewed separately.

As external references to ADR, 3 journalists and 3 businessmen were consulted via Google forms with a semi-structured questionnaire of 5 questions.

A sample of experts was selected, that is, individuals (or their expressions) who have in-depth knowledge of the problem under investigation or are connected to it (Hernández Sampieri 2014). The opinions of three of these experts are presented here.

The axes of analysis used in the review are those related to the answers to the initial question about the coexistence of local development agencies with politically and technically empowered local governments.

Thus, the axes of analysis defined for this study were:

- Coexistence of LDAs and local and departmental government
- Local government conditions for sharing activities between the local government and the LDAs
- Overlapping development activities between the local government and the LDAs
- Role of the LDAs in local development
• Political-economic-social dialogue with the local government

The theories of Vázquez Barquero (2007), Albuquerque (2004), and Boisier (2001) on local development and instruments for its implementation were considered fundamental for the argumentation of this study.

4. Results

The results of the 5 questions asked to 4 directors, 1 manager, 6 external referents (3 journalists and 3 businessmen), the local government referent, and the national and international experts are presented. The answers of the local government referent and the experts are presented separately. The data from the questions asked to the internal and external referents of the agency, totaling 11 people, are presented below.

1- How has the coexistence of the Agency and the local and departmental government been? (Figure 2)

![Figure 2. LDAs—Local Government Coexistence. Source: Research data 2019-authors.](image)

The interviewees considered that the local government has not known how to position itself over time and in the face of changes in the territory, often positioning itself as a competitor of the LDAs and not as a collaborator. The local government, faced with activities that could mean political credit in the territory, had taken them out of the LDA’s orbit, thus causing a transitory vacuum and an alteration in the LDA’s planning. Of all the interviewees, only 2 considered that there had been collaboration. It is important to consider that those who consider so are related to the local government from other sectors.

2- Do you think the local government is prepared to share development activities with ADR? (Figure 3)

![Figure 3. Sharing activities w/ local government. Source: Research data 2019-authors.](image)

The majority of respondents believed that the government would be in a position to share activities with the LDAs. However, 27% of them did not agree. From the point of view of preparation in local development, and as already mentioned, the local government...
has prepared and academically good technicians in terms of training and understanding of the development issue. This did not mean that they knew how to work with the LDA tool.

3- Since the creation of the Development Agency so far, has there been any overlap in development activities between the local government and the LDAs? (Figure 4)

![Figure 4. Overlapping activities w/ local government. Source: Research data 2019-authors.](image)

Most of the interviewees considered that there had been an overlapping of activities between the LDAs and the local government since its creation. This is perceived since, over the years, the LDAs have carried out one activity for a time and the local government, faced with the range of possibilities of political credits related to it, transferred another activity to it, keeping for itself the one that the agency had been carrying out.

4- What role(s) do you envision for the agency in a scenario of full cooperation with local government? (Figure 5)

![Figure 5. Role to be played with the local government. Source: Research data 2019-authors.](image)

This result is the consequence of many years of struggle with the local government where the LDAs have developed all kinds of activities from training, micro-credits, organization of events, mapping of actors in the territory, conferences, debates, etc. Due to the lack of definition of clear roles between the LDAs and the local government, the debate and reflection for the desired future of the territory would seem to be the activity that would ensure its sustainability in the territory.

5- Do you believe that a social-political dialogue with the local government is possible? (Figure 6)
Figure 6. Possibilities for political dialogue. Source: Research data 2019-authors.

If one considers the position of the Agency’s members in the territory, it believes in the possibility of a political dialogue with the local government. However, the more radical political referents members of the LDAs do not agree.

When questioned about how he perceives the coexistence of the agency with the government, the local government representative clarified that since he entered the agency, he had always tried to work together with the LDAs. In fact, he stated that he assigned to the agency the possibility of working in the “Dialogue for Employment” and in other instances that seemed important for the agency. He also argued that the steering committee should be more active because not everything depends on the local government. He considered that the role of the agency was fundamental because it gives continuity to public policies. He clarified that perhaps this was not noticed because the departmental government had been in the hands of a single party for almost 20 years and that gives it a certain logic of continuity, but it was not frequent. In a normal context, it is logical that, at the end of the period, the government team changed and the agency remained. That is why it was very important to have it in the territory and for it to be legitimized there. He believed that coexistence can and should be of total cooperation. This does not imply that at some point there will not be a struggle for space, for protagonism, but nothing that cannot be solved through dialogue and debate. Dialogue must take place, dialogue must be promoted, and perhaps this has been a must between the agency and the government. A dialogue in which the roles of each one in the territory in the promotion of development are clearly defined.

