



Local Economic Development and Circular Economy

Theories, Approaches, Relationships, Implementation

By
Giancarlo Canzanelli
Alfonso Marino

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What we will learn today

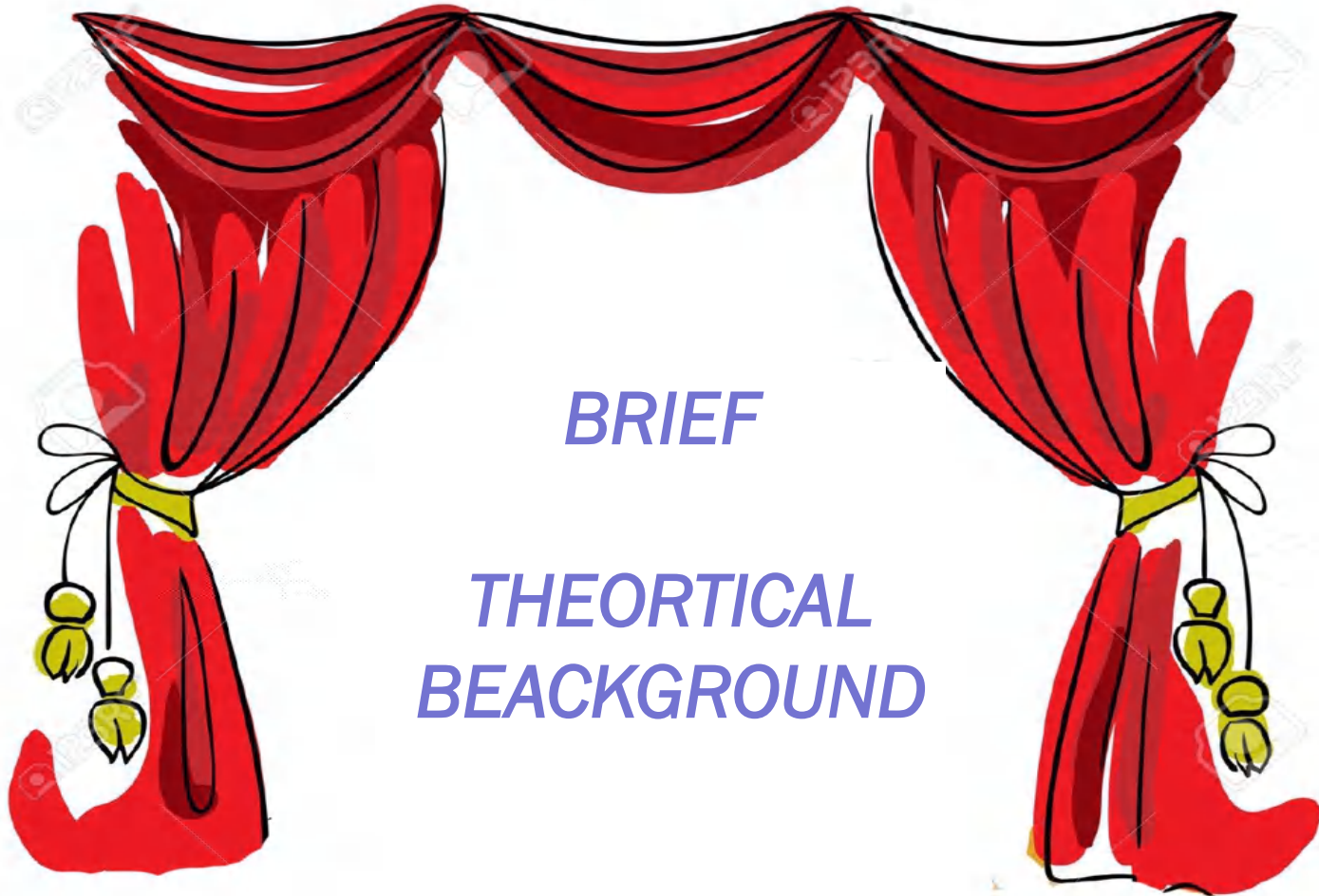
The fundamental approach

*The integration between economic competitiveness
Environmental sustainability and social inclusion*

The ingredients of local economy

The basic concepts of the circular economy

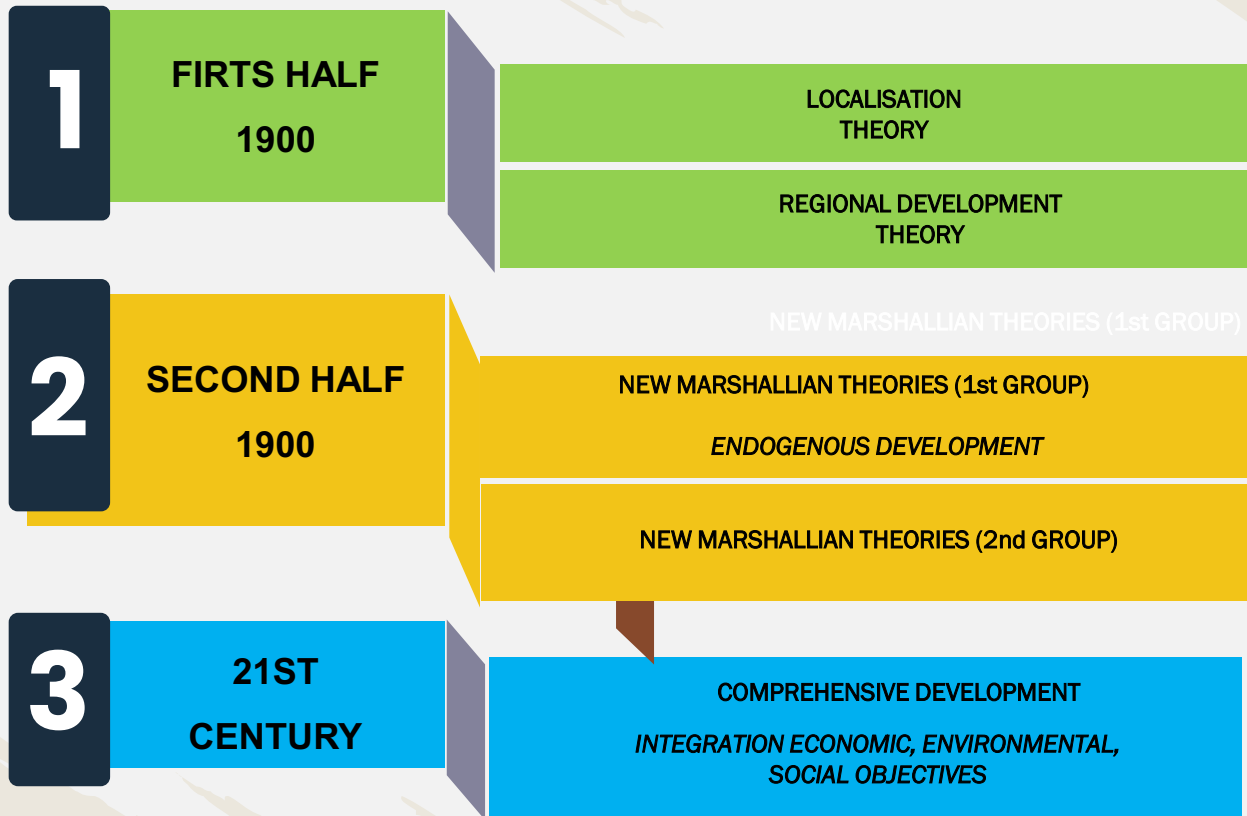
The relationships between local economy and circular economy



BRIEF

*THEORETICAL
BEACKGROUND*

THEORIES ABOUT LOCAL ECONOMIC DEVELOPMENT



BRIEF DESCRIPTION OF LOCAL ECONOMIC THEORIES

First Half

1900

In the first half of the 20th century (Marshall, Weber) two theories introduced the concept of **territorial economy** for the first time and underlined that the territory has a role, both in the choice of location of businesses and families (localization theory), and in the possibilities of territorial development as a **container of important factors**: businesses, demand, residence (regional development theory)

Second Half

1900

In the mid-20th century, the territory was no longer conceived as a spatial container, but as a **real resource**, as an **independent factor of production**, thanks mainly to the combined generation of agglomeration economies and localization economies, in a word of competitive advantages (due to the climate, proximity, traditional skills, specific culture of the place, geomorphological characteristics, etc.)

