



LOCAL ECONOMIC DEVELOPMENT IN ASIA PACIFIC: A REVIEW OF POLICY AND PRACTICE

Dialogue and capacity building of
local and regional authorities
in EU partner countries
in the fields of development
and local governance

2015



PLATFORMA
The European voice of **Local** and
Regional authorities for development



**Local Economic Development in Asia Pacific:
A Review of Policy and Practice**

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Background to CLGF

CLGF is a membership organisation, and is unique in bringing together local government, ministries of local government, national associations of local government and individual councils from across the 53 countries of the Commonwealth. It also has research, training and professional organisations as associate members. Its work focuses on promoting local democracy, exchange of experience and good practice, and capacity building designed to improve policy making, strengthen local government institutions and improve service delivery and democracy/democratic processes at the local level. www.clgf.org.uk

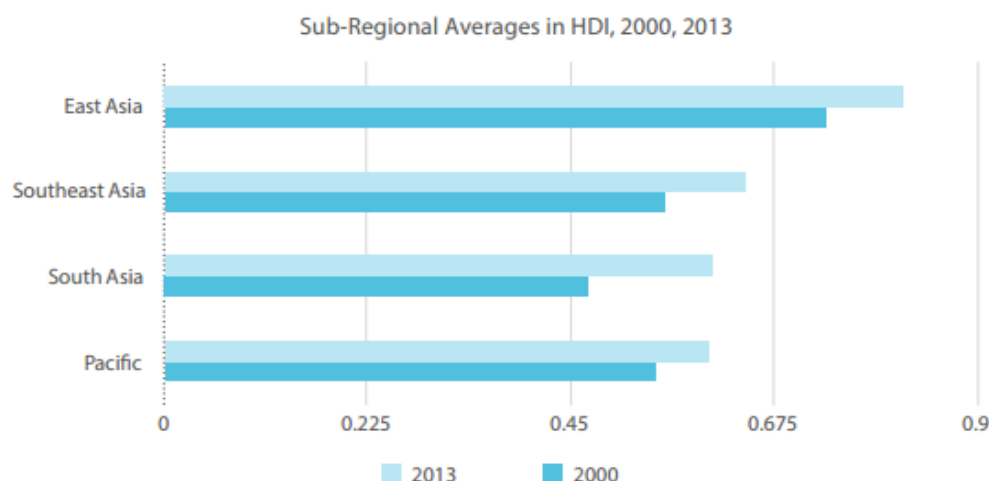
Local Economic Development in Asia Pacific

Discussion paper prepared for the EU-PLATFORMA consultation with local and regional government representatives in Asia Pacific 29–30 April, 2015

1. ASIA PACIFIC

Asia Pacific is a vast region made up of a cross-section of countries at varying stages of development. For the purposes of this paper we will examine three sub-regional groups, namely South Asia, South East Asia and the Pacific. The region contains more than half of the world's global population, of which 900 million are classified as poor¹. Inclusive economic growth will be essential for the countries of the region to reduce poverty and vulnerability. More than half the region's economically active population work in agriculture, fisheries or forestry, however the region is also urbanising rapidly which has seen the significant rise of other industries.

In the Pacific, increasing urban squatter settlements, rising youth unemployment, poor education, increasing inequality, and the impact of climate change on Pacific communities have worsened the situation faced by many Pacific islanders. Urbanisation is increasing rapidly in the region and In its 2009 assessment of poverty in the region, AusAID found that there was rising poverty in the Pacific island countries, with one-third of people living below national poverty lines meaning they did not have the income or access to subsistence production to meet their basic human needs². Of the eight Millennium Development Goals (MDGs), progress towards MDG 1: (Eradicating Extreme Poverty and Hunger) was been the slowest and remains of most concern in the region.



Source: UNDP Human Development Report, 2014

The period of implementation for the Millennium Development Goals (MDGs) is coming to an end and the global community is actively debating what should replace them. The MDGs provided very clear targets for poverty reduction, but they were very much a top-down process, and little focus was given to their means of implementation. In 2015 local and regional government is working hard to ensure that the post-2015 global development agenda better reflects the important role of local and regional government and the need to localise the new Sustainable Development Goals (SDGs), which would involve local setting, implementation and monitoring of targets. In Asia Pacific economic development will be a critical factor in successful urban development and renewal.

¹ 2012, Asia-Pacific Human Development Report (http://asiapacific-hdr.aprc.undp.org/sites/default/files/files/UNDP~Overview_Low%20resolution.pdf)

² 2009, Tracking Development and Governance in the Pacific' (http://www.dfat.gov.au/about-us/publications/Documents/track_devgov09partA.pdf)



Table 1: Demographic overview Asia-Pacific (2014 – or most recent)							
COUNTRY	Total Population (millions) ^a	<15 Years (%) ^a	% Urban	Literacy rate ^b <15 Years (%)			% Informal employment
				F	M	total	
SOUTH ASIA							
Bangladesh	158.5	29	26	59	65	62	NA
Bhutan	0.7	30	36	55	73	65	NA
India	1,296.2	31	31	61	81	71	83.6
Maldives	0.4	26	41	99	100	99	TBC
Nepal	27.1	34	17	53	76	64	NA
Pakistan	194.0	38	35	41	70	58	78.4
Sri Lanka	20.7	26	15	92	94	93	62.1
SOUTH EAST ASIA							
Cambodia	14.8	31	20	71	84	77	NA
Indonesia	251.5	29	50	92	96	94	72.5
Laos	6.8	35	34	73	87	80	NA
Malaysia	30.1	26	71	93	96	95	NA
Myanmar	53.7	25	31	91	95	93	NA
Philippines	100.1	34	63	97	96	96	70.1
Thailand	66.4	18	47	97	97	97	42.3
Timor-Leste	1.2	42	30	63	71	68	NA
Vietnam	90.7	24	32	93	96	95	68.2
OCEANIA							
Fiji	0.9	29	51	-	-	-	NA
Papua New Guinea	7.6	39	13	63	65	64	NA
Solomon Islands	0.6	39	20	-	-	-	NA
Vanuatu	0.3	39	24	84	85	85	NA
Marshal Islands	0.1	40	74	-	-	-	NA
Nauru	0.01	37	100	-	-	-	NA
Palau	0.02	20	84	-	-	100	NA
Samoa	0.2	39	20	99	99	99	NA
Tonga	0.1	37	23	99	99	99	NA
Tuvalu	0.01	33	51	-	-	-	NA

Source: 2014 World Population Data Sheet (www.prb.org); 2014 UNDP HDI (<http://hdr.undp.org/>); 2012 ILO (http://laborsta.ilo.org/informal_economy_E.html)

Urbanisation

While GDPs are increasing throughout the region, poverty both in rural and urban areas remains a serious issue in most low and many middle income countries. Across the ASPAC region economic development plans are still primarily concerned with rural development, however urban areas contain 42% of the region's population and contribute 80% of the GDP³. Over 60% of the region's urban population live in medium size cities (with populations under 1 million), which are experiencing some of the highest growth rates of the region⁴. These secondary cities can be key centres of local economic growth, providing markets, processing centres for rural products, and clustering enterprise for centres of innovation and value chain addition. However urbanisation and growth in urban wealth has not been balanced and urban inequalities remain significant. These mid size cities lack infrastructure, investment, and capacity for strategic planning and city management, and are struggling to deal with their growing populations. Shortfalls in urban infrastructure investment are undermining the competitiveness as well as the social cohesion and environmental sustainability of Asian cities. For example the Asia Development Bank (ADB) estimates that 20% of India's potential economic growth has not materialised due to urban infrastructure deficits⁵.

Urbanisation in Asia-Pacific has been accompanied by increasing inequalities, growing urban poverty and informal settlements. 500 million people are generally thought to be living in informal settlements.⁶ These people have limited access to basic and emergency services, and suffer from a general lack of economic resilience. In addition they have a lack of capacity to make their voice heard in decision-making bodies (both civil and political) though there have been some good examples of grass roots politics and civil society advocacy, especially in India and the Philippines.

Small States

The Commonwealth defines countries with a population of 1.5 million or less as small states, seen as sharing unique development challenges including limited diversification, limited capacity, poverty, susceptibility to natural disasters and environmental change, remoteness, isolation and income volatility. All the Pacific Island States as well as Timor-Leste, Bhutan and Maldives fall into this category and face similar challenges in their development both economically and socially. Small states have seen a variety of different drivers for decentralisation, not least to manage the remoteness of many of their communities, to address concern over meeting the MDGs, environmental degradation, the problems of effective planning (land use and also in response to urbanisation), poverty, inequality and marginalisation, social and political instability, and the successful implementation of decentralisation and local development is inevitably affected by their size. Local government in small states suffer from the challenges of proximity and remoteness (too close for example in urban areas where local and regional government is competing with other parts of government, and too remote e.g. when councils are geographically a long way from the centre, sometimes on different islands). They also face familiar challenges of lack of financial resources, technical capacity and implementation capacity whilst at the same time they are facing increased community expectations and in some cases political instability at the centre. In addition, in some countries the relationship between traditional authorities and local government has a major impact on the role of local government.

Climate change

Rising sea levels and the increasing frequency of destructive weather events are placing significant strains on existing service provision at the local level. The increasing severity of emergency situations, especially in dense urban areas or informal settlements, will test local coordination and adaptive strategies.

Climate change is a major challenge across the ASPAC region, but small island States are especially vulnerable and have already lost significant land mass. Changes in weather patterns and sea currents are impacting local economies, changing agricultural and aquaculture productivity.

³ TUN-HABITAT, 2010. State of Asia Cities 2010/11. Fukuoka: UN-HABITAT.

⁴ UNDP, 2012. Asia-Pacific Human Development Report, One Planet to Share. New Delhi: MacMillan.