Lastly, three experts were consulted on the subject (Canzanelli Giancarlo; Costamagna Pablo; Galicchio Enrique; 2019): Unanimously, all considered that it was possible the coexistence of a development agency with an empowered local government, with a strategic planning of the development of the department, a technically good and highly efficient and effective development direction. “Not only I think so, if not it is recommended by several international organizations, such as the Organization for Economic Cooperation and Development (OECD, the Inter-American Development Bank (IDB), the International Labor Organization (ILO), United Nations Program for Human Settlements (UN-Habitat)”. The standard scheme for this was based on the modern concept of governance, participatory, public-private, in which the role of public administration is of direction, stimulation, articulation, systematization of strategic plans (after having agreed with the private and social sector on the elaboration), monitoring and control, linkage with the national government. Throughout the world, operational execution was no longer direct. It was entrusted to Public-Private-Partnership (PPP) mechanisms, which took various forms, depending on the subject. At present, in most cases and in a schematic way, it can be said that basic public services (transportation, environmental—garbage, public green—, children’s day-care centers, etc.) are provided through a PPP on a contractual basis.

A cooperative coexistence will always be possible if the actors in the territory define that it is possible. If the state or the agency decides to kill the other, this will not be possible. In the case that they decide to cooperate and not kill each other, a theoretical body will have
to be elaborated that speaks of a coexistence where there can be functions closely linked to
the agency and other functions linked to the state, functions closely linked to the agency
and other functions linked to the university, functions linked to the agency and functions
linked to business organizations; there are places for everyone as long as they discuss the
role of each one, and the agency is the place of public-private dialogue where consensus
is sought, where conflicts are resolved, where strategies are defined, and where there are
services that are particularly necessary for the private sector and that the public sector does
not want to provide.

Is it a power struggle? Yes, of course, power is being discussed here. There is a turning
point here: when participatory spheres are built, what local power panics about is the lack
of control! It is always a power struggle, what happens is that it should not be seen as a
power struggle. It has been 70 years, 100 years, and in this case 10 years that there have
been production and development directions and suddenly they say no, now nothing, now
there is a private public space that will feel power and with which it is necessary to work
together. It is not easy, institutional constitutions are not so linear. It is clear that there is
a dispute, what is the agency going to do, what am I going to do, the state, I have more
power, I have the money. Why do I have to give money to the agency? These are questions
that the territorial actors ask themselves. Why do I have to give money to the agency if
it was not elected? I am the government, and some say that we have to give money to
the agency because it is the public-private sphere that will reinforce some policies. If as a
government you understand and believe in that, you give money to the agencies, otherwise
the government keeps it.

Economic development cannot be left to public action alone, nor to the market. Public
administration has basically two limitations: (1) The short duration of the administrative
mandate and the interest of administrators in actions with short-term impact, while the
local development process necessarily has a long-term perspective (15 years); (2) The
need for a rapid response to the changing demand for support services from economic
agents (due to changes in markets and technologies), which implies transformations in
professional profiles and capacities that are ill-suited to the bureaucratic structure of the
public sector. The private sector has the advantage of flexibility and specialization, of a
long-term view, but the limitation is that it responds to market logics for its survival, and
therefore, does not respond to the interest of the public good. This explains the reasons
for mixed PPP management. Why, in the case of economic services, is a multi-stakeholder
institutional form preferable? Because of the same complexity and variability/volatility of
the phenomenon.

5. Discussion

The results of the research carried out are analyzed based on a general theoretical
framework of local development in its various contents and objectives and from the per-
spective of the decentralization process initiated in the country in recent years, which has
been emphasizing precisely the “local”.

When the agencies emerged under the auspices of international cooperation, the
Canadian International Development Agency (CIDA), the United Nations Development
Program (UNDP), national organizations such as the Planning and Budget Office (OPP) and
departmental governments, the scenarios were different. Until the late 1990s, in Uruguay, a
country with markedly centralist characteristics, there was no recognition of the territories
in the sense of considering them capable of leading local development programs. Until
the constitutional reform, departmental governments were exclusively dedicated to taking
care of cleanliness, road infrastructure, lighting, cemeteries, and squares, while the central
government was in charge of designing and managing economic and social development
programs and projects for all territories, regardless of the specificities of each one and
without the real participation of local actors. These programs and projects developed at the
central level were often not sustainable due to the lack of community involvement. In this
context, the agencies were born and grew trying to adapt to the changes by being observers, interlocutors, and articulators with the departmental government, within the territory.

