Tupicocha joined with six other villages and the provincial municipality of Huarochiri to form the Mancomunidad Municipal de la Cuenca Valle de Lurín. Leveraging the government connections of Huarochiri mayor Dr. Rosa Vásquez, the Mancomunidad then won funding for two technical studies for reservoirs that will provide 15 million cubic meters of water for the region. Compared to the 1 million cubic meters of water in the eight reservoirs built in the region in recent decades, this project will represent a significant improvement for the rural inhabitants. After initial success in infrastructure development, particularly waste and sanitation, the Mancomunidad drew attention from two NGOs in the region — the Centro Global para el Desarrollo y la Democracia (CGDD, Global Center for Development and Democracy) and the Centro de Investigación, Educación y Desarrollo (CIED, Center for Research, Education, and Development) — and a new conversation about collaborative governance around economic development began.

In our forthcoming book, *Fragile Governance and Local Economic Development: Theory and Evidence from Peripheral Regions in Latin America* (Routledge, 2018), we argue that this case illustrates three key themes that are leading to a new, albeit fragile, governance for local economic development in small cities and peripheral regions in Latin America: learning processes; networks and associations; and leadership and conflict management. Diverse forms of learning are generating new forms of collaboration and economic development. By leveraging networks and creating new associations, communities can connect the horizontal and vertical dimensions of governance needed to promote economic development. Finally, governance grows out of nurturing individual leadership, facilitating the transition to shared leadership processes, and managing conflicts in emerging collaborative schemes.

First, it was the successful combination of three forms of learning that created collective action and new governance capabilities in the village of Tupicocha. Mayor Rojas drew from his technical knowledge about reservoirs and anecdotes from other areas where community members constructed a reservoir, which then provided the experiential knowledge that built the trust necessary for more collaboration in building other reservoirs. This on-the-ground learning aligned the goals of network actors in the region and convinced them of the urgent need for coordination and joint action around water issues, leading to the formation of formal associations. Finally, the transition to shared leadership in the Mancomunidad made it possible to support and scale up a fragile public-private collaboration.

When Peruvian engineer Teodoro Rojas returned home to Tupicocha from a 1983 visit to the Gallito Ciego dam in Cajamarca, he gathered together his fellow *comuneros* to tell them about the valve technology he had seen. His vision was to use it to build artificial reservoirs to solve the community’s irrigation problems. But some of the people remained skeptical, according to Rojas: “They couldn’t imagine it, because they had never seen it before.”

Just a few families bought into the concept, providing Rojas with materials and in-kind labor to help build the reservoir. To coordinate commitments, which spanned an eight-year period, the families organized a *comité de regantes* (irrigation committee). The new reservoir boosted the community’s economy, and families that had previously been skeptical now wanted to participate. Two more committees were formed, and two more reservoirs were built. The whole Cullpe community in Tupicocha was now involved. By 2010, 70 percent of Cullpe’s rural inhabitants had “moved from a subsistence economy with food insecurity to a surplus economy with food security” (Alfaro Moreno and Claverías, 2010: 40).

The community’s success sparked a new, positive attitude in the region towards change and innovation. Seeing these improvements in the region, neighboring communities wanted to improve their own agricultural production. It gave hope to the farmers,” according to Rojas. This local interest then drew the attention of funders: non-governmental organizations (NGOs) and different government agencies became very interested in promoting these irrigation innovations and began funding numerous grants to try to replicate them in other rural communities in Peru and beyond.

Not long after, Rojas was elected as Tupicocha’s mayor, and the Peruvian government began encouraging municipalities to enter into a voluntary agreement to become a collective association called a “Mancomunidad” to provide services and promote local development jointly.

**Development on the Peripheries**

By Karen Chapple and Sergio Montero

The Gallito Ciego dam inspired water system development in rural Peru.

A reservoir that forms part of the water system of Tupicocha, Peru.
In many ways, the story of the reservoirs is reminiscent of the idea of commons governance (Ostrom, 1990). As Ostrom (2002:16) concludes, in the effort to increase benefits and decrease costs, “it is essential to draw on cultural endowments and their knowledge of local resources to find innovative institutions that fit local conditions.” The Cullpe farmers adhere to several key project-design principles to pool common resources: equitable costs and benefits; broad participation; and recognition of management rights by higher authorities. Institutional innovation and new meaning emerge from local assets, particularly cultural endowments and knowledge (Bebbington, 1999). In contrast to the networked governance of NGOs, the private sector, and public sector that increasingly dominates Anglo countries, this more fragile governance in Latin America minimizes private-sector involvement and engages communities directly in decision-making from the bottom up.

Latin American regions did not settle on this form of governance from the outset. Peripheral regions and secondary cities saw decades of experimentation with different models of economic development. Partnering with national government, NGOs built brick-and-mortar factories and business incubators, which were gradually deserted after an initial burst of interest due to the lack of local capacity to develop viable businesses. Similar top-down partnerships next attempted to attract business clusters and insert local companies into global value chains, yet apart from notable successes like fair trade coffee, they failed to scale up these efforts. In this context, locals have decided to take matters into their own hands.

Our book explores the relationship between governance processes and local economic development in six Latin American regions: three sparsely populated rural regions (Arauco, Chile; Lurín, Peru; and Isla de Mompox, Colombia) and three intermediate cities (Córdoba, Argentina; Linhares, Brazil; and Quetzaltenango, Guatemala). These cases illustrate not only the challenges of governance in small and intermediate cities in Latin America, but also the variety of governance approaches that these cities and regions are innovating and implementing to achieve a territorial vision of local economic development. Lurín, Arauco, Mompox, Linhares, and Quetzaltenango are all stories of bottom-up governance networks that strive in different ways to connect with higher levels of government and with rural inhabitants, artisans and associations of small businesses struggling to reach national and international markets. With political obstacles impeding relations between the regional and national government, Córdoba turns instead to an international epistemic community to learn and justify local and regional economic development strategies. Each case illustrates emergent innovations on the ground in communities of practice that then transform our theories about how successful local economic development occurs. Learning as a social and interactive process is not only demonstrated in the case of Lurín, Peru, chronicled above, but also the Chilean region of Arauco, where a localized learning process built community confidence while educating outside experts, and in Córdoba, Argentina, which underwent a mutual learning process with the Inter-American Development Bank about how to shift from a cluster to a territorial development approach that actually changed the IDB’s policies and strategies in Latin America. Learning processes interact with the dynamics of associations and leadership in these contexts: for instance, the case of Mompox, Colombia, shows the difficulties of moving from individual leadership towards shared leadership in small and intermediate cities, while in Linhares, Brazil, businesses embraced collaborative production and developed a policy network that has resulted in spillovers and economic development in the region. The question remains how to “scale up” this fragile governance. The case of Grupos Gestores in Quetzaltenango, Guatemala, highlights both the challenges and possibilities of replicating policies between regions and scaling up successful local approaches to the national level.

For most of these regions, inclusive economic development means a more endogenous approach, or “development from within” (Teitz, 1993). Whether in rural areas or small cities, governance networks are identifying untapped economic resources and supporting the entrepreneurial capacity needed to take advantage of these economic opportunities. Endogenous development is not new, of course, in either developing or advanced industrial countries, but the experience of these regions suggests that not only is it a viable alternative, these particular forms of fragile governance can enable it.

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