⁵ UCLG, 2014. GOLD III: Basic Service for All in an Urbanizing World, Asia Pacific chapter (p63)

⁶ UN HABITAT, 2012. The Asia-Pacific Issue Brief Series on Urbanization and Climate Change No. 1



Women

Socio-economic disparities linked to gender are also prevalent across the region. Many countries have made formal commitments to gender equality, however implementation of these commitments has often stalled due to issues such as limited resources, lack of enforcement or non-compliance with laws and policies, or even in extreme cases due to upheaval caused by natural disaster or conflict. Women and men use local services and access community environments in different way and limited representation of women in government can adversely effect the alignment of local decisions with their social and economic needs. Across Asia Pacific women's representation in local government currently ranges from 38.4% in India to 1.9% and 1% in Sri Lanka and in rural councils in PNG, and 30.1% and 23% in Pakistan and Bangladesh to 2.9% and 2.6% in Kiribati and in urban councils in Sri Lanka⁷. In fact, a recent study by UNDP noted that since 2010 in both South Asia and the Pacific there was a decrease in women's representation of 2.3% and 9.6% respectively.

Women in the region still face considerable disadvantages in terms of economic participation, opportunities and security, both in urban and rural communities. In the informal sector they are often self-employed home-based workers or street traders. They also work in many high-risk sectors, for example as waste-pickers, street vendors or construction workers. The gender gap in wages and earnings remains significant in urban areas. Women also experience high rates of sexual and gender based violence in urban contexts, particularly in public transport and unsafe community spaces.

Young people

Additionally across the region a major challenge for the future will be ensuring sustainable livelihoods for the large and growing population. There is currently a lack of 16+ institutes and training opportunities, and as the regional markets shift from needing largely unskilled labour to a more technical work force this gap will only become more pronounced. In addition, in many countries of the region, young people who are graduating are finding it difficult to find jobs possibly indicating a disconnect between existing educational institutions and local labour markets. Urban youth unemployment is significantly higher than the general average. For instance in Indonesia unemployment among job seekers aged 15-24 in 2012 was 22% higher than the general average, and in Metro Manila youth unemployment was 28.5% (more than four times the adult rate)⁸. These examples highlight that this is a prominent and growing challenge.

Corruption and the ease of doing business

A major concern in Asia Pacific is the difficulty in starting and doing business. Some of the major challenges of doing business in the region include corruption, lack of infrastructure, unstable politics, and in some cases unpredictable taxation. Infrastructure, including reliable electricity and internet access are a particular challenge in a number of countries. In addition both local and national transport systems (such as roads and railways, but also shipping channels and ports) are key factors in enabling local producers to reach wider markets.

The informal sector

In South and South East Asia informal employment accounts for more than 60% of all non-agricultural employment (apart from Thailand where it accounts for 42%), and in India 84%, the country with the highest level of informal employment of the region⁹. In the Pacific it is estimated that the informal economy makes up 60-85% of the economy and is growing due to lack of opportunities in the formal sector¹⁰.

⁷ UNDP, 2013 "Gender Equality: Women's participation and leadership in government at the local level"

(http://www.asia-pacific.undp.org/content/dam/rbap/docs/Research%20&%20Publications/democratic_governance/RBAP-DG-2014-Gender-Equality.pdf)

⁸ UN Habitat "Addressing Urban Poverty, Inequality, and Vulnerability in a Warming World" Asia Pacific Issue Brief Series on Urbanisation and Climate Change No.1 (http://www.fukuoka.unhabitat.org/programmes/ccci/pdf/1_Addressing_Urban_Poverty_Inequality_and_Vulnerability_in_a_Warming_World.pdf)

⁹ ILO "Women and Men in the Informal Economy" (http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_234413.pdf) report covered Indian, Indonesia, Pakistan, Philippines, Sri Lanka, Thailand, No. 1

¹⁰ Dr. Asif Chida "Empowering informal economy for local economic development" presentation given during the 2014 Pacific Local Government Forum, Port Morsby, Papua New Guinea, 19-23 May 2014 (Dr. Chida is Inclusive Growth and Private Sector Development regional specialist UNDP Pacific centre, Fiji)



Table 2: Ease of doing business & Corruption Perception index		
Country	Ease of doing business 2014	TI Corruption Perception Index 2014
SOUTH ASIA		
Bhutan	125	65
India	142	38
Sri Lanka	99	38
Maldives	116	
Nepal	108	29
Pakistan	128	29
Bangladesh	173	25
SOUTH EAST ASIA		
Malaysia	18	52
Indonesia	114	34
Philippines	95	38
Thailand	26	38
Timor-Leste	172	28
Laos	148	25
Cambodia	135	21
Myanmar	177	21
Vietnam	78	31
PACIFIC		
Palau	113	
Fiji	81	
Tonga	69	
Samoa	67	52
Vanuatu	79	
Kiribati	134	
Papua New Guinea	133	25
Solomon Islands	87	

Source: World Bank Group, 2014 (<http://www.doingbusiness.org/rankings>); Transparency International, 2014 (<http://www.transparency.org/country>)

In general informal economy growth results from a number of factors working together, including limited employment opportunities in the formal sector, population growth (due to youth demographics and/or urban migration), and legal, financial and bureaucratic barriers to formal self-employment. The informal economy makes a significant contribution to national and local wealth but is not often reflected in GDP or local and regional government development plans. For the most part there is little to no reinvestment to support the needs of the informal economy, and the issue is seen as a social problem rather than an opportunity. People working in the informal economy are often the most vulnerable to corruption, violence, unsafe working conditions and practices as well as economic and environmental uncertainties. Few have access to judicial systems of redress and without access to banks and other financial institutions they have limited options for credit and reinvestment.



2. WHAT IS LOCAL ECONOMIC DEVELOPMENT (LED)

Local economic development is the process by which local stakeholders, often led by local or regional authorities work together to mobilise local skills and resources to develop economic opportunities within the local area. It often involves extensive mapping and consultations, resulting in the development of an economic development strategy, which all local stakeholders work together to deliver.

Local economies are shaped globally by policies and processes that are formed at the supranational, national, subnational and local levels, and include complex forces and are impacted on by processes such as globalisation, urbanisation, migration, global and national production systems and trade. These forces create opportunities and threats to localities which call for targeted intervention by both national and, local and regional governments, seeking to create and promote local economic development which ultimately feeds into the achievement of national development and growth targets. Strategies for local economic development include planning responses that seek to address these challenges, and facilitation of actions which bring a positive economic benefit to local citizens in their localities.

The need for LED also arises out of the challenge that economic development does not happen everywhere at the same time, but occurs unevenly and inequitably across economic space, landscape and social groups, creating major challenges in terms of inequalities and satisfying the needs of the citizens in terms of employment opportunities, wealth creation and services particularly for disadvantaged and marginalised groups. However the fact that these challenges affect different categories of the population and territory in different ways calls for innovative development solutions and highlights the importance of a locally targeted response. LED tools and techniques can support public and private sector interventions to ensure more equitable distribution of benefits to citizens.

Local economic development strategies can therefore be framed as a process that responds to the development challenges that occur at subnational levels. They bring together national, regional and local governments, business, community groups, and international development partners to work in partnership, to counteract and reverse some of the negative development trends. These will include the growing incidence of absolute and relative poverty, inequalities and disadvantage linked to marginalised social groups, poor access to infrastructure and services, growing informalisation of urban economies, and the decline and disappearance of existing industries.

Local economic development is about exploiting the existing and potential competitive, as well as the comparative advantages of localities, sectors and regions. In terms of specific deliverables, local economic development strategies seek to grow local economies (raising local GDPs and standards of living), to increase local employment, attract both local and international investment, retain and expand existing industries, and connect them to global value chains. This diversity of potential local economic development deliverables has attracted many definitions and meanings from academic scholars, international development organisations, governments and local and regional governments. There is no single model for LED, and approaches should reflect local needs and circumstances. Local economic development is in fact a lens through which local government can examine its policies and practices so as to ensure they are having the most positive social and economic impacts on their communities. As such it is framework which any and all local governments can adopt.

While LED is an important part of broader national development challenges, it remains first and foremost a response to the local development challenges, linking the various local stakeholders to the ownership of their communities and empowering them to pro-actively address local challenges. LED is territorial and bound by local jurisdictions (local authority, districts, municipalities, regions) who adopt it through their local powers and jurisdictions to address need, inequality, and opportunity and unlock potential.

Key elements of a local economic development process include:

- A strategically planned process organised around the definition of a vision and various objectives and programmes for it to materialize.
- Focusing in on a specific territory, concerning a well defined geographical zone whose stakeholders get involved in a set of economic actions aimed at building a common future.
- Being locally owned, designed and delivered, allowing local and regional government to respond to the needs and vision of local communities within development strategies.
- Best achieved through partnerships, both during the design and implementation (bringing together local and regional government, community organisations, private sector, NGOs, professional organisations, etc.)
- Reinforced by integrated government actions both vertical & horizontal.
- Focused on enabling a conducive local business environment for all, creating and fostering employment across the business spectrum (from large enterprise to SME to the informal sector).
- Integrated interventions across multiple sectors taking a holistic approach with a cumulative and mutually reinforcing effect for all sectors of the local economy.
- Involves a variety of interventions including both physical infrastructure development, as well as soft capacity building, and strengthening institutional frameworks and linkages.
- Prioritises development and retention of local businesses and people, to build on local and endogenous strengths and opportunities.
- Projects are delivered by all actors: public, private and non-governmental.



3. LOCAL ECONOMIC DEVELOPMENT IN ASIA-PACIFIC

Many countries of Asia Pacific have empowered local and regional government to play an increased role in development. However, even in countries where local and regional government does not have direct statutory responsibility for economic development, many of the core responsibilities of local and regional governments can have a significant impact on the local economy, both positive and negative. Local and regional governments have the potential to be a proactive driver of development however this necessitates a fundamental change in the thinking of both the political leadership and technical administrators, to move away from understanding local and regional government simply as a regulatory and enforcement body towards a more developmental vision of local and regional government. Developmental local government refers to local and regional government which works with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives¹¹.

Local and regional government responsibilities

Local and regional government across the Asia Pacific region has a variety of mandates, ranging from service delivery, local governance, planning and community development, regulation and supervision. Almost all countries in the region have a system which has decentralised a number of responsibilities to local and regional government including the provision of basic services, and local planning, which are essential in fostering and sustaining local economic development. In addition, many countries have also decentralised some level of responsibility for education, health and social security, which make a significant contributions to maintain and improving the skills base and labour force.

