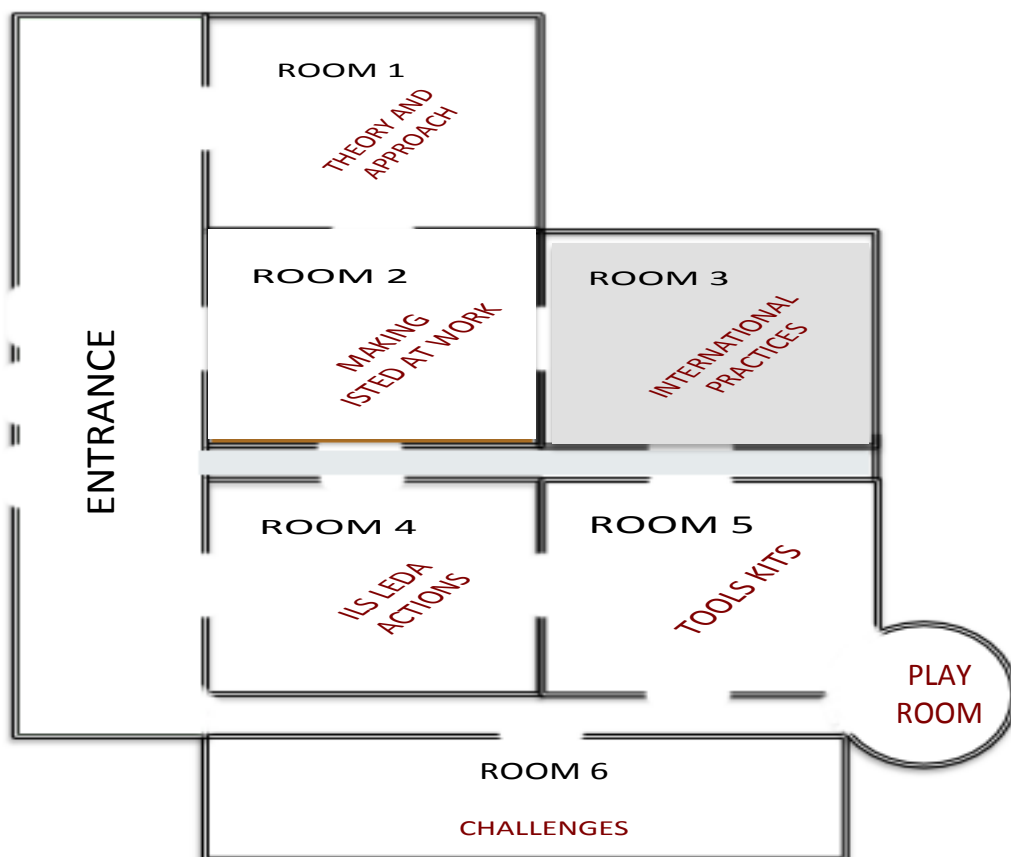


**THE HOUSE OF INCLUSIVE AND SUSTAINABLE TERRITORIAL
ECONOMIC DEVELOPMENT
(I S T E D)**

How to make it in practice



ROOM 3: OPERATIONALISING THE APPROACH. INTERNATIONAL PRACTICES

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PREFACE

We all live in a world where, in any part we are, we can easily find information about what happens everywhere, learn about the most varied issues and on almost any topic, we can receive or transfer goods (including financial ones) and services almost everywhere fast and at competitive costs, communicate remotely in audio-visual, work in a place for companies or customers that are thousands of miles away. It would seem that living in one place or another makes no difference.

That's it? Permitted that, of course, in a place one must live, it is obvious that everyone would like the place to live to be the one that offers the most job opportunities, where it is possible to better educate oneself and one's children, where one can be better cared for and where public services work well, perhaps even where clean air is breathed and there is not a lot of garbage on the street and maybe even where people are kind and supportive, where friendships and spontaneous relationships can easily be held, and where neighbors are well disposed to give you a hand in times of difficulty, where it is easy to find harmony in dealing with and solving problems common to the community (services, transport, care for children, the elderly and the sick, land maintenance, safety, emergency management, food control, up to the practices of collective purchase etc.). This ideal place does not exist, and yet it is difficult to deny that it is what we all aspire to. So much so that nowadays cities and regions compete to attract as many people as possible, showing that they are close to one or more of the aforementioned desires and this is already sufficient to show that the place, the territory has a fundamental value in the people's lives.

