THEORETICAL APPROACH OF LOCAL ECONOMIC DEVELOPMENT, FROM A NEOLIBERAL PERSPECTIVE: AN ECONOMIC AND INTERNATIONAL VIEW OF THE DELCO PROJECT, VALLE DE TENZA, BOYACÁ, COLOMBIA

ENFOQUE TEÓRICO DEL DESARROLLO ECONÓMICO LOCAL, DESDE UNA PERSPECTIVA NEOLIBERAL: UNA VISIÓN ECONÓMICA E INTERNACIONAL DEL PROYECTO DELCO, VALLE DE TENZA, BOYACÁ, COLOMBIA

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Abstract

This article discloses a theoretical approach to understand local economic development viewed from a neoliberal economic and international relations perspective. The purpose is to define the diagnosis of the research conducted within the framework of the DELCO project (Local Economic Development and Trade in Colombia) executed in the Valle de Tenza by the Department of Boyacá. Such research sought to promote elements of entrepreneurship and development within this territory with its elaboration and implementation, positions of international cooperation for development and interdependence being ratified thanks to the contributions made by the European Union and the Colombian Government. This was done to promote business competitiveness and to integrate domestic and international production units within regions of the country.

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**Keywords:** cooperation; local economic development; local trade; competitiveness; entrepreneurship.

**Resumen**

Este artículo emplea un enfoque teórico para comprender el desarrollo económico local visto desde una perspectiva neoliberal de las relaciones económicas e internacionales. El objetivo es definir el diagnóstico de la investigación realizada en el marco del proyecto DELCO (Desarrollo Económico Local y Comercio en Colombia) ejecutado en el Valle de Tenza por el Departamento de Boyacá. Dicha investigación buscó promover elementos de emprendimiento y desarrollo dentro de este territorio con su elaboración e implementación, ratificando posiciones de cooperación internacional para el desarrollo y la interdependencia gracias a las contribuciones hechas por la Unión Europea y el Gobierno colombiano. Esto se hizo para promover la competitividad empresarial e integrar unidades de producción nacionales e internacionales dentro de las regiones del país.

**Palabras clave:** cooperación; desarrollo económico local; comercio local; competitividad; emprendimiento.
Introduction

Development and cooperation are two terms that have been meshed together, with the ensuing creation of a series of dynamics in certain specific areas that can be analysed under the lens of neoliberalism and international relations as well as the economy. This approach can be associated with a territorial perspective aimed at the harmonious achievement of goals within the rural development framework; this guarantees prosperity and equity in the population and avoids poverty with the support of productive competitiveness. It also fosters a sustainable management of the environment and roots with opportunities of the region (Sepulveda, Rodríguez, Echeverri, & Portilla, 2003). Efforts made by the cooperator can then be linked with development in specific territories of the state that boosts specific economic sectors which take part in the social dynamics of these territories.

Therefore, the purpose of this article is to reflect on regional development from a neoliberal perspective to understand the tangible contributions from international cooperation. All this reflection will be under the analysis of the ‘Local Economic Development and Trade in Colombia – DELCO’ project executed by the Ministry of Commerce, Industry and Tourism, in the Valle de Tenza region from the department of Boyacá, Colombia.

This project began on 13 May 2008 through an agreement signed between the General Directorate for Latin America of European-Aid (European Union) and the Ministry of Foreign Affairs of the Colombian National Government, with a lifespan of 5 years to execute of the same, as of the signature by the parties. The allocation of contributions corresponds to a value of 7.56 million Euros, of which the European Union (EU) contributed 6 million; the Colombian Government contributed 1.56 million. Therefore, the Vice-Ministry of Business Development - Directorate of MSMEs from the Ministry of Commerce, Industry and Tourism complies with the institutional strengthening and fostering of territorial conditions for the promotion and support of micro, small and medium-sized Colombian companies and also conducts strong efforts to the generation of income and employment with regional equity, including the development of local production initiatives to access regional and national markets (Union Europea, MinComercio & Red ADELCO, 2012).