¹¹ Education and Training Unit, South Africa. "Developmental Local Government Toolkit" <http://www.etu.org.za/toolbox/docs/localgov/webdevlocgov.html>).



Table 3: Indicative Local Government responsibilities supporting LED in Asia Pacific							
	Planning	Basic education	Basic social welfare	Primary health	Water & Sanitation	Roads and/or Public Transport	Economic promotion/ Business development support
SOUTH ASIA							
Bangladesh		X	X	X	X	X	X
India	X		X		X	X	
Maldives	X	X	X	X	X	X	NA
Pakistan ¹²	X		X	X	X	X	X
Sri Lanka	X			X	X	X	
SOUTH EAST ASIA							
Cambodia	NA	NA	NA	NA	NA	NA	NA
Indonesia	X	X	X	X	X	X	X
Philippines	X		X	X	X		X
Thailand	X	X	X		X	X	X
Vietnam	X	X	X	X	X	X	X
PACIFIC							
Cook Islands	NA	X	NA	X	X	X	X
Fiji	NA		NA	X	X	X	X
Kiribati	X	X	X	X	X	X	X
PNG					X	X	
Samoa	NA	X	X	X	X	X	X
Solomon Islands ¹³	X	X	X	X	X		X

Source: CLGF country profiles 2013-14, UCLG 1st Global report on Decentralisation and Local Democracy 2008, Regional overview of Local Economic development in the Pacific 2012

This places local authorities in a position where, through the provision of their services and implementing local regulations relevant for enabling LED, they can very effectively facilitate and enable business development, retention and attraction through marketing local products, offering incentives to support business expansion, providing education and training, supporting small business development and improving infrastructure.

Local and regional government also has considerable responsibility for coordinating and managing infrastructure investment. Urban infrastructure shortfalls are significantly hampering the social and economic growth potential of cities across Asia Pacific. While local and regional government in most countries has the mandate to develop and implement local plans, these are undermined through the limited ability of most local and regional governments to mobilise funds for investment in infrastructure and long-term interventions. The Asia Development Bank (ADB) estimates that the annual requirement for new infrastructure in Developing Member Countries is 100billion USD over the next two decades however current investment is less than half this amount¹⁴. Supporting local and regional governments to both develop urban infrastructure projects which will be attractive to private investors, and then to manage these projects and the resulting relationships with major multi-nationals, will be essential in avoiding the entrenchment of urban inequalities.

¹² 2009 data not reflective of revised provincial legislation

¹³ Honiara City, the national capital is already a local government, the rest of the country is served by a Provincial government system.

¹⁴ UCLG GOLD III: Basic Services for All in an Urbanizing World.

Below is a table which provides some of the country level specificities for local and regional government in managing LED across the region:

Country	Local and regional government and LED in practice
SOUTH ASIA	
Bangladesh	<p>Government of Bangladesh recognises the importance of driving economic development through local governing bodies as evident from its efforts to strengthen the Local Government Division (LGD) to implement social, economic and infrastructure development activities, and through such programmes as the Small Ethnic Communities Plan.</p> <p>All levels of local government are responsible for tourism and other economic services, and Zila Parishads, Upazila Parishads and Union Parishads also have responsibilities for agriculture, forests and fisheries; and economic promotion.</p> <p>However, the priorities set for LED are made by the national government and the country has no explicit urbanization, urban development, or urban economic development policy¹⁵. Most projects and policies related to economic development are related to agriculture, forests and fisheries, trade and industry as well as tourism.</p>
India	<p>There is an emphasis on the need for economic development at the local level across the country, in both rural and urban areas. Many economic development projects rely on the involvement of local government (e.g. the National Rural Livelihoods Mission).</p> <p>Most initiatives by local government in rural areas focus on improving farming practices, developing market access by value chain development and encouraging rural enterprises, including setting up cooperatives. There is also an emphasis on MSMEs development through the cluster development approach to build market linkages and improve production efficiency. In addition, microfinance-led AND microenterprises development is common, following the success of the SHG-Bank Linkage Programme for the Poor by NaBARD. In the urban areas, there is a growing focus on skills development through PPPs with industry.</p>
Maldives	<p>The Decentralisation Act of 2010 dedicates a full Chapter 8 to "Business Dealings of the Council". Some of the salient features are:</p> <ul style="list-style-type: none"> – Authority to engage in economic activities. – Should the amount of investment exceed one third of the total estimated income for a given year, the council must share the information of that investment with the people of that council. – Increasing role of the private sector – Councils to promote participation of NGOs – In order to realise economic and social prosperity, the council may collaborate with private, companies, associations and corporative societies. – Providing Assistance to private parties by the Councils. The Councils may provide financial, technical, and other assistance to private associations and groups to carry out the projects included in the Development Plans of the administrative divisions, island or city. <p>The government recognises tourism, fisheries, agriculture, small and medium enterprises, energy, land reform, communication, science and technology as key areas which will drive economic development in Maldives (Strategic Action Plan i, 2009). While the role of the local government in driving development is emerging, there is isolated tourism-led development with major private sector investment.</p>
Pakistan	<p>Pakistan is federal and with most of the devolved budget sitting with the provincial governments, there are limited opportunities for lower level government to effect local economic development. There are no articles in the local government acts that clearly state that local government is responsible for local economic development in their constituencies. The situation differs between the Provinces, depending on the nature of decentralisation adopted by the provincial government. Rural areas have very limited business/economic development support, the four provinces authorise the Union, Village and Neighbourhood Councils to set up panels of Councillors for the purpose of enabling out of court settlements (UNDP 2014).</p>

¹⁵ ADB, Cluster-Based City Economic Development in Bangladesh, 2011, p125
(<http://www.adb.org/sites/default/files/publication/29242/cluster-based-local-economic-development.pdf>).



	<p>Some of the economic activities that local councils can undertake include:</p> <ul style="list-style-type: none"> – Regulating & maintaining private markets & bazaars – Maintaining its own real estate e.g. public markets – Organising and regulating cattle fairs and markets, both for everyday use and for religious festivals (e.g. Eid) – Establish cattle pounds and regulate cattle grazing areas – Agriculture extension at the village level (access to subsidies, support, technology) – Water management on farms – Soil conservation and fertility – Fisheries and Forestry – Provision of peri-urban farm to market roads – Skilling: enable development of skills particularly for crafts and cottage industries
Sri Lanka	<p>The government's National Development Policy Framework Vision, Mahinda Chintana 2011-2016, sets out the importance of inclusive and local development while developing core economic sectors (agriculture, fisheries, livestock, irrigation, plantations, and tourism), enterprises, physical infrastructure and human capital. There is limited clarity on how the local level governments and authorities should be involved in this process.</p> <p>The District and Divisional Secretariat Offices (DSOs) are often instrumental in successful initiatives implemented by the local governments, especially those relating to economic development, reflecting strong integration within the different tiers of government. This could be because the resources allocated by the Central government are funnelled through the DSOs to the local level to carry out development activities. However local councils have to approve disbursements, hence they are very much part of the decision making process.</p> <p>The activities of local government in urban areas is focused on town-planning and city-based development initiatives like beautification drives and widening roads with very limited role and opportunity in activities related to economic development. However Municipal Councils have a clear mandate to facilitate market creation, access, and regulation for businesses operating in their area.</p>
SOUTH EAST ASIA	
Cambodia	<p>Commune councils are elected and have the legal capacity to perform own functions and manage own resources to respond to the local development plan. To date performance and capacity have been limited, as functions and financial resources have not been transferred.</p> <p>The share of the national budget allocated to the Commune/Sangkat fund was increased to 2.7% in 2008. The Fund has enabled the Commune/Sangkat councils to respond directly to the priorities and needs of their local citizens through participatory planning and project management.</p>
Indonesia	<p>At the local level, there are Local Investment Boards. In addition some local governments have established One Stop Shop (OSS) systems to foster a good investment climate. However, due to capacity issues, existing OSS are not always well functioning.</p> <p>Local government collects a number of taxes linked to local enterprise (hotel tax, restaurant tax, entertainment tax, advertisement tax, road illumination tax, tax on non-strategic and non-vital mining, parking tax, underground water tax, and environment tax). The central government sets the maximum rate of local taxes, and they vary from 5% to 35%.</p>
Philippines	<p>A number of LED linked responsibilities are assigned to local government within the Local Government Code. These include: promotion of full employment, public markets, slaughterhouses and other municipal enterprises, tourism facilities and other tourist attractions, investment support services including access to credit financing. Local councils may also enter into joint ventures and other cooperative arrangements with people and NGOs to develop local enterprise, improve productivity and income, diversify agriculture and spur rural industrialisation, and enhance economic and social well being.</p> <p>Local government also has planning responsibilities assigned by the Local Government Code, including preparing long-term, medium-term and short-term socio-economic-physical development plans, including the allocation of funds to support these. Local planning is supervised by the DILG.</p>