But there's more. From the anthropological point of view it is true that man and woman are wandering animals, but that at a certain moment they need to stop and stop where they like or consider them the least of evils. On the other hand, man and woman are not only rational and their choices (including localization) involve emotional and sentimental components. And, in fact, only a small part of the population moves from one part to the other by choice, constraint or necessity. Most move only once or remain forever where they were born, prefer to eat local products, love the traditions and culture of their land of origin or second choice, they like to weave good relations with their neighbors and have friends and lovers coming and trusting us blindly.

A healthy, balanced and supportive development of a territory is what we all aspire to and, in order to obtain it, there is need for complex processes, which refer to theories and practices of local, regional or territorial development as we wish to call them.

The present work aims to offer a useful guide to scholars and operators on the one hand in orienting themselves on the main theoretical schemes and approaches that support the aforementioned processes, and on the other in having a panorama of the practices carried out by important international institutions and finally, to propose some "tool kits", which can be of help to those interested in "how to implement" local development processes, with a particular eye to economic ones.

The work is divided into seven volumes:

VOLUME.1: Theoretical bases and main approaches assets (the bottom-up path, space and spatial dimension, social capital: the value of the participation).

VOLUME 2: Making TED at work (Governance, Strategies, Implementation).

VOLUME 3: Competitive, inclusive, sustainable human development (Competitive advantage: the value of the difference, human development based development, sustainable development).

VOLUME 4: Operationalising the approach: international practices (Ilo, Undp, Oecd, European Union, World Bank, Bid, Un-Habitat, Swiss Cooperation, Giz).

VOLUME 5: The IIs Leda case (What IIs Leda is, The IIs Leda approach on governance, strategic planning for competitive, inclusive and sustainable development, implementation, territorial promotion).

VOLUME 6: The IIs Leda tool kits (on how to make governance at work; how to valorize the endogenous resources; how to create a LEDA; how to measure the Leda performance; how to manage a LEDA; how to promote a territory).

VOLUME 7: Challenges (Innovations, Social and solidarity economy, Role of territory in the globalization, Role of territories in safeguarding the planet: circular and green economy).

3. Operationalising the approach: international practices

Index

3.1. Abstract

3.2 The international practices

of socio-economic resources. The following table synthesises what you'll read in the next chapter.

3.2.1. Abstract

This room shows what is the thinking and the practices of some of the most relevant international organization about territorial or local development: European Union (EU), Gesellschaft für Internationale Zusammenarbeit (GIZ), Inter American Development Bank (IADB), International Labour Organisation (ILO), Organisation for Economic Cooperation and Development (OECD), Suisse Cooperation; United Nations Development program (UNDP), United Nations Habitat (UN HAB); World Bank Group (WBG).

This thinking regards five main issues: Participation, Role, Overall Approach, Advantages, and Valorisation of socio-economic resources. The following table synthesises what you'll read in the next chapter.