The first refers to the basic contribution of Giacomo Beccattini (mid-70s), with his study that gave breath to the subsequent neo-Marshallian theories, which established the **economic value of territorial resources**, as specific and unrepeatable assets of that area and not others, and which are responsible for long-term development

In the following decades, new theories place emphasis not only on the tangible factors of development, but also on **the intangible ones**: (knowledge, learning, relationships, production chains, social capital) which contribute to forming local competitiveness, a path **of cumulative development, endogenous and largely selective**, generating a virtuous circle in the form of learning processes, economies of scale and scope, and localization economies.

21.st Century

More recently, the United Nations first launched the human development (SU) approach, that is, development as an area of the richness of human life, rather than simply the richness of the economy in which human beings live, sanctioning the very strict connection between economic factors and social factors, until nowadays, the whole world is committed to achieving **17 United Nations goals**, and, above all, reiterating that without social equality and environmental protection there is no hope for development

Bases of the “Territorial Approach to Local Development”

Characteristics

Endogenous Approach

Based on **local resources** and autonomous local actors

Holistic Approach

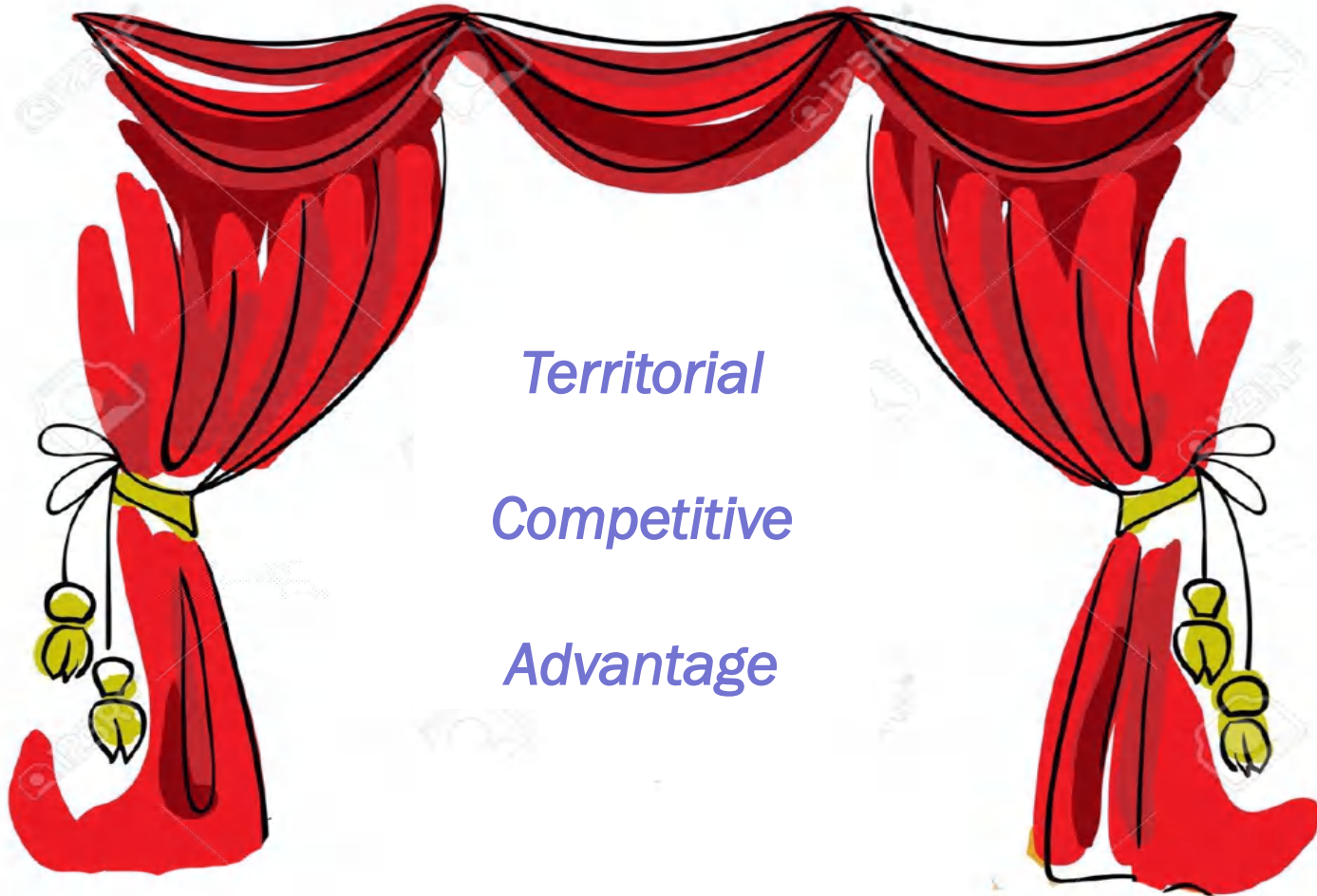
Overcoming sectoral fragmentation of development interventions, especially by national and sub-national administrations

Multi-scalar Approach

Open approach to local development -to avoid hyper-localism, supporting effective mechanisms for the collaboration of multiple actors involving **multiple local, infra-local and supra-local jurisdictions**

Policy Approach

Reforms of the **decentralization policy**, and new national agendas for urban and rural development, based on the principle of subsidiarity



Territorial

Competitive

Advantage

Competitiveness Factors

COMPARATIVE ADVANTAGE

*It depends on investment **facilities provided by governments**: employment at low cost, access to natural resources, soft rules to safeguard environment, etc.), in order to reduce the cost of investment, **or specific contexts**, that could be offered by more than one situation: proximity to raw material or to some markets, etc.*

COMPETITIVE ADVANTAGE

*It is the **difference** a certain product or value chain or territory has with respect to other ones*

Exercise N° 1: What are the 3 factors that give greater competitiveness?

PRICE

QUALITY

QUALITY

SERVICES TO CLIENT'S

UNIQUENESS

UNIQUENESS

BRAND

BRAND

ORGANIZATION

Examples with products with competitive advantage

BOCCADILLO OF VELEZ

ROMAN RUINS

SYLICON VALLEY

CAMEMBERT CHEESE

PARMISAN CHEESE

WINE FROM PORTO

SWISSE WATCHES

SERRANO HAM

CAMBRIDGE UNIVERSITY

NEAPOLITAN PIZZA

CUBANO CIGARS

WINE FROM BORDEAUX

CHAMPAGNE

CERAMICS OF LIMOGES

LEBANESE LEBNEE

**MEAT FROM
ARGENTINA**

PUPUSA OF EL SALVADOR

PANAMA HAT FROM ECUADIOR

Exercise N° 2: What do the previous products have in common?

1. They have a good brand

2. They refer to a territory

3. They have a long productive history

4. They do not have anything common

HOW COULD THAT HAPPEN?

PROXIMITY

Mutual trust

Coordination

KNOW HOW

- *Products "different" from others*
- *On how to use resources*
- *On needs and requirement*

RELATIONSHIPS

- **Exchange of resources**
- **Sharing goals**
- **Lobbying**

Why local economic development?