	<p>Municipalities have access to both business and community taxes, but also collect fees and charges. Cities collect taxes of both the province and the municipality while the barangays are limited to taxes and fees on small retailers, but they can impose service charges for barangay services and facilities.</p> <p>Annual local government budgets are divided among the following budget lines: (a) General Public Services, (b) Education, Culture, Sports and Manpower Development, (c) Health, Nutrition and Population Control, (d) Labour and Employment, (e) Housing and Community Development, (f) Social Security, Social Services and Welfare, (g) Economic Services, (h) Debt Servicing, (i) Other Purposes.</p>
Thailand	Local government responsibilities are not clearly allocated. Several responsibilities are overlapping and redundant. Generally, laws state the same responsibilities for several types of local government unit, especially for provincial administrative organizations and municipalities.
Vietnam	Vietnam has a three-tier local government system throughout its territory, consisting of provincial, district and commune levels. Local government has expenditure responsibility for (a) agriculture, (b) fisheries, (c) transport, storage and communications, (d) industry, electricity, water, (e) education and training, (f) health, (g) social insurance, (h) culture & sport, (i) science, technology and environment.
PACIFIC	
Kiribati	Local government is responsible for extensive services including early years schooling, primary healthcare, public sanitation, transport, water supply, forestry, fisheries, local infrastructure, planning, tourism and economic regulation. Responsibilities are shared with central government with the local authority taking responsibility for day to day management and delivery whilst central government provides funding and oversight. There is a strong system of community leadership in Kiribati (Unimane) and the unimane has a reserved seat on the council. The council consults with the community to set budgets. Resources and capacity are limited, particularly in the outer islands, which affects the ability of the council to deliver the full range of services.
Papua New Guinea	There are three spheres of government in Papua New Guinea – national, provincial and local – with urban and rural local level governments in place across the country. Most services are delivered by the central government with the support of local government. Local level governments (LLGs) are involved in the development of roads, parks, refuse collection and disposal, health, environmental protection, economic promotion and tourism, LLGs raise revenue from taxes, fees, charges and licences and central government provides grants to the local level. The province is responsible for provincial-wide planning and budgeting.
Samoa	Samoa uses its traditional village government system at the local level. It is based entirely on customary usage. The system is made up of rural village fono and urban authorities. The structure in the villages is determined by the village's own customs, usage and history, but the governing body is the council of chiefs or Matai. Central government has no role in this but the decisions of the fono are implemented by the rest of the adult population who are grouped and organised into clearly defined sub-groups such as young men, women and wives of council members. The village has the power to promote development alone or in partnership with government ministries, across a wide range of service areas including agriculture, fisheries, water supply, roads and public health and hygiene.
Vanuatu	Local government councils in Vanuatu (provincial councils and municipal councils) are responsible for pre-school and primary education, primary healthcare and regional planning, roads, refuse collection and disposal, parks, open spaces, market management, and tourism promotion. District councils rely heavily on central government for funding although they do raise some local revenue. The municipal councils do not generally receive transfers from central government but raise revenue locally, and in a number of instances are working with the private sector to deliver services.
Fiji	Local government is responsible for planning, management and provision of basic services such as water, sanitation and roads. It is also responsible for environmental protection. Local government manages and maintains local markets and is responsible for basic infrastructure development and secondary roads. Councils in Fiji are encouraged to use participatory approaches to planning and to support LED. Most revenue is raised locally through collection of rates, licencing and fees, with minimal transfers from the centre. Since 2009 there have been no elected councillors, following the military coup, but local elections are anticipated in 2016.

Source: CLGF 2014, "Local Economic Development in South Asia: A review of Policy and Practice", CLGF Country profiles 2014-15, Delgoosea country profiles



Economic development does not simply take place, it has to be nurtured. LED is a process through which local and regional government orients its strategic planning processes to systematically assess and support the local economy. Institutionalising this through the mainstreaming of LED, and working to orient local and regional government as a whole towards local economic development can include approaches such as the creation of new institutions such as local development agencies; business support systems including capacity building to better understand and respond to the need of local business, identification of new markets, inward investment, the transfer of knowledge and the nurturing of new companies and enterprises, and supporting skills training and outreach within the community. Local and regional government should serve as a catalyst, bringing together local stakeholders and utilising a wide range of resources from across the community to develop the local economy.

Local authorities have a wide range of regulatory procedures which impact business, both in the formal and informal economy. When local authorities are aware of these and actively work to support SMEs they can do much towards establishing and maintaining businesses. However, there are many cases of local and regional governments implementing policies or regulations which stifle local entrepreneurship or actively seek to eliminate economic activity such as for example informal trade. Changing mentalities within administrations to better understand the local economy is an essential step towards ensuring an enabling environment for local economic development.

Institutional framework

Clear and effective national policies which provide a framework structure for local economic development through effective fiscal, political and legal decentralisation can significantly support local and regional governments' effectiveness in local economic development. This includes basic recognition of decentralisation such as appropriate constitutional and legal recognition, clear definition of the role and responsibilities of local and regional government, and access to an equitable share of national resources. The underfunding of local and regional government to deliver its statutory services often results in inability to enable and deliver effective LED. Effective decentralization and guaranteed, or new and innovative, funding sources are essential. Empowered local and regional governments, with meaningful autonomy and delegated powers to deliver LED can actively promote and sustain inclusive, locally-owned economic development.

The role of central government (Ministry of local government as well as sector ministries and parastatals) should primarily be responsible for shaping both the policy and investment instruments, while the implementation should be framed and undertaken by the local level. National governments should develop national policy frameworks that provide clarity as to the roles and responsibilities of stakeholders involved in LED, and set LED in the macro-economic context. Local LED plans should fit within the wider logic of national policies be this LED frameworks, national development plans, PRSPs, etc. and increasingly should work to also respond to regional priorities (this is especially relevant within the ASEAN where the new economic community will come into being at the end of 2015). Consistency and coordination between levels of government towards common objectives of growth, development and poverty reduction strengthens work at all levels. Higher level plans (such as national or State/provincial level plans) should express aspirations and goals and local level plans (local and regional government plans) should set priorities and actions to meet local needs and take advantage of local expertise, markets and resources.

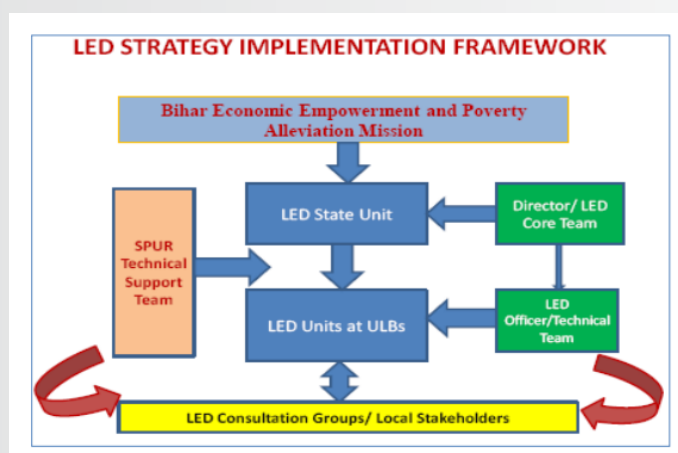
Case Study: Bihar (India) - State level LED policy and support to ULBs

The State of Bihar began a 6 year project (2010-2016) in collaboration with UK DFID to support the Urban Local Bodies (ULB) to take a more proactive role in local development, both through improved local service and in attracting private investment. The first phase of the project involved the development of a state level LED framework called the Bihar Urban Economic Vision and Local Economic Development Framework. This document provides an urban economic vision and public policy framework to the ULB to better understand and implement LED. It recognises that the role of ULBs in promoting development has changed and that fiscal and functional autonomy is critical for promoting urban economic development and ensuring that local plans reflect

local needs and priorities. It lays out the respective role of both State and local government in supporting LED. The framework covers a multitude of areas including urban management, urban finance, inclusive growth, development perspectives and decentralisation, and proposes a set of operational strategic actions:

- Regional resource mapping and regional economic development strategy;
- Municipal process auditing and streamlined approval systems;
- Improving the business climate and investment attractiveness of cities, by addressing infrastructure gaps, and property transaction related business concerns;
- Identifying business opportunities using city business plans;
- Leveraging municipal lands through a flexible “Urban Land Management Policy” and encouraging private sector investments in businesses and the real estate sector;
- Promoting inclusive pro-poor business through policy initiatives, innovative land use policies, market and credit access;
- Establishing entrepreneur development centres and establishing business linkage funds;
- Promoting human resource development through technical skills development, encouraging social capital and networking for development participation; and
- Improving the employment opportunities in the informal sector by creating enabling environments for organized vending activities.

Following the development of the state level framework Bihar constituted an LED Department within the Economic Empowerment and Poverty Alleviation Mission, which worked to develop LED strategies for a first set of 28 towns. Each of the ULBs was supported to establish an LED division and contribute to the LED strategy.



Source: www.spurbihar.in



Integrating LED within local strategic planning

One of local governments' core responsibilities across the ASPAC region is developing local area plans. To support local economic development local and regional government can either work to mainstream LED within its general planning process or develop a specific local economic development plan for its territory. LED plans are strategic instruments which set out the priorities for local development and connect these upwards to national and regional goals and objectives, and downwards to development initiatives and community aspirations.

To make these plans a strategic document used as a platform for specific investment expenditures to be pursued by local and regional governments, local development plans must be endorsed by the local council. Local councils must ensure local development initiatives are supportive of local development plans and vice-versa. To be operational local development plans should be accompanied by an investment expenditure program and a realistic budget which includes both what the council intends to invest as well as what they expect to leverage from external partners. Targeting investments in infrastructure to leverage inputs from other actors can be a key way for local councils to make their budgets go further.

In developing local LED strategies, local and regional government, working in partnership with other stakeholders, should ensure that sufficient research has been undertaken so as to understand the local economy and encourage the growth of existing business. ICT can be a useful tool to both improve the gathering and circulation of information to partners within and beyond the planning process.

Local and regional government should promote integrated development planning and community consultation, which takes into account uneven development, and consider how infrastructure investment can be targeted to support local business and provide an enabling environment for local investment.

LED plans should target maintaining and developing the local skills base and promoting sustainable job-creation and diversification of the local economy. Specifically considering the most deprived sections of the community and they should include strategies for increasing their inclusion in the local economy. This should reflect consideration of the role of the informal sector, promoting greater understanding of their work and needs as entrepreneurs, and creating space for their contribution to LED.

Small, micro and medium sized enterprises (SMMs) are a cornerstone of many local economies. Promoting procurement processes accessible to SMMs and enhancing their capacity to be competitive in the procurement bidding process are key activities which local and regional government can leverage for their support. Local planning can also support SMMs through promoting human capital development, and maximising local resources and skills, including youth entrepreneurship, and skills development for women. Retaining and attracting skilled personnel is an issue for business across the spectrum and is a key consideration in locating and expanding businesses.

Using existing events and tourism to raise the profile of the locality and local businesses allows the local and regional government to capitalize on these to strengthen local development.

Case study: Wao, Lanao del Sur (Philippines) - Strategic LED planning for Pursuing Food Security and Environmental Sustainability

The municipality of Wao is one of 37 municipalities in the province of Lanao del Sur, which is within the Autonomous Region in Muslim Mindanao.

The Wao LED strategy, brought together local stakeholders and articulated a vision for food security and environmental sustainability, structured along with 6 goals (See box below). In 2007, it was developed with technical assistance from the Local Governance Support Program in Autonomous Region in Muslim Mindanao (LGSPA) jointly funded by the Canadian International Development Agency (CIDA) and the Government of the Philippines between 2004-2010.