PARTICIPATION
EU: The territorial approach allows agents to express their knowledge, their expectations, their conflicts, and also their ability to build collective actions and organize new ideas accordingly. The TED success or failure depends on the way in which interests and relations between agents are structured.
GIZ: It is imperative to involve all relevant stakeholders (local administrators, legislators, business associations, community organizations and NGOs) at one table. If TED becomes a joint effort, it is easier to act in a holistic way, mobilize resources, and facilitate access to information more widely. The involvement of different actors is also important for trust building as a prerequisite for public-private dialogue.
IADB: Coordination between companies, institutions and organizations including business and territorial competencies is necessary. Non-commercial transactions influence economic relations between organizations, as well as the reputation, trust and stability of these relationships. A <u>Territorial Forum</u> is an institutional space in which the different local, public and private actors make agreements on strategic projects and specify commitments and ventures. The <u>Local Economic Development Agencies (LEDA)</u> are intermediate level agencies, arranged between the different local, public and private social agents, which are the protagonists of the new ways of making productive development policy at local level.
ILO: A participatory development process encourages partnership arrangements between the main private and public stakeholders of a defined territory, and it is the key for successful LED.
SUISSE COOP: A LED process in based on democratic incTztlusive participation of both public and private actors, which have each other a basic level of trust and ability to collaborate and agree on some basic things. The capacity to manage the process, as well as a national LED policy to support territorial processes, including decentralisation are key factors for the success of Ted initiatives
UNDP: Institutional and responsible territorial governance, that includes mechanisms and processes of dialogue, decision making and collective action open to organizations and citizens traditionally excluded is the base for LED processes.
UN HAB: Participatory process, in which local people from all sectors work together to stimulate local commercial activity, realise a resilient and sustainable economy.h
WBG: Successful local economic development requires the collaborative effort of <i>public</i> (governmental), <i>private</i> (business) and <i>non-governmental</i> (NGOs, trade unions, social, civic, religious) sectors. Local economic development agencies (LEDAs) have the potential for improve the coordination and synergy among different governmental and non-governmental entities. Public fora, stakeholder committees and city consultation meetings are common tools used to ensure broader participation.
ROLE
EU: Territorial development is spatially coordinated local development that leverages the interaction of actors operating at multiple scales of development planning and administration.
ILO: The role of the territory is to enable participation and local dialogue, connect people and their

resources for better employment and a higher quality of life for both men and women.
UNDP: TED responds to the current global challenges, for which is necessary to adopt the principles of cohesion and resilience from the territories as pillars of new paths of sustainable development.
UN HAB: The LED process seeks to empower local participants to effectively utilise business enterprise, labour, capital and other local resources to achieve local priorities.
SUISSE COOP.: LED, through its participatory and inclusive process that involves a range of stakeholders, encompasses the pursuit or facilitates economic competitiveness, and has the purpose of fostering economic well-being.
WBA: Through TED is easier to build up the economic capacity to improve local economic future, It is a process and where public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.
OVERALL APPROACH
EU: TED is based on the <i>endogenous</i> nature of local development; the possibility to <i>integrated</i> social/economic and spatial/environmental planning and management, overcoming sectoral fragmentation; its <i>multi-scalar</i> , open nature avoids the risks of hyper-localism; whereas its <i>incremental</i> value overcomes the simple localization of national development policies and programs
IADB: TED enables a bottom-up approach, but in collaboration with the other decision-making levels of the State (province, region and central level) in order to facilitate the achievement of the objectives of local development strategies. It is an integrated approach in which the environmental, cultural, social, institutional and human development aspects of the respective territorial scope must also be considered.
OECD: TED enables bottom-up approach for designing shared strategy that involves the main local stakeholders for future development in the regions.
UNDP: TED approach is based on an architecture of public policies ‘bottom up’, transversal to the different levels of governance and sectors, anchored to territorial specificities.
UN HAB: LED requires a practical understanding of what the local area does well and what it has to offer; where its weakness and gaps lie, what outside threats and opportunities exist; and, what the local area wants and needs.
SUISSE COOP.: An integrated approach is required for bringing together the Municipalities, Territorial Councils, the indigenous population, Value Chain Committees, and other relevant players, with the aim of stimulate shared governance and public private investment strategies in the region and increased productivity and competitiveness of selected sectors.
WBG: Local economic development should always be guided by a strategy. Ideally, a LED strategy will form a component of a broader strategic development plan that includes social and environmental components
ADVANTAGES
EU: The territorial approach allows exploring new development paths, although the current model seems to lead to the decline, through a collective work of imagination of the future, in some cases better structuring existing activities, in other cases contemplating a brand new project.
IADB: Territorial proximity facilitates the development of interdependencies, of a formal and informal nature, between socio-economic and institutional actors, which can generate a specific business dynamic that favours competitiveness, and, mainly social capital.
ILO: Social advantages include empowering local societies, through generating local dialogue, and making local institutions more transparent and accountable. Economic advantage includes embedding economic conditions and comparative advantages and generating sustainable employment, improving the quality of jobs.
OECD: Local Development Agencies have become an increasingly popular organisational vehicle for shaping and pursuing local economic strategies.
UNDP: the territories are central in connecting trajectories of growth, inclusion and sustainability
UN HAB: Territorial planning contributes to sustainable development through: social development and inclusion, sustained economic growth and environmental protection and management. Policy could take advantage form from LED, because it promotes and enables: Local innovation systems, Sector-based approach (Cluster development, Upgrading of worker skills), Corporate social responsibility, Internationalization
WBA: Each community has a unique set of local conditions that either enhance or reduce the potential for local economic development, and it is these conditions that determine the relative advantage of an area in its ability to attract, generate and retain investment.