The Rivera agency, the case study for this research, went through this whole process. The evolution of the agency and the different activities it developed over the years was totally associated with the changes in the public power and its referents within its steering committee. The process of creation of the agency began in 2006 and ended in 2009 with the signing of the territorial pact. From that moment to date, it has faced several difficulties; it has not been able to define a concrete work and specialization agenda within the activities that encompassed the previously defined value chains, nor has it been able to promote, at the time, public-private dialogue to define roles in the territory. The municipal government acted in the same area with its own local development agenda for the territory. It had its own development and investment program and was clear about its objectives and goals in terms of stimulating and managing sustainable economic growth, social, and environmental welfare for the benefit of the department. However, in spite of this, the departmental government, driven by the department’s highest hierarch at the time of its creation, the Intendant, supported the agency as a tool to promote development. In this context, the Agency tried to profile itself with some specialization, in projects, in the promotion and credit of small entrepreneurs, or in mechanisms to stimulate the labor market, or in urban transformation (friendly cities for the elderly, sustainable cities... etc.), or other mechanisms of innovation and entrepreneurship, etc. However, the ADR, which emerged as an integral development agency combining all these possible specializations and with a strong social bias, was unable to define a concrete work profile.

With the change at the national level and the incentive of decentralization policies, the political and economic context changed. This meant changes in the priorities for action, both in the territory and in the way these actions were carried out. In the economic context, the situation of a growing country and the development of the department’s economy oriented towards the commercial, tourism, and timber sectors. Within the development agency, the successive changes of representatives of the departmental and national government that were included in the board of directors without adequate induction had to be processed. These changes placed the ADR in a new context, with new actors, different from those who initiated the process of its creation. It is important to note that the departmental government has maintained a single political party for almost 20 years, which has given continuity to policies in the territory. This is unusual and in fact is the only case in the country. For this reason, the changes of departmental authorities have always been of people, of ways of working, but not of programs due to the same political orientation. The agency continued working at the demand of the public authorities and trying to articulate with other institutions in the territory until, once again, with the new change of leaders in the departmental government (2016–2019), it began to develop activities specifically agreed with the government.

As can be seen, within the framework of power and influence of a consolidated municipal development directorate with clearly defined areas of action, the lack of consensus on a joint agenda with the agency meant that it was unable to clearly define what its activities would be in the short, medium, and long term. This facilitated the gradual loss of recognition by the public authorities (if it ever had any) and by the community. This recognition was considered very important to achieve its legitimacy. For many moments during this process, the local government did not recognize the ADR and in fact did not bother to agree on activities to really make use of this local development instrument. The existing human capacities within the ADR were never legitimized and even when there were instances of “local development” before the Municipal Government of the neighboring border city of Santana do Livramento (Brazil), the presence or opinion of the ADR or its members was never requested. Currently the manager and a secretary are hired by the agency with funds provided monthly by the departmental government. The ADR depends on public resources. The last change of authorities (2015–2016), although staying within the political logic of the same party, brought a new leader to the departmental government’s development area
who organized and restructured it in a technical and efficient way. He prepared his team and defined a strategic plan for departmental development.

This team is present in the territory and is recognized as very efficient and effective. This strategic development plan was not agreed with the ADR, which at the time expressed its disapproval. All of the above made us wonder if the lack of definition of a specific action profile, the difficulty to legitimize and position itself in the territory had not been partly due to having to articulate with a departmental government that had a clear, well-defined development policy and a technical team of recognized efficiency. Although the public authorities promoted the creation of the agency from the beginning, it would seem that they have been taking away its attributions over the years. Although it is perceived that in recent years something has changed, the agency has not yet found a clear profile. If we consider the theory that defines the Agency as the best tool to articulate in the territory and promote local development, the Agency’s experience in all these years in the task of working together with the public power and the need to legitimize itself in order to give continuity to public policies in that area, it can be said that the Agency has indeed tried to find its place in the territory, but it has had difficulty in articulating with the local government. It cannot be blamed on one or the other institution, but it can be affirmed that, as the experts consulted say, both institutions are necessary and should try to dialogue in order to define clear roles in the territory. It is clear that it is difficult to find a niche for action when faced with such an empowered and efficient government, but this is possible through social-political dialogue.