VISION	GOALS	OBJECTIVES	PROGRAMS	PROJECTS
Food Security and Environmental Sustainability	1. To develop the Wao livestock and poultry production in order to provide additional income source to farmers	1.1 To increase number of livestock and poultry producers by 10% each year	Wao Livestock and Poultry Industry Development Program	<ul style="list-style-type: none"> • Livestock and poultry industry/enterprise profiling project • Study Tour • Training of Village-based A.I. Technicians • Goat Dairy Module Project
	2. To increase Wao corn productivity in order to increase income of corn farmers	2.1 To Increase corn production by 10% per year	Wao Corn Industry Development Program	<ul style="list-style-type: none"> • Organic Fertilizer Production Project • Seeds Production Project • Integrated Pest Management Farmers Field School Project
	3. To develop organic fancy rice production in order to conserve Wao's land resources	3.1 To increase organic rice production by 10% in 2010	Organic Rice Production Development Program	<ul style="list-style-type: none"> • Organic Fancy Rice Production project
	4. To develop Wao's rubber industry in order to increase forest cover and income of farmers	4.1 To increase rubber production area by 20% in 2010	Rubber Industry Development Program	<ul style="list-style-type: none"> • Rubber Nursery Project
	5. To develop high-value commercial crops production in order to provide additional income and promote diversified farming in the municipality	5.1 To develop 2,000 hectares planted to HVCC by 2010	Wao HVCC Production Program	<ul style="list-style-type: none"> • HVCC Bagsakan Center Project • HVCC Seedlings/ Nursery Development Project
	6. To develop organic fertilizer production in order to provide farm inputs that conserve Wao's land resources and provide income opportunities for the women sector.	6.1 To establish one organic fertilizer processing plant by year 2010	Wao Commercial Organic Fertilizer Industry Program	<ul style="list-style-type: none"> • Composting Project under the Solid Waste Management Program • Organic Fertilizer Raw Materials Production Training Project • Organic Fertilizer Plant Project

Source: Wao LED Strategy

Some highlights of the Wao LED strategy achievements:

- 2 study tours to Mindanao were organised, one to visit organic fertilizer producers and the other to refine the livestock industry action plan, and secure technical support from Philippine Carabao Center at the Central Mindanao University (PCC-CMU) and the Region X livestock division of the Department of Agriculture.
- An MoU was signed with from the Philippine Carabao Center at the Central Mindanao University (PCC-CMU) resulting in seven technicians were sent on a month long course on artificial insemination for large ruminants and the PCC-CMU providing Wao with artificial insemination equipment.
- The LGU developed an information, education, communication programme for the livestock industry action plan, and conducted activities which mobilised its newly training technicians to share their knowledge at the village level.
- Technical Working Groups have been established bringing together the LGU LED team and stakeholders developed a business plan for the organic fertilizer production, goat production and rubber production.
- A rubber tree nursery has been established and is being managed by the private sector.

Factors that Facilitated the LED Process

The integration of crosscutting themes, particularly poverty reduction, gender equality and environmental sustainability, is evident in Wao LGU's priority programs and advances the principles of sustainable development. For example: the proposed organic fertilizer production ties with the LGU's concerns for solid waste management, land conservation, job creation, and gender equality (since women are actively involved in vermicomposting). The LGU's goat dairy production is envisioned to supply fresh milk to the LGU's feeding program, an initiative to address the high rate of malnutrition in the locality, as well as create an alternative source of income to livestock farmers. Goat raising and milk processing also provide business opportunities for women. Rubber tree production, on the other hand, is not only a source of income but can be used for reforestation purposes.



The LED process was disrupted at one point, as following the local elections, when the new administration reshuffled technical personnel from one department to another.

The Wao LGU has been able to keep the LED strategy implementation moving due to several factors:

- Systems of participatory governance are in place from the barangay to the municipal level
- Partnerships have been established and nurtured with resource institutions in the strategy's focus fields (PCC-CMU and DA Regions X)
- Sustained collaboration with the private sector, banks, academia, POs, CSOs, in both the planning and implementation phase
- A dedicated LED team within the LGU, and the creation of technical working groups for different focus areas, with members drawn from other municipal departments with expertise in these areas.
- There are active LED champions from among the elected councillors, both the Vice Mayor and the chairperson of the Sangguniang Bayan Committee on Agriculture.

Source: 2009, Local Governance Support Program in ARMM (LGSPA) "Strategic Local Economic Development: A Guide for Local Governments"

Case study: Phuket (Thailand) - Conservation of the Old Town of Phuket for Activating City Economy and Community Income Generation

Phuket municipality aimed to improve the physical environment of Old Town and downtown Phuket to 1) boost economy in the old Phuket town, 2) conserve the architectural environment, 3) strengthen the old way of life, tradition, culture and livelihood of the genuine Phuket, and 4) build awareness on cultural conservation among the people.

The comprehensive program was implemented in close cooperation with the Department of Public Administration, Ministry of Interior, the private sector and the local people living in old Phuket town. The following activities were carried out:

- Database development of the architecture, physical environment, and infrastructure of old Phuket town;
- Establishment of administrative bodies: multi-party operational committee, Old Phuket Foundation, Old Town Community;
- Awareness campaign, knowledge and appreciation dissemination towards the Old Town through income generating tourism activities, such as trips "Phuket in the Past", vocational training on indigenous arts and customs e.g. traditional clothing, recipe, etc;
- Public relations through local media activities in TV programs, leaflets, and physical renovations such as conversion of an old school as museum;
- Improvement of the urban environment, such solid waste management, green energy, underground power lines, and clean water;
- Investment in communication technology and public relations;
- Long-term investments in a tourist information centre, and museums for education and tourism.

The following results could be achieved:

- Communities in the old town and in downtown became proactive, and developed interest groups for the conservation of the old town as a cultural attraction of Phuket tourism;
- Strengthened collaboration between the government, the private sector, and the people for improving the infrastructure of old Phuket town. In 2000, the municipality was awarded the "City of Identity" by the Urban Development Fund;
- The old town became a famous tourist attraction, with increasing visitor rates from year to year; higher income for the local economy and the people;

- The return of the young generation to Phuket due to the improvements in the local economy; average income 100 USD a month; Increasing prices for real estate properties due to foreign investments;
- Increasing prices for real estate properties due to foreign investments; higher income taxes for the city;
- Improvement of the physical environment, such as footpaths, underground wiring, lighting, flood control, and solid waste management resulting in a higher quality of life.

The programme was funded by the German Technical Cooperation (GTZ), Phuket municipality and the Ministry of Science, Technology and Environment. Various stakeholders supported the program, such as the King Mongkut University Ladkrabang.

Budget:

- infrastructure: 17.1 million Baht;
- database: 2.1 million, Baht;
- architecture: 1 million Baht per year.

Source: DELGOSEA (<http://www.delgosea.eu/cms/Best-Practices/Thematic-Area-4-Fiscal-Management-and-Investment-Planning/15-Preserving-Old-Town-Architecture-and-Reviving-Traditions-as-Tourist-Attraction-and-Economic-Driver>)

Creating an enabling environment

One of the more simple areas where local and regional government can have a significant impact on the local economy is by creating an enabling environment for LED. A major concern of the private sector in Asia Pacific is the difficulty of starting and doing business, as seen above. Ensuring transparency and clear lines of accountability within regulatory process is important to build the confidence of both citizens and the business community. Local and regional government can also contribute to creating the environment for business to flourish by promoting direct investment, providing core services, convening the private sector, and reducing red-tape.

Some examples of activities that local and regional government can undertake within this optic include:

- Provision of local business advisory services.
- Revision and streamlining of business licensing processes.
- Delivery of effective regulatory services.
- Providing and maintaining infrastructure.
- Provision of financial/other incentives such as micro-credit schemes and social enterprise, and facilitating and enabling other providers to enter the market with responsive services.
- Development of procurement policies to support local business.

An important part of local government's mandate is to provide licences to local businesses. This process on the one hand ensures that businesses meet a minimum criteria set by the State for operation (including safety, employment regulations, opening hours, etc.) and also provides an important own-source income for local governments to reinvest in city programmes and infrastructure. Ensuring that licencing processes are clear and streamlining these where possible, for example through the introduction of one stop shops, can significantly simplify the process for SMMEs. In addition, some local and regional governments provide training sessions or information/networking evenings to new business and/or potential entrepreneurs to ensure they understand the process and are aware of all requirements.

Another area where local government often has an important LED mandate is in the maintenance and running of local markets. Here again, simplifying processes for accessing market stalls and responding to market sellers' feedback on their needs, for example on additional storage facilities or security, are key ways local government can maximise the positive social and economic returns of these spaces. In the Pacific markets are a core responsibility of Pacific island councils which are normally charged with maintaining the facilities, undertaking waste collection and collecting fees.



Case Study: Zamboanga del Norte (Philippines) - Dapitan-Dipolog Growth Corridor

Dapitan-Dipolog Growth Corridor is an economic alliance of six Local Government Units in the Province of Zamboanga del Norte (ZaNorte). The DDPKaRoMa local economic development strategy sought to reduce poverty through the expanded production, processing and marketing of cassava and mango, and attracting investment for eco-cultural tourism development.

Local economic development stakeholders from government and the private sector took part in capacity building exercises in value chain analysis, project development and coordination, investment promotion and revenue generation. They undertook sustainability planning and developed marketing and promotional strategies and campaigns to position the area as an attractive investment and tourism destination.

The LED strategy is anchored on the three pillars of:

- local leadership and professional development,
- business friendly environment for LED/local competitiveness,
- dynamic enterprises and decent employment.

The Alliance has seen the value of ensuring political support for the strategy and has invested in the development of a set of briefing materials for newly elected officials so as to ensure their buy-in to the strategy. It has also worked to consolidate a pool of experts and technical advisers who can be drawn on to support different stages of the strategy's implementation.