This process focuses on six areas of the country, in which a series of entrepreneurial and organisational scenarios were developed to achieve the stated purpose as mentioned above. For the purposes of this article, the benchmark will be Valle de Tenza, Boyacá.

International cooperation - from the contextualisation about the project in general and by highlighting the theoretical approach of this article and based on a neoliberal approach and with reference to the interdependence between states -is defined as a political, economic and sociocultural interaction that brings together actions to promote progress from the regional economic development, the ultimate result being perceivable transformations within societies.

With this in mind, the framework supporting the regional development considers the ideas by Sunkel (1994), Tello (2006), Muller (2006) and Stough (2016) versus the positions
concerning the efforts made by international organisations that seek to promote economic growth through public and private policies. These policies are executed by stakeholders such as the government, economic interest groups and civilians to create conservation strategies, optimise resources and coordinate activities with different agents about the specific needs of each of the regions. Case in point is Valle de Tenza, where a great deal of the aid received from said cooperation was boosted to perceive improvements in productivity, create added value, for training, in the adaptation to technological changes and the achievement of new opportunities in the international market. This in turn will create profitability, sustainability and competitiveness of the products as a result of the advice, training and materialisation of projects in the area.

**Theoretical basis**

Neoliberalist thinking arises from a deviation of the dependency theory. The importance of achievements in the management of resources, regulation by multinational companies, access to technical and technological advances and participation in the transformation of the international order from the decision-making process in social, cultural, political and economic aspects are elements that stand out in this neoliberalist way of thinking. This reflects an interdependence that may turn positive and/or negative, depending on the specific interests of stakeholders.

The criteria of this paradigm are presented herein from two perspectives: the economic aspect will be dealt with first, whose contributions are also taken up by international relations, as will be demonstrated later on.

Under this criterion, Sunkel (1994) stated that the growing transnational integration has a global impact because the decisions made by international organisations support domestic policies in situations of financial instability in developed countries and developing countries. (Bustelo, 1998). Therefore, the mission is to achieve a balanced economic growth through an effective productive process of goods and services, hand in hand with a proper creation of employment and contraction of the heterogeneity in structures.

For Mario Tello (2006) neoliberalism considers that development causes transformations in public and private entities because the level of production is coupled to the trends of buyers, allocation of productive factors and implementation of methods and techniques’, which cause ‘externalities’ known as distortions in supply and demand, which are R&D actions carried out by companies to spread and disseminate knowledge by learning and experience, two elements that justify changes in economic growth at a given time horizon.

On the other hand, Campbell, Berger, Olson, & Janus (1989) (quoted in (Arias, Perdomo, & Lozada, 2013) affirmed ‘... the role played by business incubators consolidates local economic development because they respond to the costs of information, service levels and shortage of capital’. These incubators set up assistance programs for incipient production units within the framework of self-sustainability and financial independence.
for the retribution, provision, commercialisation and reproduction of new patterns in economic sectors (Eushun, 2004).

In reality, social entrepreneurship is aimed at a joint economy and at the same time is a tactic to facilitate development within the regions by solving the limitations and life needs of residents, with the strengthening and empowering of vulnerable groups in a territory in mind. Doing this will allow the involvement of and offer increased value to the society by creating inclusion processes, a sense of belonging and identity, in this particular case for the Valle de Tenza region. Thus, entrepreneurship and the business fabric is essential for regional economic development as cause-and-effect of the macroeconomic quality of the entrepreneurial element.

Indeed, agricultural cooperatives are economic agents that mesh the productive development with the transformations of regional economic activities. A case in point is the experience from the Agricultural Union of Avellaneda of Argentina: productive chains provide an opportunity of progress for the citizens, create formal jobs, offer services and minimise costs, provide channels for marketing and encourage local projects, simultaneously ensuring sector competitiveness among stakeholders and linking the domestic context of the territory with the global context. (Siì, Sanguinetti, & Meiller, 2014).