SOCIO ECONOMIC VALORISATION

EU: The local identity constitutes the center of the territorial strategy, and represents its force of attraction. Territorial capital, that is to say the set of elements available to the territory, both material and immaterial, represents, in some cases, the asset, and in others, the difficulties of the process.

IADB: Local development is valorization of endogenous resources, but not closed to them. Many local development initiatives are also based on taking advantage of opportunities for exogenous dynamism. The important thing is to know how to “endogenise” these external opportunities within a development strategy decided by the territorial actors.

UNDP: The potential of local economic development as a pillar of a territorialisation of public policies and governance devices, and as common denominator to combine social inclusion, cohesion and territorial competitiveness.

UN HAB; Territorial planning is a catalyst for sustained and inclusive economic growth, that provides an enabling framework for new economic opportunities.

WBA: Local conditions determine the relative advantage of an area and its ability to attract and retain investment. It offers opportunities for local businesses to develop new markets but also presents challenges from international competitors entering local markets.

3.2. The international practices

3.2.1 ILO¹

ILO considers LED “a participatory development process that encourages partnership arrangements between the main private and public stakeholders of a defined territory, enabling the joint design and implementation of a common development strategy. This strategy is based on making use of the local resources and competitive advantage in a global context, with the final objective of creating decent jobs and stimulating economic activity”². For ILO, LED means more than just economic growth. It is promoting participation and local dialogue, connecting people and their resources for better employment and a higher quality of life for both men and women.

ILO assists its constituents in developing and implementing LED strategies in a wide range of economic, social and political settings across the world. These include countries emerging from crisis, indigenous peoples, rural and backward areas with child labour, city slums as well as growth-oriented clusters where territorial competitiveness is addressed. Given the growing demand for support to address the local effects of climate change, LED strategies are more and more incorporating the “green jobs” dimension.

The ILO LED strategies include the use of private sector development approaches and tools such as value chain development, linkages with microfinance institutions, skills development, institutional capacity-building and green jobs, with the aim of responding to the challenges of globalization and the drive for decentralization.

They includes four elements such as³: (a) participation and social dialogue; (b) a territorial base; (c) mobilization of local resources and competitive advantages; (d) locally ownership and management.

The adoption of local economic development strategies in a globalized world in comparison to traditional development programmes is coherent to the “primary goal” and the mandates of the ILO. According to ILO, there are two main advantages: social and economic advantages.

The social advantages include:

¹ From A. Rodrigues-Posé: “The role of the ILO in implementing local economic development strategies in a globalized world”

https://www.ilo.org/empent/Publications/WCMS_111545/lang--en/index.htm

² Local Economic Development programme website. www.ilo.org/led, 2002

³ White and Gasser, “Local economic development: a tool for supporting locally owned and managed development processes that foster the global promotion of decent work.” Geneva: ILO, Job Creation and Enterprise Development Department, 2001

1. LED strategies empower local societies and generate local dialogue. People living in areas of the world that have until recently had little to say or to control over the economic activity taking place in their territory, begin to adopt a more proactive stance with regard to their own future.
2. LED strategies help to make local institutions more transparent and accountable and contribute to the development of the local civil society.