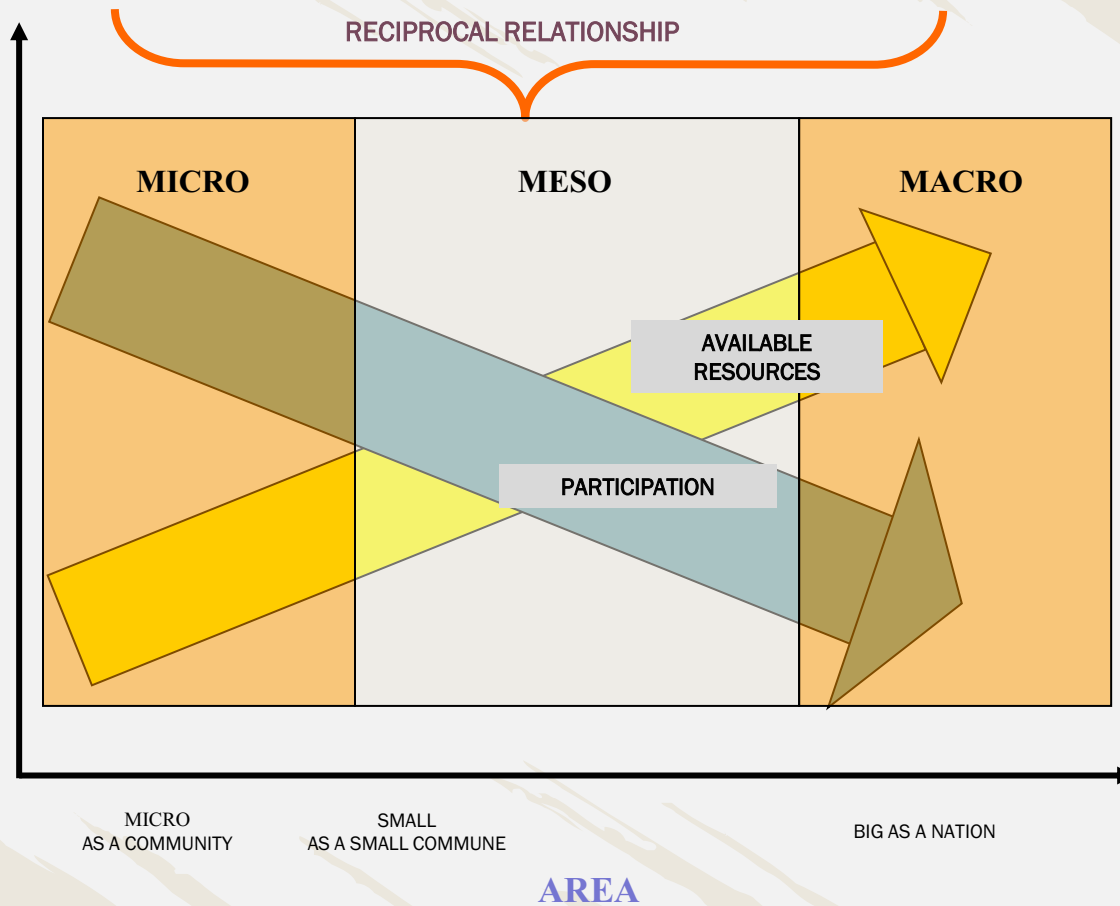
1. Because it increases national wealth, **exploiting all the potential and often hidden resources** of a country and counting on the interest of the local population for long-term growth

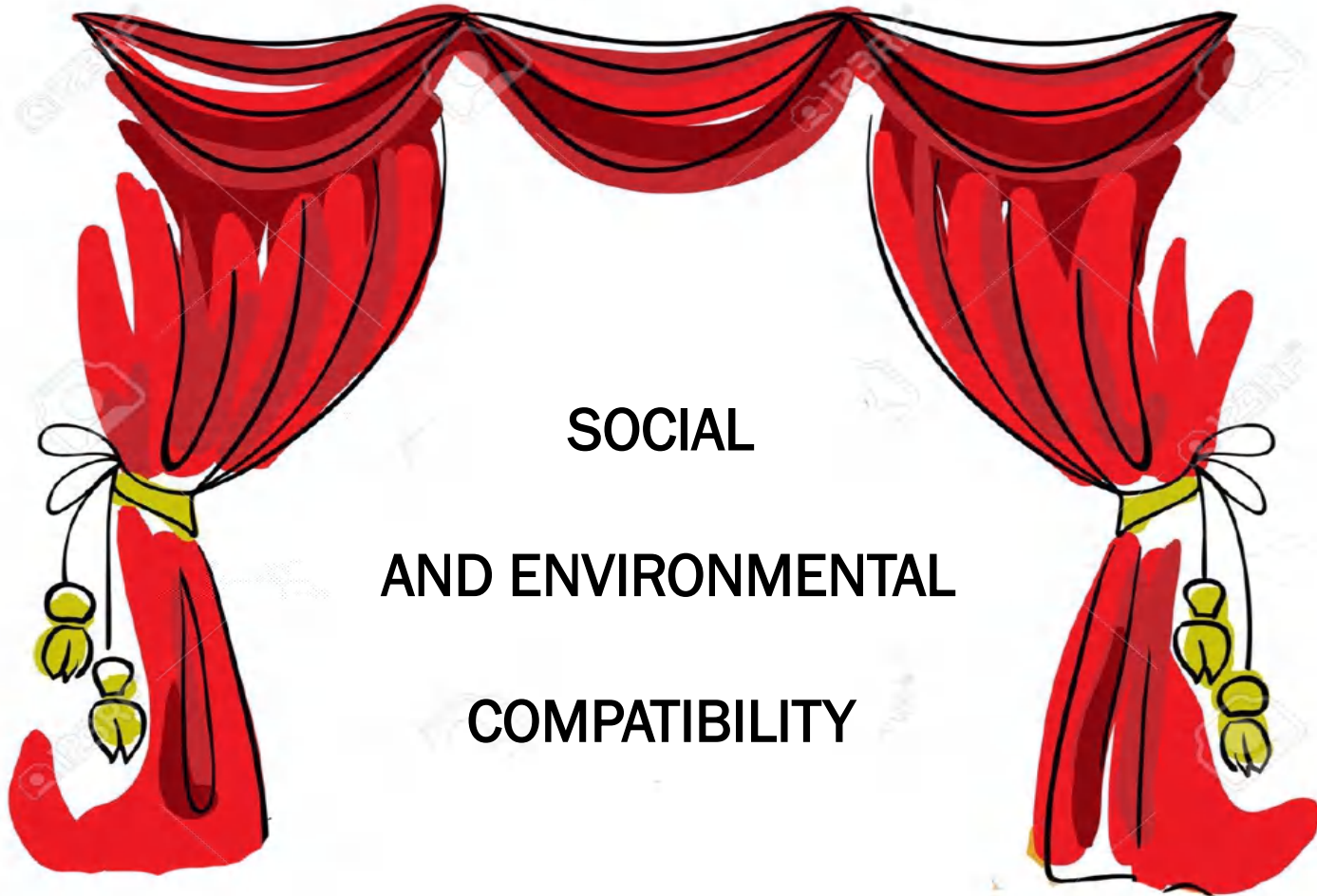
2. Because it allows **dialogue** between citizens and public authorities at local and national level

3. Because it allows **sustainable and resilient economic activities** due to proximity, which lowers transaction costs and commercial services, promotes flexibility in production and consumption and facilitates innovation

4. Because it facilitates the **comprehensive response** to the priority needs and requests of the population, in economic, social and environmental terms

What is the optimal size for territorial development?





**SOCIAL
AND ENVIRONMENTAL
COMPATIBILITY**

Exercise N° 4: ENVIRONMENTAL SUSTAINABILITY

An entrepreneur proposes a large investment for a steel mill in your area

It is up to you to decide whether to allow it or not

He ensures employment of 100 or even 1000 jobs

What do you decide to do?

1. I authorize it because there is a great need for work in the Area

2. I don't authorize it because the contamination of the territory is certain

3. I impose a penalty to compensate for the contamination

Territorial Sustainable Competitiveness

TERRITORIAL

Generally a over municipal area, with sufficient critical mass of economic resources, and real chances of local partnership

SUSTAINABLE

Institutional sustainability

Sustain by the Local Actors in Partnership

Social sustainability

Real chances for the most disadvantaged people to be included in the economic mainstream