The results of the interviews conducted showed that there is indeed a general consensus within the LDAs regarding the coexistence of both institutions in the same territory, the overlapping of activities, the roles of each, the political dialogue, and the possible role to be played by the LDAs. Although the experts consider that the coexistence of both institutions is possible, most of the LDAs’ members and external referents consider that it is difficult if the role of each is not clearly defined. This is not new, as it is a long-standing debate as mentioned by Feiock (2013, p. 397), in the ICA essay in Policy Studies Journal 2013. It is also perceived through the research that the great difficulty of articulation and coexistence with the local government could also be originated in the perspective of vision of both institutions. The local government’s perspective is short term, the time of permanence in government (4 years), while the LDA’s perspective is long term, the maximum time that the territory can be thought of in terms of sustainability and quality of life, present and future, for its inhabitants. The results of the research show that if the agency manages to play a role as a promoter of spaces for debate and reflection on development in the department, as expressed by most of the interviewees, a clearer role could be found that could evolve through the aforementioned dialogue.

The limitations of the research were the alleged bias perceived in the opinions of government referents, who considered the agency as a necessity for their political agenda but not as a tool for the development of the territory. A second limitation has to do with the fact that the development agency lacked acceptance since it did not clearly communicate its objective and functions to society. As such journalists and businessmen marked a position against it, simply because it was an agency defended by the government in office.

The future line of research work could be the comparison of Rivera’s agency with other agencies in Latin America and the analysis of similar problems faced.

6. Conclusions or Minor Considerations

Through the analysis of secondary and primary data, it can be said that the coexistence of both institutions has not been easy. The ADR has been somewhat at the demand of the local government and has not been able to legitimize itself in front of it and in the territory, in order to be a valid reference in the promotion of development. The important thing is that both institutions can promote dialogue to define roles and accept each other’s opinions. It would seem that the ADR should take advantage of the capacities acquired by the local government and the progress achieved by the latter in terms of development
in the territory, and the local government should know how to preserve the agency by effectively recognizing it and helping it to legitimize itself so that it can give continuity to public policies and promote the debate on development in the territory. As could be seen in the results of the research, the roles of both institutions were never clear, and the internal members of the ADR found it difficult to understand the positioning of the ADR. The bibliography consulted shows that this is an issue that has already been discussed at the international level, and this could be verified throughout this analysis. Within the framework of power and influence of a consolidated municipal development directorate with clearly defined areas of action, the lack of consensus on a joint agenda with the agency meant that it could not clearly define what its activities would be in the short, medium, and long term. This facilitated the gradual loss of recognition by the public authorities (if it ever had any) and by the community. This recognition was considered very important to achieve its legitimacy. For many moments during this process, the local government did not recognize the ADR and, in fact, did not bother to agree on activities to really make use of this local development instrument. It is also important for both agencies to reach a consensus on a common horizon that is not limited to the duration of a specific short-term government. For the coexistence of both institutions, starting to consider a common perspective with a clear definition of roles would be the formula for the sustainability of the LDAs over time. Otherwise, the Agency will fall into a vacuum of content and purpose.

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Notes

1. The first courses on development at Oxford, Harvard, Yale, and Manchester Universities appear between 1950 and 1953 (Stiglitz and Meier 2002, p. 2).

2. Constitution of the Republic, art. 297 and 298 (1996 reform): the FDI fund is created.

3. Interview conducted in 2011 by Thais Kornin, cited in article: Agências de desenvolvimento e a ampliação da esfera pública para a gestão territorial-Caderno Ipardes-Curitiba.

4. Interviews conducted by the authors between May and August 2019. Enrique Gallicchio—Uruguay—Master in Local and Regional Development and Bachelor in Sociology. Expert in Local Development by the ILO. Giancarlo Canzanelli—Italy—Consultant—researcher. He has been working on international cooperation programs since 1990 to improve the development of local economies in developing countries. He is currently the president of ILS LEDA. Pablo Costamagna—Argentina—Specialist in Local Development. Teacher and researcher, he directs the Master in Territorial Development at the Universidad Tecnológica Nacional, Regional Rafaela Faculty, Argentina.

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