The economic advantages include:

1. LED strategies, because they seek to embed economic activity in a territory and make economic activity dependent on the specific economic conditions and comparative advantages of that place, generate sustainable employment in firms more capable to withstand changes in the global economic environment.
2. Local economic development strategies, as a result of the involvement of local stakeholders and of the rooting of economic activity in a territory, also contribute to a general improvement in the quality of jobs. That is to the genesis of sustainable “decent work”.

ILO advises also for some risks associated with LED policies. The amount of time involved is one drawback. The development of local coalitions and the coordination of local stakeholders amongst themselves and with other institutional actors requires an enormous organizational effort and consumes a considerable amount of time even before the development process can begin. And even when the key local institutions are strengthened, there is no guarantee of short-term – or even medium and long-term – success.

3.2.2 UNDP

UNDP has a long history in promoting and supporting local economic development processes, mainly since a set of programs (Prodere, Human Development at Local Level, ART, Mydel, etc.) framed around the human development approach, where participatory governance of the local actors, strategies based on the valorization of the local potential, gender equality, organization of comprehensive services and establishment of local economic development agencies have been the main assets, and results.

Lately UNDP has promoted international fora on Local economic development, the last of which was the Latin America and Caribe Forum, which had the conclusion summarized as it follows⁴

“The current global context is marked by growing inequalities, both internally in the territories and gaps between levels of development of different territories and regions, generating a polarization between social groups and between center and periphery. Beyond the imbalance and inequality there is the increasing exposure to situations of tension, risk and conflict, which multiplies the pressure and deconstruction of the social, economic, institutional, and territorial balances.

The Forum recognizes that, in order to face these circumstances, to respond to the challenges and take advantage of the opportunities of the current situation, it is necessary and essential to adopt the principles of cohesion and resilience from the territories as pillars of new paths of sustainable development, which combine and at the same time feed policies and systems of horizontal and integral territorial governance, processes of inclusion and socio-economic empowerment and new forms of competitiveness based on the sustainable valorisation of territorial assets, in connection with the well-being of the populations and the preservation of the environment where they live.

Within this framework, the Forum recommends promoting:

- 1) The centrality of the territories in connecting trajectories of growth, inclusion and sustainability, allowing to assume and deal with the multitude and complexity of the factors associated with local development processes from a perspective of comprehensiveness and multidimensionality, rebuilding relationships and identities.
- 2) The potential of local economic development as a pillar of a territorialisation of public policies and governance devices, and as common denominator to combine social inclusion, cohesion and territorial competitiveness, in a vision of long term sustainable development.

⁴ Declaración Final 3er Foro Regional DEL para America Latina y el Caribe, 7-9 de Mayo 2019
<https://www.forodel.org/the-forum/resources>

- 3) An architecture of public policies ‘bottom up’, transversal to the different levels of governance and sectors, based on territorial specificities and the conclusion of a new social pact between institutions, economic actors and civil society.
- 4) Forms of institutional and responsible territorial governance, inclusive and associated with well-defined decisional and operational competencies, that includes mechanisms and processes of dialogue, decision making and collective action open to organizations and citizens traditionally excluded, effective leadership and public participation in the creation and implementation of a future project that responds to people's expectations and needs, institutions focused on transparent and responsible management of territorial resources, and an effective agency action through independent, dynamic and functional, and financially and politically sustainable instruments.
- 5) The key role of the private sector - the companies and associations, platforms and organizations that associate them - to face the challenges of diversification and productive reconversion, and innovation, together with the development of new sustainable business models and inclusive, and to the promotion of suitable ecosystems for the creation and sustainability of new jobs in a framework of LED.
- 6) The role of universities, research centers and, in general, the knowledge sector, as key actors in the design, implementation and evaluation of LED policies and strategies and the need to link them effectively in participatory analysis and the search for solutions to face the main challenges of regions and territories.