Environmental sustainability

Protection of the natural resources and patrimony

Financial sustainability

Investment feasibility and territorial impact

COMPETITIVENESS

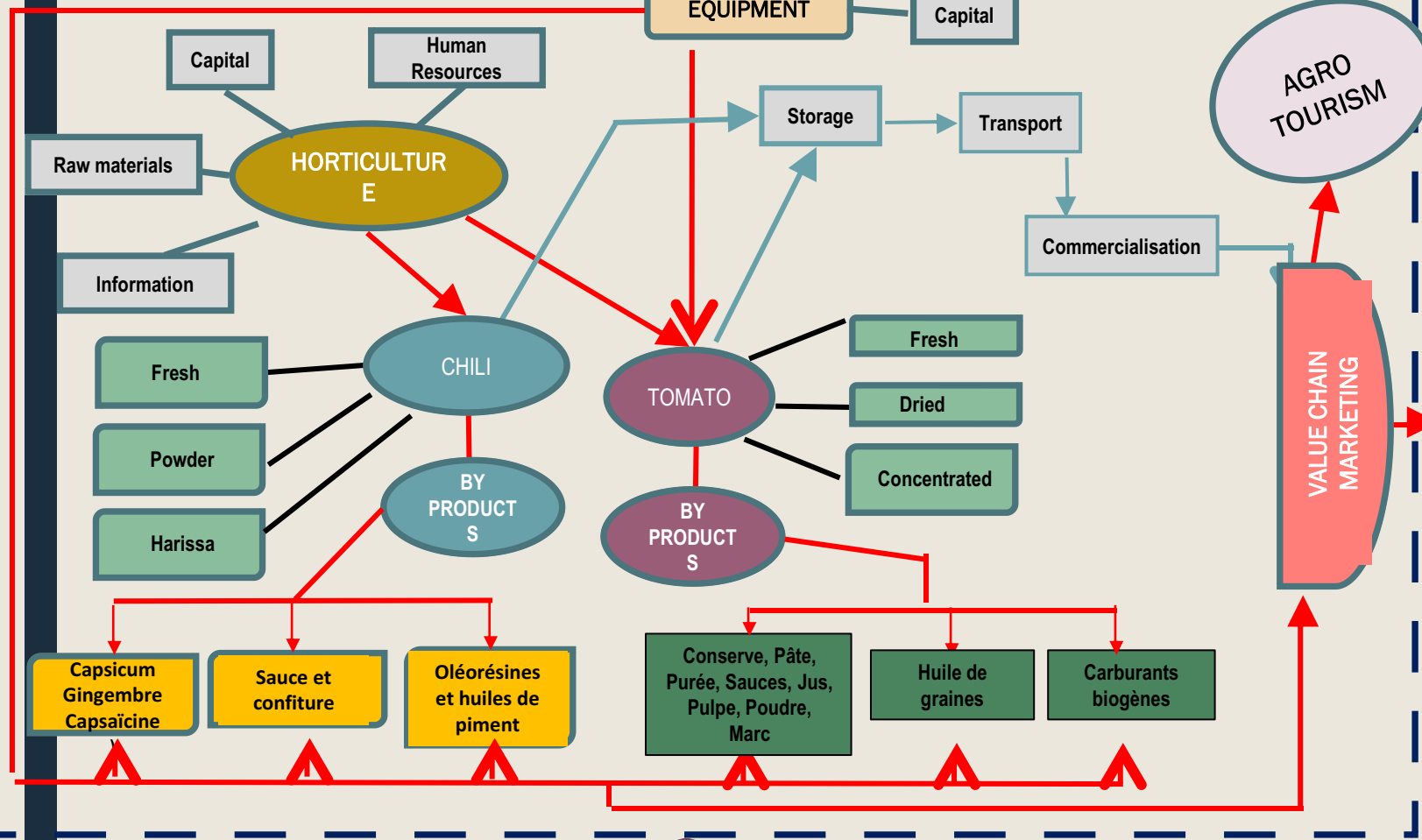
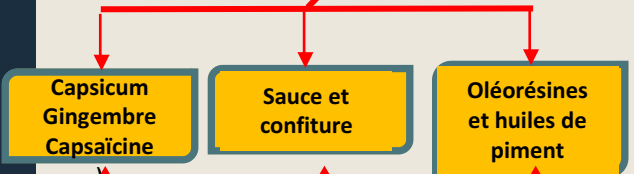
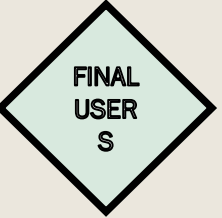
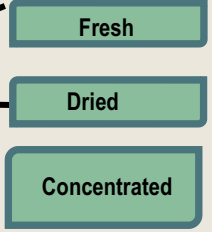
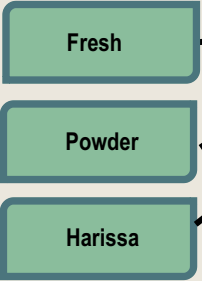
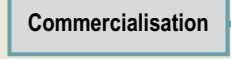
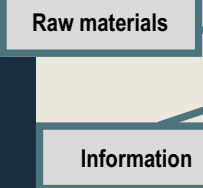
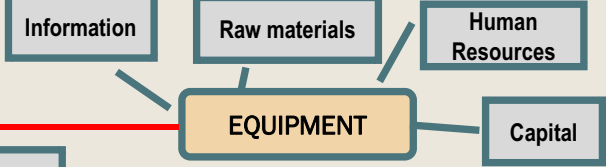
Valorisation of the local competitive advantage and of the local differences and typicality's, through building competitive and sustainable value chains and branding them.

SERVICES

CAPACITY BUILDING

FINANCING

HORTICULTURE VALUE CHAIN (SIDI BOUZID)



Territorial Factors Impacting competitiveness

FACTORS FOR SHORT RANGE COMPETITIVENESS

Products or services with competitive advantages linked to territorial specific characteristics

Entrepreneurial talent

Network of businesses through value chains

Financial and non financial services

Infrastructure

Regulatory framework

LONG RANGE COMPETITIV.