Electronic Business Permit and Licensing Systems (BPLS) have been installed in the member LGUs, and a website has been developed to make economic information such as land use plans and community based management systems, more accessible to investors. Initiatives include workforce development and strengthening of local enterprises. There is a focus on preparing poor residents, particularly women, for employment and entrepreneurship opportunities through skills and livelihoods training. One example of an initiative to date is the case of the Polanco Employees and Officials Multi-Purpose Cooperative (POEMCO) which invested in post-harvest processing equipment, and land (more than 1 million PHP) to take advantage of the potential for value chain improvement within the cassava and mango production sector. They are currently in the process of becoming an accredited supplier of cassava products to San Miguel Foods Corporation.

This alliance was fostered as part of the Local Governance Support Program for Local Economic Development (LGSP-LED), a partnership between the Department of the Interior and Local Government (DILG) and the Government of Canada, which is contributing to inclusive growth by enabling local government units to become more business-friendly.

Source: <http://www.lgsp-led.ph/>

Case Study: Fiji - Market management and gender mainstreaming

In Fiji UN Women has been working since 2009 with the local government and the private sector on improving Fiji marketplaces to ensure safe, inclusive and non-discriminatory working environments, and to promote gender equality and women's empowerment.


Marketplaces in Fiji are key sites for economic activity and are central to the livelihoods of many poor households. They also make a significant contribution to national GDP. Between 75% and 90% of vendors working in Pacific marketplaces are women, however despite this, women are often excluded from market governance and decision-making. Women market traders face numerous day-to-day challenges in their workplaces, including long hours, low profits and violence, which is widely reported against women traders.

The current phase of the project is working directly with the local councils that govern the 10 participating municipal marketplaces (Suva, Nausori, Sigatoka, Nadi, Namaka, Lautoka, Ba, Tavua, Rakiraki, and Labasa) to build a multi-partner initiative. This partnership will inject more than FJ\$8.5 million into ensuring safe, inclusive and non-discriminatory working environments, and bringing together local councils, communities, rural and urban women, civil society organisations, UN agencies and the private sector to develop a plan for improving the physical infrastructure and operating system of the markets, and the delivery of services. Key issues identified by the market traders can be broken into two categories, those within the markets: poor toilet facilities, lack of security, high rates for market stalls, no overnight storage facilities, over-crowding, and unhygienic conditions. Those linked to accessing the market include: high travel costs, long travel times to reach the markets, and difficulties in accessing credit.

In Ba council, a key intervention undertaken in an earlier phase of the project, was to fund the construction of a multi-purpose bure (traditional Fijian structure) which provides low cost accommodation for rural women market vendors.

The project is also working with the various stakeholders to build and support inclusive, effective and representative advocacy groups; ensuring women's voices are heard and taken into account at the decision-making level. It will also work with the stakeholders to deliver appropriate services and training, for example in a pilot project in Rakiraki a record-keeping method was developed in partnership with the market traders to keep track of produce and daily earnings, which they considered extremely useful.

Source: UN Women (<http://pacificwomen.org/news/un-women-markets-for-change-project-launched-in-fiji/>)



Stakeholder integration and participatory approaches

Local and regional government has a key role in shaping local economies, both in terms of direct investment but also as a catalyst for development. Local and regional government has a clear leadership role in coordinating stakeholders and promoting partnerships for LED. This democratic mandate of local and regional government provides it with the legitimacy and strategic position to be a convener of actors, bringing together all the stakeholders in the local community to share their challenges, set goals and plan how to work together towards a set of targets.

Including local stakeholders in local economic development plans ensures that local strengths and opportunities are captured and builds local ownership of plans which helps to guarantee the sustainability of the process. Participatory approaches can include general meetings, visioning with citizens or targeted stakeholder meetings bringing together core members of the local business and CSO community. Different methodologies are appropriate for different stages in the process and using a mix of techniques can help provide the most useful overall returns.

Investing in relationships with stakeholders builds trust and encourages all parties to make a meaningful commitment to the process. Stakeholders who have taken part in designing a strategy are more inclined to invest their resources, time and energy in its implementation. Ensuring a variety of local inputs and perspectives to LED initiatives both fosters social cohesion and increases the opportunity for identifying sustainable ways and means for the implementation of the local development initiatives.

Case study: LED Forums bringing together stakeholders – North Central province, Sri Lanka

The Federation of Sri Lankan Local Government Associations (FSLGA) in partnership with the Commonwealth Local Government Forum (CLGF) has been implementing a project on local economic development in North Central Province since January 2014. The project is working with four local authorities, three Pradeshiya Sabha (rural councils) Nochchiyagama, Thamankaduwa, and Lankapura, and one municipal council, Anuradapura.

An important part of the work with these councils has been building knowledge across the community on LED and how different stakeholders can come together to support the development of the local economy.



Due to the limited experience of the council in LED the pilot was planned in two phases:

- The 1st phase, focused on creating an enabling environment, worked to raise awareness on LED with councillors, council staff and the public, through both general meetings and targeted session with key stakeholder (for example the existing business community, small entrepreneurs, key councillors, etc.).
- The 2nd phase was focused on the development of a set of LED priorities and the execution of a number of catalytic activities to implement these LED plans.

Key to the successful implementation of both phases of the project was the establishment of LED forums in each of the local authorities. The forums brought together a small group of active people from across the range of local stakeholders to discuss the existing strengths, weaknesses, challenges and opportunities in the community, set priorities for work to strengthen the local economy, ensure that the projects support and enable local business opportunities as they go forward. In each pilot, the council's role as a convening authority was key both to bringing together the community stakeholders and in ensuring the LED forums had the mandate to make proposals, undertake partnerships with private sector actors and implement activities in support of LED. In each of the councils both the council chairman and secretary are core members of the LED forum.

Some of the activities and partnerships implemented to date include:

- Training programmes for small scale entrepreneurs on managing small businesses were run in each local authority, including a needs analysis which will be fed back to the forum and help design upcoming LED activities;
- Targeted training programmes have been developed (for example on construction in Nochchiyagama) in partnership with private companies looking to build the capacity of the local work force;
- The regional office of the Central Bank of Sri Lanka co-sponsored a 2 day market for 200 SMMEs in Anuradapura which brought together large scale buyers, raw material suppliers, investors, financial institutions (including banks and micro credit organizations), government institutions and the general public to sell their products and to promote networking among local businesses;
- Building on its UNESCO World Heritage status, the Anuradapura Forum has successfully worked to have the city included as one of the sights on the "cultural triangle" ticket, which will significantly increase the number of tourists and visitors;
- A partnership was established with the Vidatha centre in each of the local authorities (a local level training institute supported by the Ministry of Science and Technology) and training programmes are being developed in incense making in Nochchiyagama, and ornamental fish breeding in Lankapura;
- A regional LED support unit has been established in Anuradapura, where the municipality has provided a house which will serve as a base for the centre, and act as a venue for training, provide monthly open days with banks and micro-credit institutions, provide a library and e-library for SMMEs.

An important outcome of the forums more generally has been the building of relationships between the local council and the local business community who until the establishment of the forums had very little contact.

Source: CLGF Project "Supporting decentralisation and LED in South Asia"

Pro-poor planning

Local and regional governments can play a pivotal role in addressing poverty and inequalities through ensuring LED strategies and projects include a pro-poor focus. Local and regional government is strategically placed to undertake long-term planning with a poverty alleviation focus, and then mobilise various actors and stakeholders within the framework of that strategy to address certain issues or implement specific activities.

Pro-poor initiatives can include:

- Promotion of synergies between economic and social infrastructure
- Supporting skills development programmes with target communities

- Empowering marginalised communities within LED decision-making processes
- Promoting gender mainstreaming in LED strategies
- Including provision for informal traders within market plans

Unemployment is a key issue, especially for urban youth across the regions so investing in developing the local skills base and promoting sustainable job-creation is a key. Local and regional government can also look to support the diversification of the local economy as it moves forward with LED as this should provide more resilience and offer a greater range of opportunities should any one industry suffer from an unexpected contraction. Working with women, and women's groups, to discuss their needs and challenges both as small business owners and members of the labour force can help ensure that the issues and challenges specifically facing poor and disenfranchised women are addressed in new projects and programmes. Local and regional governments are well placed to link training institutions with local business to ensure appropriate local skills development.

Specifically considering the most deprived sections of the community, including the informal sector, and promoting greater understanding of the work they do and how existing and new policies can either support or hinder them as entrepreneurs is important, and can yield significant results as seen in the case study below.

Case study: Shahpur Village (Bangladesh) – Capitalising on opportunities and responding to community needs

In Shahpur village, the building of roads in the community resulted in a number of water-filled ponds. The local government saw the opportunity in these ponds and established cooperatives of unemployed youth who turned the ponds into fish farms, with the support of the World Bank Local Governance Support Project (LGSP). During the dry season these cooperatives focused on using these same areas to grow drought resistant vegetables. This local production has helped establish a local market for fish and vegetables. Villagers are now able to meet their needs within their community, and not travel long distances to larger market towns, of specific benefit to village women. The local market, known as Lalpur Bazaar has become a bustling commercial area, and LGSP funds were used to construct a market shed, access roads and other supporting infrastructure.

Source: World Bank (<http://blogs.worldbank.org/endpovertyinsouthasia/bangladesh-local-governance-work-learning-field>)

Case study: Solo (Indonesia) - People Oriented Approach in Rearranging Traditional Market and Street Vendor towards a Liveable City

With a four-year empowerment and re-structuring program, Solo managed to solve the very sensitive issue of illegal street vendors and address the often negative impacts that they had on the public space, like increased waste, traffic and poor conditions. The relocation and re-arrangement of street vendors in Solo has been done with great consideration of the local culture and using humane methods. The Mayor convinced street vendors that these efforts will improve their conditions, not with a view to eliminating their business. The Solo administration provided five major solutions for the street vendors namely: Relocation, Shelter, Tents, Carts and Order.

The street vendor management team was preceded by forming a technical and non-technical team. The technical team was responsible for finding alternative good locations for street vendors, developing a blueprint for new constructions, traffic arrangements, etc. The non-technical team was in charge of managing the community response (rejection or acceptance), thus minimizing potential horizontal and vertical conflict.