3.2.3 UN HABITAT⁵

Local economic development (LED) is a participatory process in which local people from all sectors work together to stimulate local commercial activity, resulting in a resilient and sustainable economy. It is a way to help create decent jobs and improve the quality of life for everyone, including the poor and marginalised⁶.

Local economic development encourages public, private and civil society sectors to establish partnerships and collaboratively find local solutions to common economic challenges. The LED process seeks to empower local participants to effectively utilise business enterprise, labour, capital and other local resources to achieve local priorities (e.g., to promote quality jobs, reduce poverty, generate municipal taxes). LED practitioners have many actions available to them. For LED to be successful, participants and practitioners should have knowledge of these actions and be committed to a process to achieve sustainable results. A LED strategy is a process-oriented and non-prescriptive endeavour incorporating:

- Local values (poverty reduction, basic needs, local jobs, integrating social and environmental values);
- Economic drivers (use of value-added resource, local skills training, local income retention, regional co-operation); and
- Development (the role of structural change, quality of development).

This suggests that LED is not about “quick fixes” or generating “wish lists.” It requires a practical understanding of what the local area does well and what it has to offer; where its weakness and gaps lay, what outside threats and opportunities exist; and, what the local area wants and needs. Undertaking LED requires knowledge of a local area’s regional economic linkages, including its competitive advantage and cooperation opportunities. Success in LED depends on encouraging a business environment where markets can operate efficiently, and appropriately, within the local context. In most local areas (especially in developing or transition countries), micro, small and medium-sized enterprises should be strongly supported and encouraged to take the lead as they play a key role in creating new local employment, wealth and tax generation. Visible results can help maintain momentum in the short term, and simply initiating a single project focusing on one critical issue might pave the way for long-term success. Ultimately, LED is about sustainable development in the long-term, for it takes time to change local

⁵ From UN-HABITAT: “International Guidelines on Urban and Territorial Planning”, 2015
<https://new.unhabitat.org/topic/regional-and-metropolitan-planning>

⁶ UN-HABITAT, Promoting local economic development, through strategic planning – Quick guide, 2005

conditions and mind sets, build capacity, organise participatory processes and empower stakeholders, especially the poor.

Urban and territorial planning can contribute to sustainable development in various ways. It should be closely associated with the three complementary dimensions of sustainable development: social development and inclusion, sustained economic growth, and environmental protection and management.

Urban and territorial planning is carried on according to the following principles:

- 1) planning is more than a technical tool, it is an integrative and participatory decision-making process that addresses competing interests and is linked to a shared vision, an overall development strategy and national, regional and local public policies
- 2) planning represents a core component of the renewed territorial governance paradigm, which promotes local democracy, participation and inclusion, transparency and accountability, with a view to ensuring sustainable urbanization and spatial quality.
- 3) planning can contribute to sustainable development in various ways. It should be closely associated with the three complementary dimensions of sustainable development: social development and inclusion, sustained economic growth and environmental protection and management. Integration of those three dimensions in a synergetic way requires political commitment and the involvement of all stakeholders, who should participate in urban and territorial planning processes.
- 4) planning primarily aims to realize adequate standards of living and working conditions for all segments of current and future societies, ensure equitable distribution of the costs, opportunities and benefits of territorial development and particularly promote social inclusion and cohesion
- 5) planning constitutes an essential investment in the future. It is a precondition for a better quality of life and successful globalization processes that respect cultural heritages and cultural diversity, and for the recognition of the distinct needs of various groups.
- 6) planning is a catalyst for sustained and inclusive economic growth, that provides an enabling framework for new economic opportunities, regulation of land and housing markets and the timely provision of adequate infrastructure and basic services;
- 7) planning constitutes a powerful decision-making mechanism to ensure that sustained economic growth, social development and environmental sustainability go hand in hand to promote better connectivity at all territorial levels.
- 8) planning provides a spatial framework to protect and manage the natural environment and built environment of cities and territories, including their biodiversity, land and natural resources, and to ensure integrated and sustainable development
- 9) planning contributes to increase human security by strengthening environmental and socioeconomic resilience, enhancing mitigation of, and adaptation to, climate change and improving the management of natural and environmental hazards and risks.