Similarly, as expressed by Muller (2006) ‘... the complexity and differentiation between governmental entities, public entities and non-governmental organizations must be understood in the formulation, implementation, execution and evaluation of public policies regarding innovation and business development’ based on efficient and profitable historical, legal, economic and social environments. The purpose is to facilitate decisions in public actions, governance and institutional capacity for local development.

Stough (2016) explained the correlation between entrepreneurship, regional development and growth, where ‘factors such as culture, governance and institutions contribute to high-growth companies in the production, employment, equity, self-confidence and mitigation of risks for the promotion of public policies in these areas’. Due to the latter, knowing the causes and advantages of spatial concentration derived from the social cooperation of an urban and regional economy is of the essence, as indicated by (Polése & Rubiera, 2009)

The issue of economic inequality between regions arises from the role played by the technological factor since the characterisation of scenarios for each area is heterogeneous and the impact of specialised progress is asymmetric; this inequality also promotes the use of resources for some areas but in detriment of others. This is a reason why Silverberg, Dosi and Orsenigo (quoted in (Sanabria Gómez, 2013) point out that ‘the processes of innovation and dissemination within companies can develop capacities for innovation or imitation and the search for solutions to different issues in each scenario and geographical space’. Hence differentiation among local subjects, behaviour of imperfect markets of complementary or substitute goods arise, and this in turn creates an imbalanced growth of the economy.
Murias Fernández, Martínez Roget, & Novello (2009) developed an alternative indicator to per capita income in order to analyze the economic well-being and regional economic differences between Spain and Italy. In it, the authors concluded that ‘...there is no universal and unique point of view of well-being because regional development relies on the degree of insertion it has in the flows of commercial and financial transactions generated by legal economic activities’. Therefore, there must be articulation between academia and the real sector, so that new visions emerge, and business ideas based on the transfer of knowledge in areas that do not show economic development are strengthened but without sharing geographical proximity; this is to encourage implementation of recent methods and techniques in a cumulative circular causation process.

In peripheral areas, SMEs point to the importance of a positive connection between innovations in the market sector, the human factor and economic activity. That is, they innovate in marketing and investment to show improvements in the manufacturing processes; these SMEs sometimes also manage to train employees in how to organise and promote innovation decisions within the company under democratisation levels. In this manner, an inverse relationship arises with regard to the size of the company and, to a lesser degree, in relation to the variable region. (Natário, Almeida Couto, & Couto de Sousa, 2011).

In the face of a financial crisis like the one that occurred in Spain during 2009, the state allowed the implementation of an endogenous progress policy, with the purpose of reactivating the financial and macroeconomic consistency. For this, regulations are based on technology transfer actions, technical advice, R&D projects and quality tests to optimise business and territorial competitiveness, thereby stimulating cooperation between firms and local production systems. Likewise, this was possible by the efforts of public administrations, universities and local associations when analysing the local and regional competence in the midst of conflicts and the endogenous relationship between entrepreneurship and economic growth as proposed by (Jordán Galduf, Antuñano Maruri, & Fuentes Prósper, 2013) and (Guerrero & Peña L, 2013).

On the other hand, in the National Development Plan of Colombia 2010–2014, the influence of agriculture thanks to the contribution of GDP, generation of employment and increase of foreign capital stands out. Accordingly, for (Cárdenas Pinzón & Vallejo Zamudio, 2016), rural development does not only include rural activities, but these activities contribute as well to the progress of the quality of life in the population. Moreover, as mentioned by (Restrepo & Bernal, 2014) (quoted in Cárdenas Pinzón & Valle Zamudio, 2016) ‘...it is essential to train municipalities on the operation of the Rural Territorial Ordinance Plan’, with the purpose of adopting a broad notion of the transformations, programs and territorial limits, to allow access to goods and services in the pursuit of income, environmental sustainability and equity in the area.