In approximately four years of implementation, the Solo street vendors' empowerment and structuring program has achieved the following:

- The relocated street vendors have experienced improved income. Also important is the upgrading of their status from illegal vendors to legitimate merchants and kiosk owners at the market;



- The areas formerly occupied by street vendors - like at the Monjari area - were transformed into open green spaces for the public and became liveable.
- The city government built two new markets - Notoharjo Market and Panggung Rejo Market - as relocation sites for the street vendors;
- Vendors have received 200 tents as selling places, 9 shelters that can accommodate 600 vendors, 240 carts, and temporary sales time-slots available from 6 p.m. to 5 a.m. the following day and from 6 a.m. to 6 p.m.

Source: DELGOSEA(<http://www.delgosea.eu/cms/Best-Practices/Thematic-Area-4-Fiscal-Management-and-Investment-Planning/14-Humane-Relocation-and-Empowerment-of-Street-Vendors>)

Case Study: Nepal - Scaling Up Women's Economic Empowerment

In Nepal, the Micro-Enterprise Development Programme (MEDEP) is the flagship programme of the Government and UNDP, and has been in operation since 1998. MEDEP fosters financial self-sufficiency through an integrated approach to entrepreneurship development, with a focus on low-income groups, women and youth. The programme has targeted the high incidence of poverty and underdevelopment in rural economies, focusing on rural enterprise development at the district level and linking micro- and macro-level initiatives. The programme is demand-driven, capitalizing on the marketing strengths of the districts to initiate and promote economic activities.

The 1st phase of the programme was implemented in 10 districts, and was later expanded in 38 districts. The Government has become increasingly involved in the programme and is currently replicating the model in an additional 50 districts, and plans to reach all districts with its own resources in the near future.

More than 60,000 Nepalis have become micro-entrepreneurs thanks to the programme (29% are Dalits, 38% indigenous peoples (Adibasis/Janajatis), 74% women and 62% youth). These micro-entrepreneurs are provided access to a number of business development services such as:

- social mobilization for enterprise development;
- access to technical skills, to markets, and to finance;
- improved technologies;
- support for advocacy for mobilizing micro-entrepreneurs associations.

A total of 80% of the entrepreneurs created during the first 12 years of the programme were still in business, and 73% had moved out of poverty. MEDEP participants had experienced a 500% increase in income, compared to 192% for non-participants. The economic empowerment of the programme beneficiaries has also led to additional social and political empowerment, with many of the successful entrepreneurs being proposed for party seats in recent elections.

Source: UNDP Nepal (http://www.np.undp.org/content/nepal/en/home/operations/projects/poverty_reduction/medep/home.html)

LED partnership

Partnerships are at the heart of effective LED and local and regional government should promote these with local and regional actors such as business, local chambers of commerce and trade associations, labour/trade unions, universities/training institutes, traditional authorities, community groups/civil society leaders, etc. All of these potential partners bring key knowledge and potential areas of joint benefit to LED planning and implementation. For example partnerships with local institutions of higher education can increase access to knowledge, expertise, and technical advice, as well as lead to training and skills development programmes that feed workers into local industries. Partnerships/twinning between local and regional governments and with other public sector partners such as fire or health services can leverage economies of scale and promote shared service. Working with parastatals/development boards and sector ministries can allow local development plans to access targeted programme funding.

Public-private partnerships (PPP) are a tool which local and regional government can use mobilise expertise, and/or finance for a determined development project. Central to effective PPPs is ensuring that all partners see the benefit to their organisation and are committed to the full range of agreed outputs over the agreed timeframe. A public-private partnership approach is feasible in many jurisdictions. Local business associations or chambers of commerce can be helpful brokers in ensuring that PPP partners are clear on the scope and extent of responsibilities and commitment, the nature and objectives of the local development initiative, the viability of the initiative, and other details of a long-term partnership.

Effective PPPs recognize the respective expertise of both the local and regional government and the private partner and divide the tasks accordingly. Local and regional government would normally provide the necessary policy and regulatory framework and political buy-in, and may also contribute capital for investment, land or other assets and/or other commitments or in-kind contributions, while the private partner brings financial resources and expertise in commerce, management, operations, and innovation to run the business/project efficiently. A key element of local and regional governments input to a PPP is the political buy-in. As the representatives of the citizenry they must ensure that the project is responding to local needs and has the support of the community. The local and regional government is also the gate keeper of the project, ensuring that it is socially responsible, environmentally aware, driven by local knowledge and contributing to local human development.

Partnerships with traditional authorities, community groups and civil society leaders, can mobilise volunteers, promote local participation, and public community partnerships. In addition, NGOs and CSOs can support local and regional government to better understand the needs of different marginalized groups such as informal traders or ethnic minorities, and help strengthen delivery as well as accountability and transparency. Partnerships between local and regional governments and with other public sector partners such as fire or health services can help to leverage economies of scale and to promote shared service provision.

Local and regional government needs capacity to be able to plan, coordinate and mobilise resources for LED more effectively. When engaging with the private sector, weak governance and a lack of transparency leaves the local authority and the community open to the possibility of less-favourable terms and conditions, or possibly even corruption. Local and regional government associations, central government and other providers can play a role in developing the leadership, financial and legal capacity at the local level to access existing funding sources and use innovative financing models to support LED (PPPs, special purpose vehicles, joint ventures, municipal bonds, borrowing on the markets where appropriate, and accessing credit). Banks also have an important role to play in supporting LED. Development partners should be encouraged to make resources for LED available directly to local and regional government.

Case study: Kurunegala District (Sri Lanka) - Local authorities coordinate private investment for the benefit of small producer

An LED initiative was implemented between 2005-2008 in Kurunegala District, North Western Province, through local District Secretariat and Local Governments (LGs) coordinated by Swisscontact, bringing together 19 rural councils, 1 urban council and 1 municipal council.

Within Maspotha an initial economic appraisal among stakeholders prioritised four main issues affecting the dairy sector:

- poor demand for milk due to remoteness and limited collectors,
- very low price they get for a litre of milk,
- difficulties in getting proper service from the veterinary surgeons office (VSO),
- the business registration time taken for value added dairy businesses is three months.



A multi-stakeholder meeting brought all the stakeholders together to develop a plan for the dairy sector. This included smallholder dairy farmers, farmer association leaders, medium scale collectors, chilling plant operators and a few large private sector processors. The chairman of the local governments, the divisional secretary, veterinary services and live-stock department provincial officials. They put together a plan which resulted in partnerships, which by the end of the project delivered:

- a partnership which saw one of Sri Lanka's large milk processors setup a new collecting centre in the division, creating a 140% additional daily demand for dairy milk and a 22% increase in revenue for farmers
- The DSO and chairman set-up a local service point for the veterinary surgeon's office reducing the issue of getting veterinary advice for the dairy herds and raising productivity.
- Streamlining of the registration process for dairy business which was reduced from three months to three weeks thanks to an intervention from the local government leadership.
- Delays in certification from the Public Health Inspectors (PHI) were eliminated by through pressures exerted by the local council on the local ministry of Health office.

Source: CLGF 2014, "Local Economic Development Concepts and Interventions for Local Governments in Sri Lanka"

International Cooperation and Decentralized cooperation (city to city)

Local and regional governments have been active in decentralised cooperation (also known as city to city cooperation) with their counterparts in southern partner countries, on a wide diversity of issues and approaches. There are a number of financial and legislative tools in Europe which allow local and regional governments to dedicate locally raised funds to programmes of development cooperation (for example the French Oudin-Santini law which allows public authorities to dedicate 1% of the funds raised from water and sanitation services to international development). Partnerships often come out of existing links such as large expat communities or among partners facing similar issues and challenges.

Over the last decade South-South cooperation has become more prevalent, with municipalities across and within regions sharing their experience on similar issues and building long term relationships of mutual support. Both the DELGOSEA project and CLGF have been working to foster city partnerships through a network of local and regional governments to create a transnational exchange of good practices and capacity building.

Successful city to city cooperation is most often characterised by focusing on the specific needs of the city, starting with small scale workable initiatives and scaling up as appropriate, involving the community at all stages, and bringing in other partners on both side of the partnership if and when appropriate. Local government entering into city to city partnerships must be prepared to make a long-term commitment, as successful relationships go beyond mayoral terms and lead to significant positive benefits when time and effort is put into building and maintaining them.

National local and regional government associations play a key role in supporting and showcasing these partnerships both to the wider national membership as well as to national governments and international actors. They can also recommend policy changes or even scaling up of pilot work in their advocacy with central government. International development agencies, national, regional and local finance institutions should also be targeted to feed both finance and expertise into these partnerships as the long term commitments on both sides provide a significant safeguard toward achieving specific goals and targets.

Case study: Region Rhone-Alpes (France) and the Province of Ho Chi Min City (Vietnam)

The region of Rhone Alpes has been partnership with the Province of Ho Chi Min City since 1997 with a long term vision of strengthening bilateral cooperation.

Cooperation has been organised along a number of different themes, including economic development, cooperation between institutes of higher learning, mutual exchange and friendship. In terms of support to LED some key elements of the partnership have focused on:

Urban development

The institutionalising of a Centre of Urban Studies (PADDI), created in 2006, providing advice to the urban planning department of the People's Committee on French techniques for meeting planning challenges. The partnership also put in place a virtual platform for exchange between Rhone-Alpes local governments and those within the Province of Ho Chi Minh City to share experience.

In 2011 a partnership between PADDI and the Public Institute of Research for Development (IDHS) of Ho Chi Minh City undertook a socio-economic study to identify the key needs of the marginalised communities in District 8 of Ho Chi Minh City. Following the study Rhone-Alpes partnered directly with the authorities of District 8 and the NGO Children and Development on a 100,000€ programme focused on strengthening social services, rehousing operations and training programmes.

Business exchange

An office was established for Rhone-Alpes Enterprises (ERAI) in the province to develop links between the SMEs of both regions. This office is currently supporting 27 business partnerships.

Professional training on LED

In collaboration with a Lyon-based NGO the partnership established a catering training institute for marginalised young people focused on international cuisine, baking, restaurant financial management and administration. Following a first establishment phase the training institute is now fully funded locally, through own-revenue raising and a dedicated budget from the Vietnamese authorities.