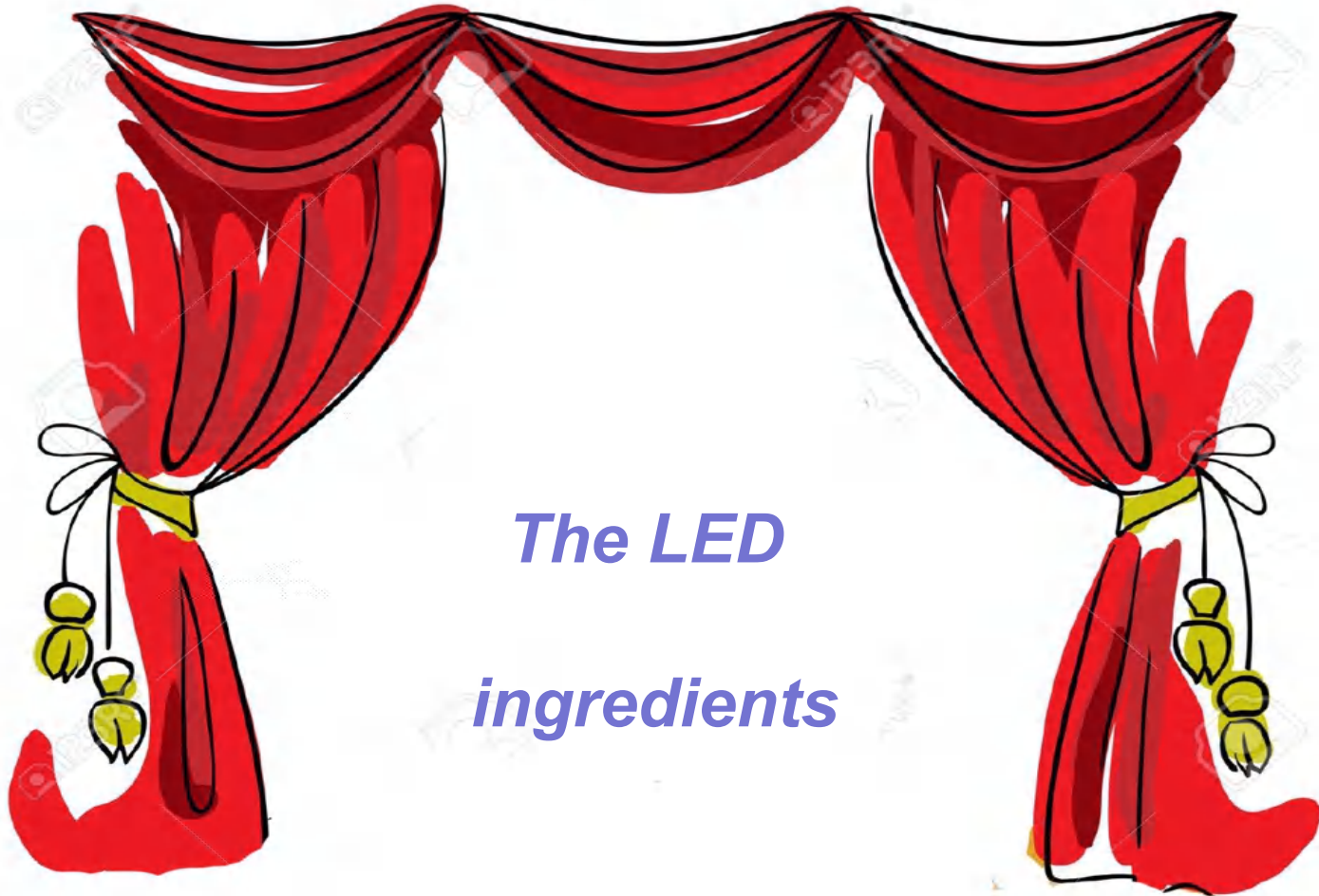
Environmental sustainability

Financial sustainability

Social cohesion

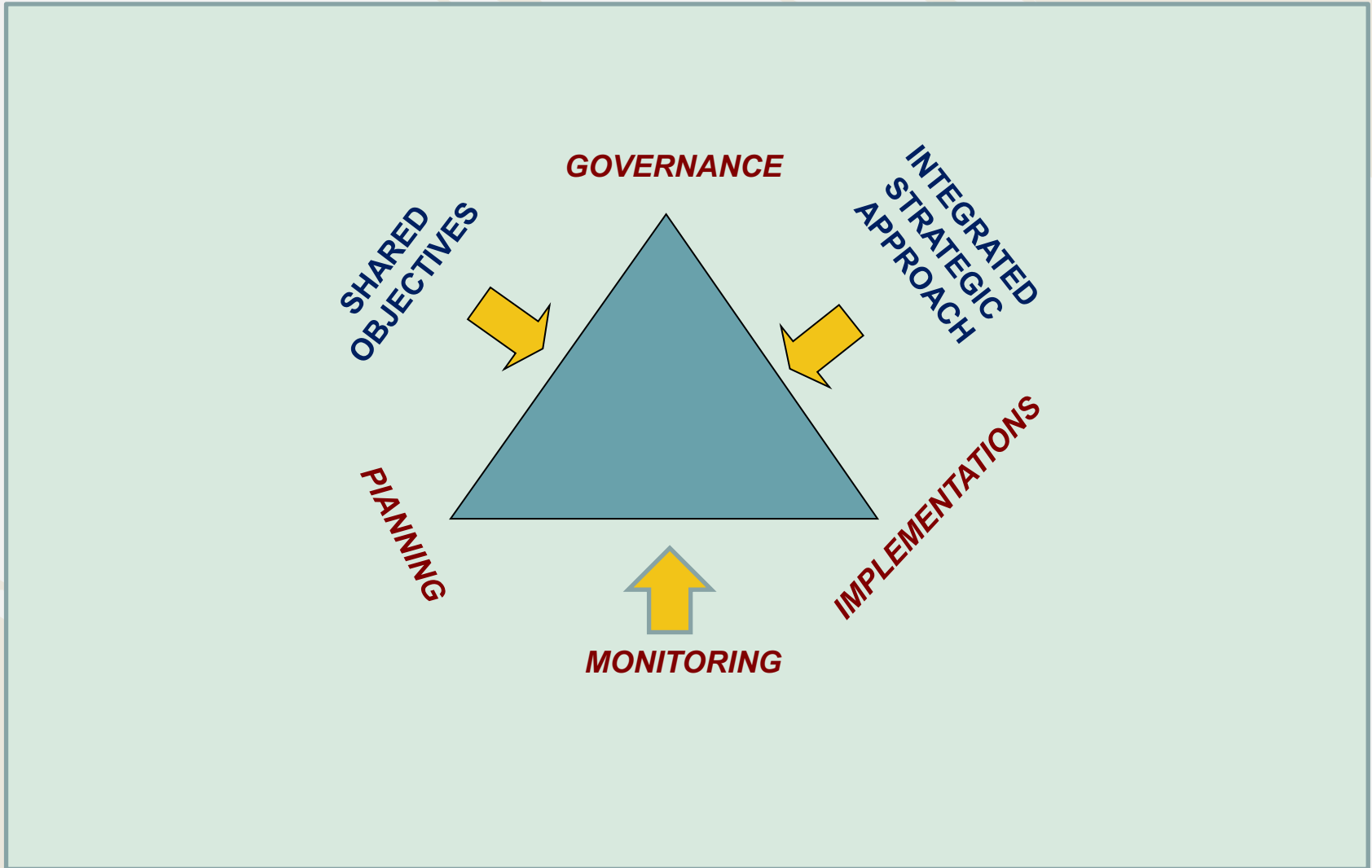
Know how (and innovation)

- FAVORABLE LOCAL CONTEXT**
1. Diversity of the local conditions
 2. Proximity
 3. Partnership



*The LED
ingredients*

THE INGREDIENTS FOR THE SUCCESS OF LOCAL ECONOMIC DEVELOPMENT



ABOUT GOVERNANCE



In the analysis of public policies the concept of governance is used to designate the concrete Government *activity* and the concrete *participants* to the policy making process

rather than the formal governmental institutions (for which the term government is used)

therefore referring to the dynamics, the actual procedures

and not only to what is formally provided in advance by the reference standards.

GOVERNANCE IS ABOUT THE ALLIANCE BETWEEN THE LOCAL ACTORS

THE TERRITORIAL ALLIANCE

WHY?

- 1) BECAUSE LED NEEDS THE COORDINATED AND HARMONISED EFFORTS OF ALL THE LOCAL ACTORS, ONCE THEY SHARE THE SHORT-MEDIUM-LONG TERM STRATEGIES
- 2) BECAUSE EACH ACTOR HAS SPECIFIC ROLE AND ALL OF THEM ARE NEEDED FOR SUPPORTING LED PROCESSES

WHO ARE THE ACTORS?

- Local Administrations
- Decentralised State Institutions
- Other public Institutions
- Producers Associations
- Chamber of Commerce
- Organisations of the civil society
- Tourism Networks
- Universities
- Education and formation Centers
- Financial Institutions
- Research Centers
- Service providers networks
- Etc.

Exercise n° 5 : GOVERNANCE

Which of these actors in the territorial governance of the Ramash Autonomous Region is definitely missing and which should definitely be excluded?