Local public management models are shaped to approach political, fiscal and administrative decentralisation that leads to higher income, reduction of debt and improvement of some main indicators of development such as poverty reduction, to overcome
the basic needs and quality of life. This is the case of Antioquia, Colombia and highlighted by the authors (López Peña, López Gonzalez, & Mesa Callejas, 2014): ‘... those municipalities with better fiscal performance have greater capacity to generate their own resources and it is easier for them to allocate a larger share to investment, which positively impacts development and quality of life’. They (Perdomo Charry & Arias Pérez, 2013) also pointed out ‘... policies have arisen in the regional context, due to the convergence of diverse players, who play an important role in the formulation, execution and evaluation; this matches the features of the public management model “modus vivendi” or negotiated action’. Therefore, Machado (1991) (quoted in Cárdenas Pinzón & Valle Zamudio, 2016) pointed out: ‘... rural development is a process of change in societies with an inclusive democratic environment, taking into account the spatial, political, productive, and economic dimensions, by the intervention of social, public, private, and political stakeholders, some NGOs’. According to the above, (Vergara Tamayo & Ortiz Motta, 2016) they stated that sustainable development arises from environmental economics because it highlights transformations from cultural, social, ecological and technological facts within the socioeconomic system that impact the waste and pollution of natural resources in the global context.

Within the framework of internationalisation, there must be a foreign policy that establishes bills to promote local economic development through innovation and competitiveness, which includes the active participation by the community and implementation of a group of techniques to sustain the efforts of producers to enter and access markets during the formal productive process as a path to guarantee business development. (Cardona Acevedo, Castiblanco Moreno, & Díaz Sánchez, 2013)

Therefore, competitiveness is a prerequisite for business improvement because it steers the decisions, which guides private and public establishments towards competitive advantage; therefore, it changes and challenges the forms of life, thoughts and ecosystems that are not viable under market standards.

For example, the department of Boyacá fosters the competitiveness of Peruvian carrot producers thanks to its ancestral legacy, dedication and agricultural vocation. In line with this, the authors (Rojas Cruz & Barreto Bernal, 2016) pointed out that ‘the dynamics of factor conditions are impacted by domestic rivalry, which allows the dynamics of human resources and knowledge factors to be potentiated’. This implies the strengthening of the linkages in the sustainable rural innovation processes and the technical assistance services that are fit to the needs of the producer.

The authors (González P, Martiarena, Navarro, & Peña, 2016) stated that under the regional heterogeneity within the Basque Country, it is evident that rapid growth and large-sized companies are favoured by the agglomeration that foster business innovation in non-metropolitan regions, wherein they specialise more in R&D. Likewise, an improvement in the level of regional competitiveness takes place thanks to its geographic location and entrepreneurial initiatives.
Economic relations between Colombian departments under the regional and sectoral approach for the years 2004 and 2012, according to (Hahn- de- Castro, 2016)... ‘proves that developed regions show high intraregional and interregional linkages forward, but low interregional linkages backwards; the industrial and the services sector exist because they have greater productive linkages, despite their decreased significance; construction and public administration clock greater increases’.

Similarly, the high cost of trade among regions allows their productive structures to be oriented inwards without exploiting the benefits brought by the economies of scale. Therefore, as explained by (Contreras Pacheco, Pedraza Avella, & Martínez Pérez, 2017) ‘... investments as an impact phenomenon serve as promoters of sustainable development from the dynamics of creation and management of sustainable enterprises’.

For the dynamics of economic growth, the configuration of the market through exchange networks that originate by industrial clusters is essential. According to Porter (2000), these clusters are defined as the geographical concentration of providers and specialised suppliers that creates cooperation ties and this concentration becomes competitive on a global scale. Likewise, Laguna (2002) (quoted in (Gaytán Alfaro & Ramos Mallarino, 2017) identified the following types of clusters: micro (simple productive units), meso and macro (linkages between subsectors), innovation clusters (firms that disseminate knowledge) and clusters based on production relations (sectors of a productive chain).