Source: Cites Unies France, présentation de la coopération décentralisée Région Rhône Alpes – HMVC

4. THE INTERNATIONAL COMMUNITY AND DEVELOPMENT COOPERATION

Local and regional government represents the tier or tiers of government closest to the people, and it is at this level that many basic services are provided. Increasingly, local and regional government is recognised as a partner in development, responsible not just for delivering services, but working with the community to plan local development, design the services that are needed, and to work in partnership with a range of other organizations to ensure local growth and development.

Increasingly donors and bi-lateral partners are putting greater emphasis on the importance of economic development and support to the private sector. Some partners are already working within this framework, such as ADB, AUSAID, GIZ, DIFD UK, ADF, and this will be a major growth area going forward. It is essential to highlight the important role local and regional government plays in these processes.

Case Study: Bangladesh - Donor support to building partnerships and delivering LED

The third sector plays a major role in local economic development in Bangladesh with the help of donors. The Asia Foundation, through its project on local economic governance worked with businesses and local governments in Bangladesh to build partnerships and work on job creation through small business development.



The project aimed at supporting the private sector by firming up the capacity of business associations (samities) to be more inclusive as well as improving the local-level public sector service market to promote rural SMEs at the sub-district level. It also assists in improving the business environment at the subnational level through public private dialogues in select program districts to support private sector development and growth of MSMEs. It works with local partners like the District Chambers of Commerce and Industry, District Women's Business Forums in Barisal, Sylhet, Rajshahi, and Rangpur, the Bangladesh Federation of Women Entrepreneurs and the Management and Resources Development Initiative.

Source: Asia Foundation (<http://asiafoundation.org/project/projectsearch.php?program=economic-development>)

5. REGIONAL AND INTERNATIONAL COMMITMENTS AND FRAMEWORKS

At the regional level local economic development has significant potential to support the regional organisations of integration (ASEAN, SAARC, PIFS) towards meeting their goals both for regional development and integration. There are however significant challenges in moving towards a more integrated market, namely the nature of the regulatory regimes and the need to reform and align tariffs and regulations. There are a number of industries and priority areas for LED which could benefit from greater understanding and support of the LED process at the regional level. These include regional tourism, natural resources and wildlife management, urban corridor development, cumulative economic growth and poverty reduction, and migration and learning exchange.

South Asian Association for Regional Cooperation (SAARC)

One of the key challenges that South Asia faces is a fragmented market characterised by a significant array of prohibitive rules and regulations against neighbouring countries. SAARC is working to address these barriers to regional trade, however there is currently limited buy-in by the member nations to the association. This may change however if the new government in India, elected on a platform of economic growth, chooses to more actively use the association as a platform for its wider push to regional economic integration and cooperation.

CLGF and UCLG ASPAC is supporting closer networking of local authorities and ministries of local government in the South Asia region, to share experiences and good practice, including on LED, and to strengthen the understanding and linkages between the local government sector and SAARC. A regional forum to coordinate this work is being established reflecting the common commitments of SAARC and local government to closer coordination.

Association of Southeast Asian Nations (ASEAN)

In South East Asia the ASEAN Economic Community (AEC) will come into effect at the end of 2015. The AEC will ease free movement of goods, services and people throughout the region and local authorities and their representative associations across the region are preparing for the changes this will bring to their local economies. In a recent survey undertaken by DELGOSEA¹⁶ 85% of members considered this of significant importance to their organisations, and 80% were optimistic about the opportunities the AEC would deliver to their communities.

¹⁶ "Partnership for Democratic Local Governance in Southeast-Asia (DELGOSEA)" was launched in March 2010 and is co-funded by the European Commission and the Konrad-Adenauer-Stiftung (KAS) of Germany through the German Ministry for Development Cooperation. The project is a network of Local Government Associations (LGAs), local authorities, non-government organizations and academic institutions in the Philippines, Indonesia, Vietnam, Thailand and Cambodia, focusing on transnational exchange of sustainable good governance practices. (<http://www.delgosea.eu/>)



Across the region both tourism and agriculture/mariculture were seen as industries which would profit most at the local level from the AEC¹⁷. The ability of local and regional government to support and promote their SMMEs within this regional market will be a vital skill as increased access leads to increased competition in the region.

UCLG ASPAC has been in active dialogue with the ASEAN secretariat since early 2012. A first dialogue between the ASEAN and the local government sector of the region took in May 2012.

A standing committee was created in during UCLG ASPAC's 4th bi-annual congress to take forward the advocacy work towards the ASEAN democratic local governance. This Standing Committee supports the advocacy work for democratic local governance throughout ASEAN, and was designed to be a permanent monitoring body on ASEAN policies and will become the tool for regular dialogue between ASEAN. More recently UCLG ASPAC established a working group on LED which will be embedded under the UCLG ASPAC's working group of Asia-Pacific Local Economy Network.

The Pacific Islands Forum Secretariat (PIFS)

PIFS is a political grouping of 16 Pacific states, which works to stimulate economic growth and enhance political governance and security for the region, through the provision of policy advice; and strengthening regional cooperation and integration through coordinating, monitoring and evaluating implementation of Leaders' decisions. the Framework for Pacific Regionalism is the master strategy for strengthening cooperation and integration between the states and territories of the Pacific region. It articulates the vision, values and objectives of an enhanced Pacific regionalism, and sets out a process for identifying regional public policy priorities. Economic development is a core pillar of regional cooperation in the Pacific. Although there are linkages between local government and PIFS, the role of local government is currently not clearly articulated in the regional framework. CLGF and its partners are currently working to highlight the role of local government in drawing the connections, and assisting in the implementation of the Pacific Framework priorities, including through its work in LED.

Regional initiatives in support of LED derive their logic from regional cooperation established at the level of the regional economic communities with the necessary governance structures, support policy instruments, institutions and financing. Developing an integrated market in terms of a South Asia, South East Asia or Pacific (or Asia wide/Asia Pacific wide) perspective and creating regional or sub-regional markets for goods and services can only help local business reach new and wider markets. The potential for regional economic development is high and likely to attract larger volumes of capital investments than small municipal initiatives. Expanding domestic markets are encouraging increasingly sophisticated industrialisation and value addition in both South and South East Asia. Greater connectivity (roads, rail, air, telecom) and a reduction of tariffs and barriers across borders, priorities of both the ASEAN and SAARC would provide significant support to further local and regional development through facilitating easy flow of both good and people.

¹⁷ 10 Feb 2015, DELGOSEA Members Optimistic about the ASEAN Economic Community
(<http://www.delgosea.eu/cms/News/DELGOSEA-Members-Optimistic-about-the-ASEAN-Economic-Community>)



Local economic dimension of the global Sustainable Development Goals

The SDGs will come into force in September 2015 and will address a broader cross section of social, economic and environmental priorities than the MDGs. Many of the Goals, which are currently available in draft form, relate directly to services which are the responsibility of local government. This includes economic development. Local economic development is a local expression of the implementation of draft 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

In addition to advocating for localisation of the goals, the *Global Taskforce of Local Regional Governments for Post-2015 and Habitat III*, which brings together global organisations and networks of local government, including United Cities and Local Governments and the Commonwealth Local Government Forum, together with development partners such as UNDP, has been actively lobbying for a goal to reflect the major challenges of urbanisation and the role of cities in addressing urban management, security and governance. Draft Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable is the result of this process. Economic development will be a critical factor in successful urban development and renewal.

The post-2015 development process will also integrate the outcomes of the forthcoming International Climate Change conference in Paris in December 2015, as well as the HABITAT III process and the implementation of the New Urban Agenda.

6. CONCLUSIONS

Local economic development is increasingly being seen as a key function of local government and a means of ensuring that local and regional authorities can address the priority needs of local citizens in a sustainable way. The seminar will provide an opportunity to debate the experiences of partners in implementing LED, and to highlight how best to strengthen and reinforce local government's capacity to deliver. Key issues for debate include:

- 1/ It is essential to raise awareness, build understanding and trust between all local stakeholders (local and regional government, the private sector, central government, service delivery agencies, civil society and other relevant organisations such as research organisations and trade associations) to ensure effective local economic development.
- 2/ Although many local authorities in the Asia Pacific region do not have statutory responsibility for LED in legislation, local authorities provide the enabling environment for economic development, and should be empowered to support LED as part of its commitment to social and economic wellbeing of the community.
- 3/ The leadership role of local and regional government, through its status and mandate, has a central role to play in convening and mobilising local stakeholders and partners for effective LED.
- 4/ Local economic development is process, not a project. Effective local economic development should be integrated into the local authority's consultation and development planning processes to ensure that all the work of the local authority is inclusive and contributes towards sustaining and enabling environment for local economic development.

- 5/ The Communication: *Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes* recognises the role of local authorities in this space: “Through the guidance of Local Authorities and the mobilisation of additional private and community capacities and resources, the territorial approach to development could trigger a change in the quality of citizens’ life and wellbeing, ensuring a balance between socio-economic growth, equity and environmental quality and increasing the resilience of the most vulnerable. Furthermore, this approach could reinforce local political processes, transparency and boost democratic ownership of development, via a continuous monitoring of progress towards sustainability”. Effective implementation of the Communication, and the delivery of global targets including the SDGs and the New Urban Agenda should see an increased emphasis on the role of local and regional government in promoting local economic development and capacity development support should reflect local economic development priorities.
- 6/ It is essential to strengthen the leadership, management and technical capacity of all actors involved in local economic development. Decentralised cooperation and city to city partnerships can provide a valuable framework to share good practices to help strengthen LED capacity across the region.
- 7/ The capacity of local authority actors to engage more effectively with the private sector and to develop and manage effective partnerships and contracts for economic development and infrastructure enhancement are essential to ensure that local and regional government retains its public service mandate and is accountable to local citizens.
- 8/ The regional integration organisations (SAARC/ASEAN/PIFS) all prioritise economic growth in their regional development strategies. It is important to continue to highlight the role of local and regional government in achieving this objective and to share and build on good practice at the regional level. Closer partnerships need to be established between local and regional government and the regional integration organisations to ensure that the contribution of local economic development is recognised and enhanced.



ⁱ Department of National Planning (DNP), Ministry of Finance and Treasury, DNP sometimes acts as a direct councillor to the President Office and is one of the oldest institutions in the country









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