Associations of the municipalities of the Region

Association for the environment

Regional Department of Public Works

CHING XI Regional University

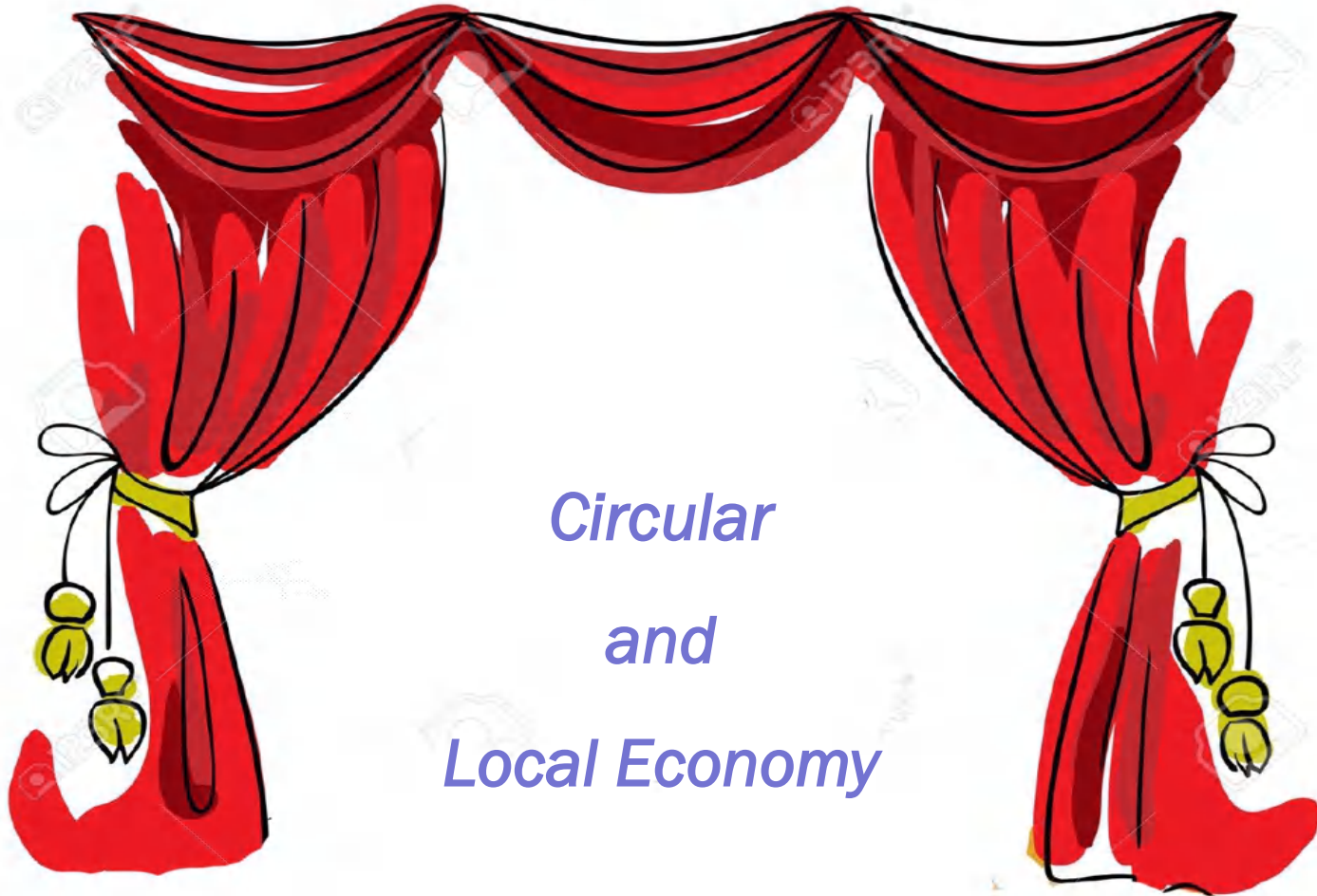
ITALIAN EMBASSY

Inter-municipal women's association

Farmers' Association

Regional foundation to fight exclusion

REGIONAL ADMINISTRATION



*Circular
and
Local Economy*

SOME DATA ON WHICH TO THINK ABOUT

- **In 2010 approximately 3.5 million tonnes of waste were produced globally every day.**
- **Million tons are expected to reach 11 MILLION PER DAY by the end of the century.**
- **8 million pieces of plastic fill the oceans today. By 2050, ocean water could contain more plastic than fish.**
- **About a third of the food you buy every year ends up in the trash, that's 1.3 BILLION tons**

THE OBJECTIVE OF CIRCULAR ECONOMY

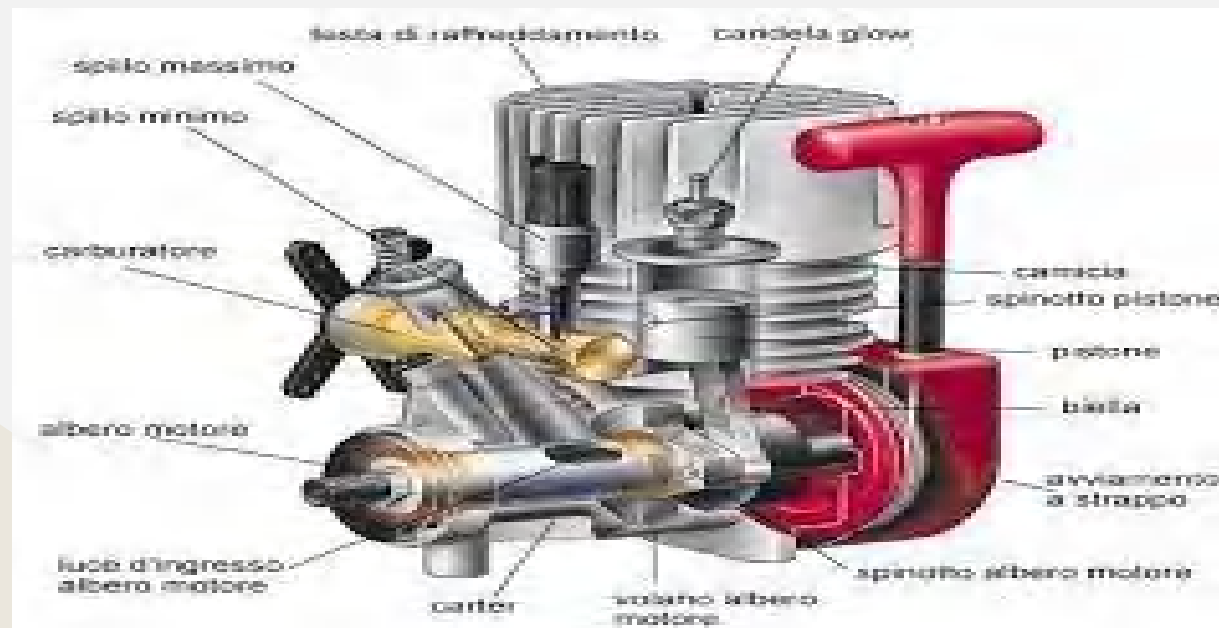
The objective of the circular economy is to create a sustainable system in which resources are used in harmony with the environment (physical, natural) and waste is a resource.

Linear Model

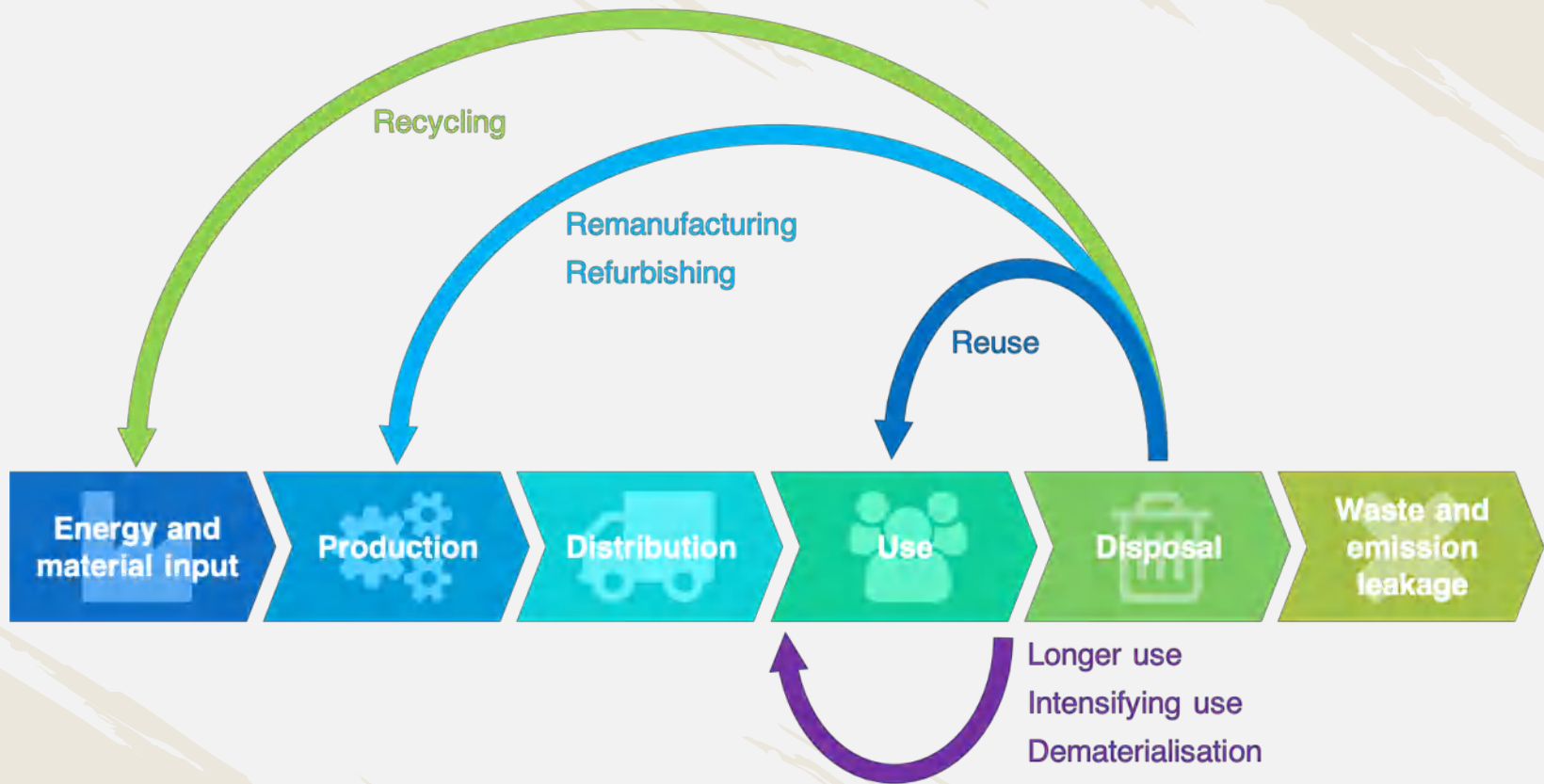
- In the linear model, from the first industrial revolution to today 2023, the production model is based on the idea of unlimited natural resources and an ever-expanding mass of waste.
- This model presents many asymmetries for example in relation to the environment and sustainability.