It is concluded that innovation clusters are incipient because there are industrial organisations that are adopting public policies, in addition to formulating and enforcing strategies for specialised production units in the region to potentiate the innate capabilities of the territory in terms of competitiveness, economic growth and local economic development. (Granados Cortés, Giraldo Arcila, & Acevedo Prins, 2016)

In contrast to the explanations of economic order, the positions from international relations exist to help understand these development dynamics. An example of this are the proposals by Robert O. Keohane and Joseph S. Nye (Poder e Interdependencia, 1988), who proposed the development of models and the design of tools to understand the reality of interdependence from a critique to political realism. Such development is provided there are new paths that focus not only on security aspects but also on other types of topics and interactions, where interdependence is understood as that alternative analysis that acknowledges the new world affair issues and that allows the integration of different theoretical approaches. The authors also define it as the ‘mutual dependence’ in which ‘sensitivity’ is perceived as the degree of response within a political structure to the costs evidenced by the changes, whereas ‘vulnerability’ is understood as the cost of the alternatives determined by the stakeholders. These two features provide a better picture of reality due to the presence of characteristics such as the multiple channels connecting societies, the agenda of inter-state relations comprising diverse topics and the reduction on the use of military force (Keohane & Nye, Poder e Interdependencia, 1988). It is such that preponderance is given to topics of harmonisation of the system, where international aid plays a leading role in determining the development of the states, to the extent that we can speak of interdependence by establishing the degree of importance of these grants
along with the role by international organisations in favour of social configuration processes.

Likewise, Andrew Moravcsik (1997) - in his effort to reach this theoretical approach to liberalism - identifies that the relationship between states, domestic and transnational society is the premise that modifies the behavior of such liberalism, thus delimiting state preferences, under the following assumptions: 1. The primacy of social stakeholders, 2. The representation and preferences of the state, 3. Interdependence and the international system. Likewise, Moravcsik also explained the variants of liberal theory from the ideational liberalism related to the reconfiguration of domestic social values and identities as an element of said preferences, as well as commercial liberalism from economic values and cross-border transactions that explain the individual and collective behaviour of the states. All this is based on the patterns of market incentives, which reflect development within the areas comprising them, taking patterns of cost and benefit as a reference that stimulate productive and competitive processes within the territories.

From a neoliberal institutional approach, Robert Keohane (1984) - in the development of his theoretical approach - suggested the relationship between international regimes and international cooperation from a rational decision-making process around political stakeholders who pursue their own individual interests and who eventually cooperate when mutual gains exist and the coordination fostered by the institutions would guarantee reciprocity in the benefits. He also emphasised the role these institutions assume concerning the actions by the state in the definition of interests and issues of global importance and in the promotion of a negotiation process.

Complementing the above, Keohane (1984) attributed the ability to provide information to institutions to reduce transaction costs, create more credible commitments, establish coordination focal points, facilitate reciprocity, help resolve distribution conflicts and ensure profit sharing equitably throughout time. However, he affirmed that the role of these institutions will not be significant insofar as the states have a conflict of interests, as proposed by Mearsheimer, and his position is different from the following premises: The conditions under which relative gains are important and the role of institutions when those gains are at stake. In other words, international cooperation - viewed from this perspective - can only be understood insofar as it is understood how institutions relate to the rules of the international scenario and how they affect the facts of world politics and, even more so, of domestic scenarios that require reciprocity in any type of interaction.