The main actors involved in the process of urban and territorial planning are: national government, local authorities and the civil society.

National Governments, in cooperation with other spheres of government and relevant partners, should:

- a) Formulate a national territorial policy framework that promotes sustainable urbanization patterns, including an adequate standard of living for current and future residents
- b) Develop an enabling legal and institutional framework for territorial planning that:
 - i. Ensures that economic planning instruments and cycles and national sectoral policies
 - ii. Links and coordinates urban, metropolitan, regional and national plans
 - iii. Establishes general rules and mechanisms for coordinated inter-municipal urban and territorial planning and management
 - iv. Formally confirms partnership and public participation as key policy principles, involves the public, (both women and men) civil society organizations, and representatives of the private

sector

- v. Contributes to the regulation of land and property markets and the protection of the built and natural environment
- c) Define, implement and monitor decentralization and subsidiarity policies and strengthen the role, responsibilities, planning capacities and resources of local authorities
- d) Promote inter-municipal cooperation frameworks and articulated multilevel governance systems
- e) Strengthen and empower local authorities
- f) Collaborate with associations and networks of professional planners, research institutes and civil society to develop an observatory on territorial planning approaches, and patterns.

Local authorities should:

- a) Provide political leadership for the development of territorial plans, ensuring articulation and coordination with sectoral plans and other spatial plans and with neighbouring territories, in order to plan and manage cities at the appropriate scale
- b) Approve, keep under continuous review and update (for example every 5 or 10 years) territorial plans under their jurisdiction
- c) Facilitate the effective and equitable involvement of local stakeholders, particularly communities, civil society organizations and the private sector, in territorial planning preparation and implementation by setting up appropriate participatory mechanisms,
- d) Effectively supervise professionals and private companies contracted for territorial planning preparation, in order to ensure the alignment of plans with local political visions, national policies and international principles
- e) Set up multi-stakeholder monitoring, evaluation and accountability mechanisms
- f) Share their territorial planning experience, engage in city-to-city cooperation to promote policy dialogue and capacity development

Civil Society should:

- a) Participate in the preparation, implementation and monitoring of territorial plans
- b) Contribute to the mobilization and representation of populations in public consultations on territorial planning
- c) Contribute to ensuring continuity in the long-term objectives of territorial plans, even in times of political change or short-term impediments.

3.2.4 OECD

In 2008 OECD published a study “ A review of local economic and employment development policies in OECD countries”⁷, which focuses on conceptual framework, pillars, objectives and delivery arrangements about policies for local economic development in 5 case studies: Pennsylvania (USA), Schleswig-Holstein (Germany), Styria, (Austria), Tuscany (Italy), and Basque Country (Spain).

Although published in 2008, it contains element useful for implementing current public policies.

In fact, the conclusions of the case analysis remark:

- by the point of view of the **strategy design guidelines**, the importance of using the strategy for signalling the priorities of the regional government; of a bottom-up approach to strategy design (although the same OECD indicates the involved stakeholders do not include representatives of the most vulnerable social groups, and the risk of designing demand-driven policies overlooking the needs of these groups); and the importance of a political leadership for achieving the objective of policy horizontal and vertical coordination

⁷ see <http://www.oecd.org/cfe/leed/42771716.pdf>

- by the point of view of the **policy content guidelines**, the importance of local innovation systems; of business network, in the belief they will generate economies of scale (e.g. joint purchases) and scope (i.e. product specialisation); of upgrading of worker skills; of the contribution of the social responsibility to territorial development; and the focus on internationalization.

The bottom-up approach

Basically each of the five regions has adopted a bottom-up approach to strategy design that has involved the main local stakeholders in strategic debates about priorities and policies for future development in the region. For instance, in Schleswig-Holstein regional councils have consisted of a very broad range of stakeholders such as municipalities, universities, chambers of commerce and trade unions. They have acted as regional advisory committees on the different infrastructure projects undertaken by the regional government and have made possible the implementation of projects that did not mirror only the interests of single municipalities but rather those of the whole region. In Tuscany, where there is a longstanding tradition of social dialogue between the regional government and the social partners, the main policymaking counterparts of the regional government have been industry associations and trade unions.