THE EFFECTS OF THE LINEAR MODEL

Weak attention, for example, regarding sustainability and pollution of the area. The main product of this linear economic model supported by the mechanical technological paradigm is the internal combustion engine.



CIRCULAR ECONOMY CONCEPT



THE CIRCULAR ECONOMY MODEL



Circular Economy Principles



Reduce the use of resources by designing products and services that are durable, repairable and easily recyclable.



Promote the reuse of products and materials to extend their useful life and reduce the need for new resources



Create material cycles through recycling, so that materials are reintegrated into the production system instead of being disposed of as waste.

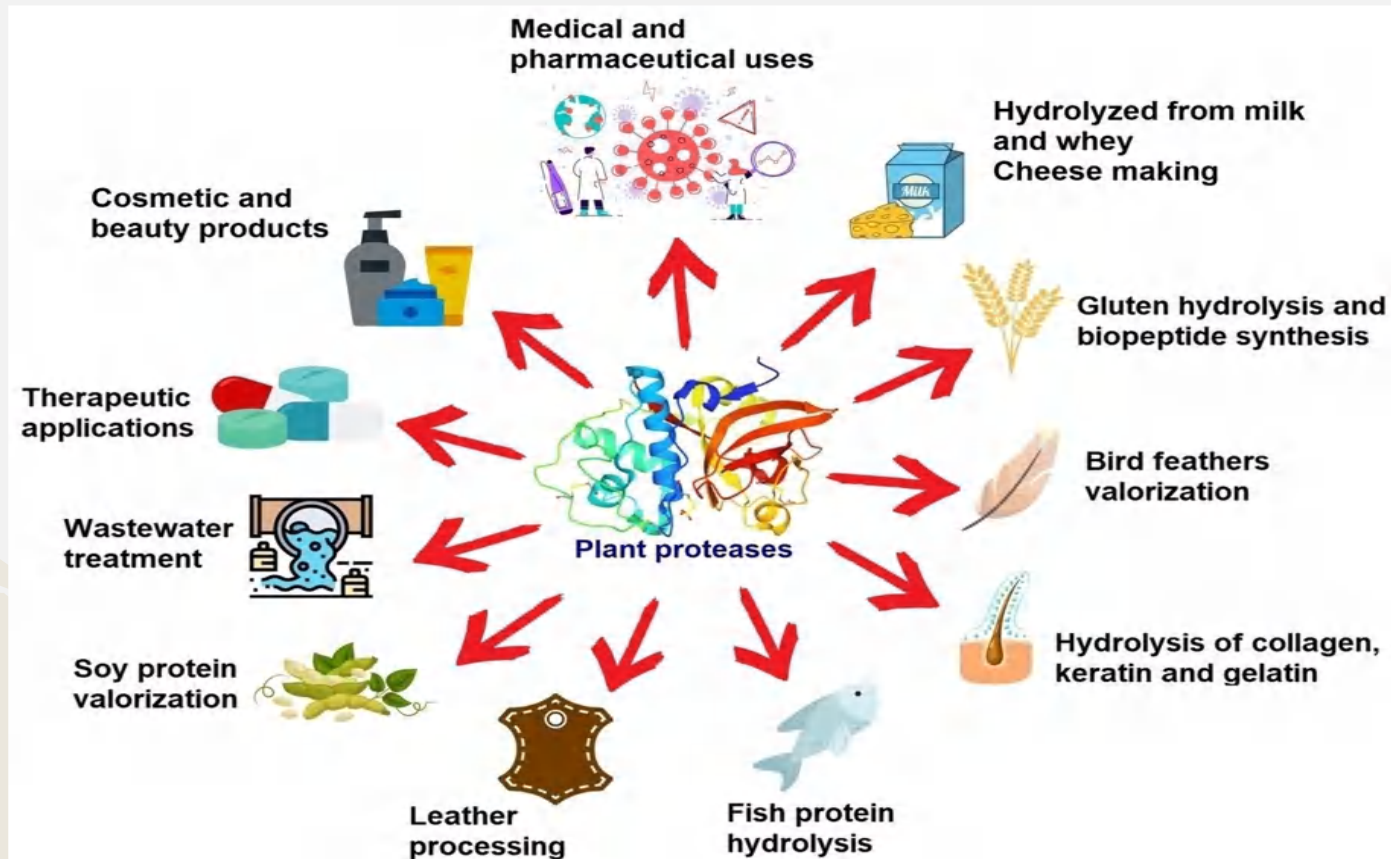
Relationship between local and circular economy

The circular economy is a strategic driver for the development of the local economy

There is no effective circular economy if not applied to a specific place, where waste is collected, treated and re-produced

Local and circular economy. EXAMPLES

Plant proteases have enormous application potential for enhancing the heritage of local communities, their transformation into products creates high added value through low-cost processes.



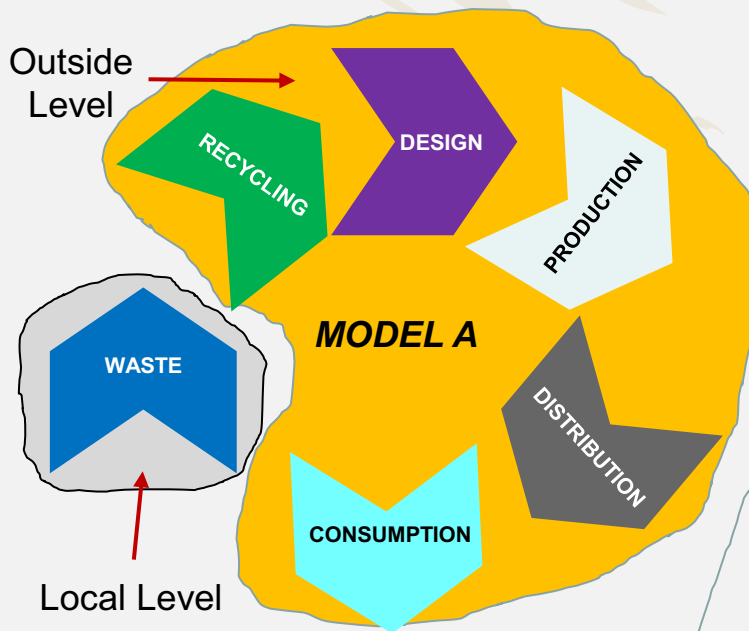
Local and circular economy. EXAMPLES



We can share the journey of a company that produces leather from orange and prickly pear peels in Sicily