From the understanding of these postulates and their evolution from liberalism to institutional neoliberalism, Joseph Grieco (1993) outlined a liberal and neoliberal institutional stance that is a bit more optimistic towards international cooperation interactions. He thus evidences possible solutions to the obstacles and risks of this in each of the approaches and delimits the understanding by the state, that in this case would be of an atomist nature; it is characterised by focusing its attention towards absolute gains but restricting the broad framework in which international cooperation moves. Therefore, challenge should be aimed at achieving a mutual benefit in said interdependence, which allows us to observe progress based on the established agreements.
With these referents in mind, it is possible to understand how the behaviour by the states within a world order becomes legitimised by the interactions they have with each other, as well as those they have with governmental and non-governmental institutions, with a view to generating development within them. In turn, this type of negotiations can be regarded within international cooperation as guarantors of mutual interdependence where stakeholders involved obtain a benefit, thereby generating greater well-being within the territories, as well as harmonisation and compliance with the proposed objectives in terms of progress.

Final Discussion

In this way, the previous contributions are regarded within the framework agreed by the EU with Colombia under the ‘Local Economic Development and Trade in Colombia [DELCO]’ initiative programme. The purpose of the latter is to strengthen productive units in rural areas through the renewal of socioeconomic stakeholders in the areas of implementation of the project, with the executing institutions as guarantors of order in the development process; this in turn will facilitate possible cooperation scenarios with implications in the future. In addition, one of the changes evidenced in the DELCO project is that it serves as support and is useful for the Democratic Prosperity Policy in the regions where it was executed. In particular, this is observed directly in the Valle de Tenza zone, since the local agents involved apart from the inhabitants are provincial governments, mayorships, unions and universities as pillars in the construction of development plans and execution of invitations for the identification of productive factors, training actions and exchange of experiences to create products with added value in return.

In line with the statements by Muller (2006) and Stough (2016), one of those projects, the Local Development Agency, has emerged, this is an entity responsible for encouraging sustainable development and coordinating the local economic development of the territory with NGOs, the provincial government of Boyacá, Chamber of Commerce, municipal mayorships and regional corporations through strategic plans, sectoral round tables and a territorial development committee. Therefore, the actions or mechanisms are oriented towards the participation of rural society, providing advice and assistance in terms of efficiency for the provision and use of physical and human capital through the responsibility and commitment of public and private agents.

In this case, thanks to its diversity of climates, the Valle de Tenza is considered a sound territory for agriculture, which is considered an important economic activity for the sustainability of the region. In line with this, under the DELCO project, subprojects have been executed for the production and marketing of regional organic coffee focused on the farm-company model [Regional Coffee Producers], which made the strengthening of capacities in the community and empowering coffee and its process possible, enhanced the social fabric in an ecological, collaborative and business topic that ranges from the harvest, implementation of clean technology and post-harvest of coffee. Meanwhile, the other coffee project try to promote a Coffee Competitiveness, its purpose being the improvement in the quality of the production process and thus increase competitiveness within a framework of
associativity, trust and cooperativism. This led Ecocert Colombia to certify the production process with the initial conditions, thereby generating an increase in the price of the product.

Regarding innovation processes, other of those project was implemented for the design, production, accessories and secondary packaging based on the giant cane with structure, tone and quality; elaboration of marketing plans were also part of this project about crafts, which allowed them to obtain certification of the seal of quality and increase the income of the families.

Another aspect that is considered in the DELCO project is the diversification of the region thanks to its natural landscape, culture and gastronomy. In line with this, the tourist project was developed; its purpose is to conduct a community awareness and participation process, for advice on accommodation, gastronomy and microenterprise management. The Tourism Sector Board was created for this purpose and the Valle de Tenza Tourism Development Plan was drawn up.

In conclusion, the DELCO project in the Cundiboyacense region made it possible to strengthen and preserve the customs of the community and, in the face of the changes present in the villages, protected and consolidated solidarity among the beneficiaries with a sense of belonging for the preservation of the ecosystems as part of the agricultural practices. This in turn boosted aid from international cooperation, thereby facilitating the optimization in the production processes of their products, punctual improvements in the quality of life of the players, rooting and empowering against the capabilities of their territory.

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