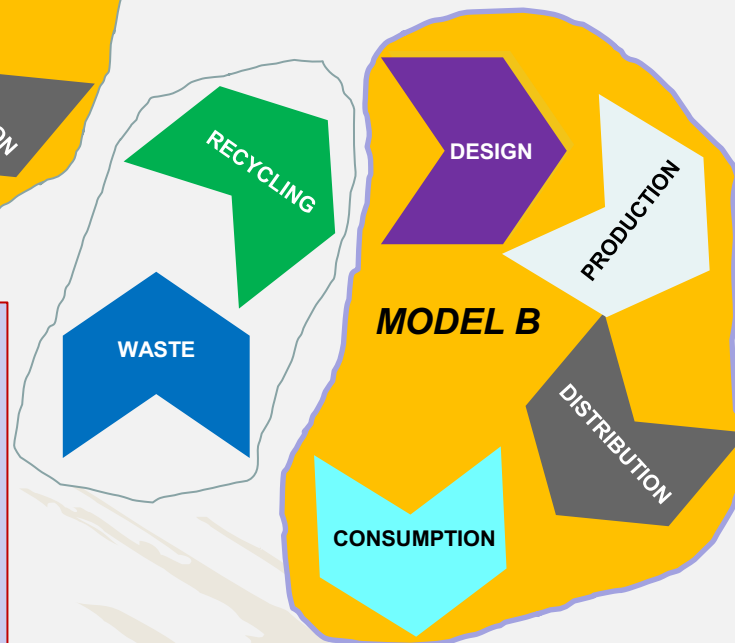
Sicily a region area in south Italy with a strong and interesting cultural history but with deep delay in economic development

CIRCULAR AND LOCAL ECONOMIES RELATIONAL MODELS

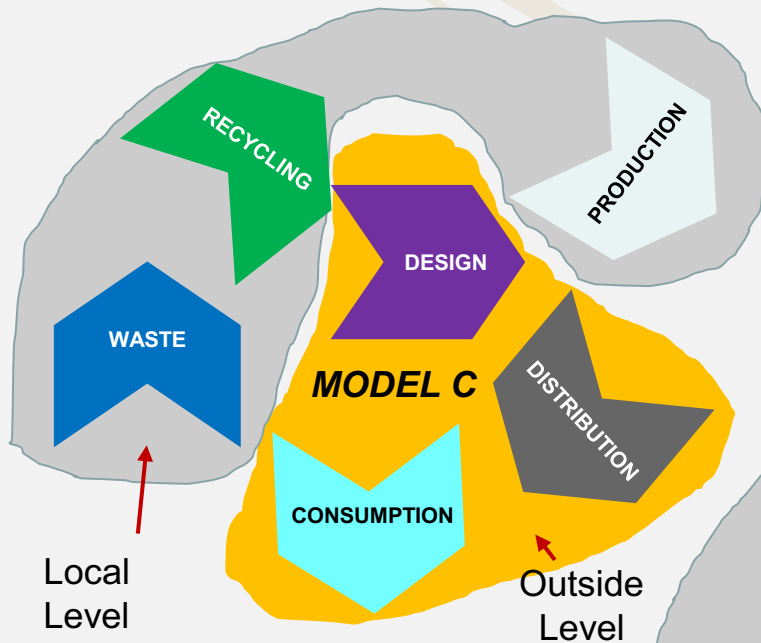


- MODEL A:**
- Advantages**
- Exploitation of high skills available on a larger scale
- Disadvantages:**
- Standardization of consumption
 - High shipping costs
 - Dependence on external conditions and poor resilience to market variability

- MODEL B:**
- Advantages**
- Exploitation of high skills available on a larger scale
 - Lower transport costs compared to model A
- Disadvantages:**
- Standardization of consumption
 - High shipping costs
 - Dependence on external conditions and poor resilience to market variability



CIRCULAR AND LOCAL ECONOMIES RELATIONAL MODELS



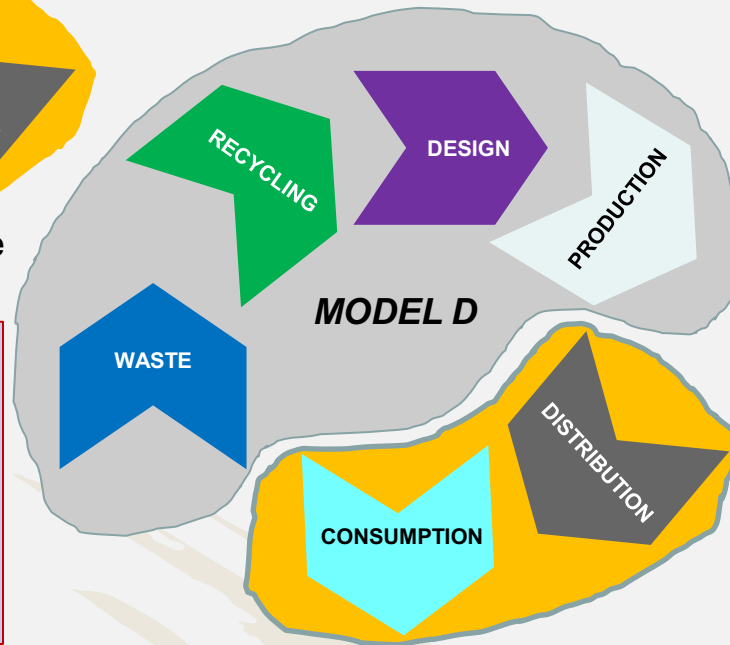
MODEL C:

Advantages:

- Exploitation of high design skills, of broader markets
- Lower costs compared to models A and B

Disadvantages:

- Standardization of consumption
- High shipping costs
- Dependence on external conditions and poor resilience to market variability



MODEL D:

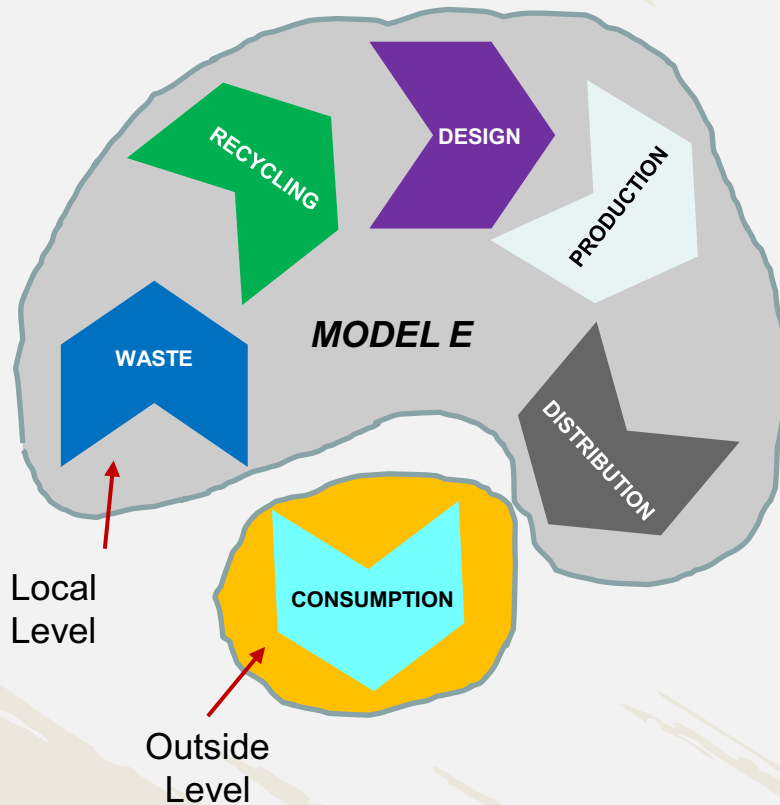
Advantages:

- Competitive advantages in typical and «different» productions
- Lower transport costs compared to models A, B, C

Disadvantages:

- Poor design skills
- Distribution costs

CIRCULAR AND LOCAL ECONOMIES RELATIONAL MODELS



MODEL E:

Advantages:

- Competitive advantages in typical and «different» productions
- Lower costs than all other models
- Greater employment
- Greater resilience to market variability and technological changes

Disadvantages:

- Poor design skills
- Poor ability to reach markets

Exercise n° 6 : INVESTMENT IN CIRCULAR ECONOMY

The municipality of mmmmm has a good collection of differentiated waste (60% of the total waste)

A group of talented researchers at the local university works since years to find out new ways of producing shoes and bags from recycled plastic

There is at disposal a consistent amount of money for investment in the field of circular economy

How would you recommend to spend this money?

- 1) To create a local enterprise from the university group for designing and producing innovative bags and shoes*
- 2) Attract an external company already consolidated on the markets to make goods from recycled plastic*
- 3) Increase the % of the differentiated waste, and sell it to external companies.*