Whilst similar participative approaches have many advantages, one possible drawback consists in the fact that if the involved stakeholders do not include representatives of the most vulnerable social groups, the design of demand-driven policies will end up overlooking the needs of these groups. Related to this is also the fact that the strongest stakeholders may be able to exert greater pressure than others on the policies being discussed and decided, thus acting as real lobbies. An example comes from Pennsylvania's industry partnerships, which were certainly a successful approach to meeting the high-level skills needs of whole sectors, but in doing so they mainly targeted incumbent workers and possibly neglected the training needs of disadvantaged social groups such as the unemployed or ethnic minorities with language problems.

Policy coordination and political leadership are crucial

There is always a tension between policy design and implementation, which makes policy coherence and coordination difficult to achieve. Political leadership can help achieve the objective of policy coordination by catalysing initial attention and resources to launch the policy/strategy.

Pennsylvania's workforce development strategy is a case in point. Here, the Economic Development Committee (EDC) was established within his cabinet's office with the mission to coordinate all policies and programmes that affected economic growth, job creation and workforce development; craft new policies and programmes for business development and job creation; establish metrics for assessing the performance of state policies; etc.

In addition to a horizontal dimension (i.e. thematic areas), policy coordination has also a vertical (i.e. levels of jurisdiction) dimension. At the vertical level, coordination can be eased through the participation in the design of policies of bodies, which have already a multiple territorial representation. For instance, in the case of Pennsylvania policy coordination between the different levels of jurisdiction was facilitated by the participation of Workforce Investment Boards (WIB), which had both state and local offices. Vertical coordination is also crucial because it allows the engagement of local leaders, who will be empowered to make decisions that tailor policies to local needs.

Policy content guidelines: Local innovation systems, Sector-based approach (Cluster development, Upgrading of worker skills), Corporate social responsibility, Internationalization

The policy guidelines regard :

a) **Local innovation systems**, including the financial support of industrial R&D, the creation of public research organisations and, above all, knowledge transfer programmes fostering industry- university partnerships.⁸

b) **Sector-based approach, articulated in Cluster development, and Upgrading of worker skills.** Clusters generate positive externalities (knowledge spill-overs, pooling of skilled labour, product specialisation,

⁸ The region, which has gone further off in supporting local innovation systems, has been Styria (Austria). Eleven centres were set up in Austria as a whole, six of which in Styria, supporting precompetitive or applied industrial research

etc.), through at least three different types of sectoral approaches: a) cluster development programmes, which mainly try to encourage business networks in the belief they will generate economies of scale (e.g. joint purchases) and scope (i.e. product specialisation)⁹; b) technology upgrading programmes, which support the shift of local producers from broad unspecified markets to market niches through higher-quality production; c) workforce development programmes, which empower workforce through the design of industry partnerships focused on workforce development between training providers, employer associations and other stakeholders to design demand-driven sector-based training courses. Such partnerships have enabled Pennsylvania to achieve economies of scale in the provision of training, align the curricula of training providers with industry needs, promote communication among firms, and disseminate best practices in the field of vocational training.

c) **Corporate social responsibility**, pushing a number of regions the urge for economic competitiveness is increasingly coupled with that for social and environmental sustainability.¹⁰

d) **Internationalization**, through including business internationalisation in the agenda of many regional governments. An interesting experience comes from Styria, which throughout the last decades has been able to harness at best the opening-up of new markets on its eastern border.

Importance of Local/Territorial Development Agencies

As established in the OECD-LEED Conceptual Framework in 2004, an important starting point is the recognition that although (territorial) Development Agencies have become an increasingly popular organisational vehicle for shaping and pursuing local economic strategies there is no common understanding, or rigid formula, of what a Development Agency is. No global census of Development Agencies and companies has been undertaken but there are probably more than 15,000 such organisations now worldwide, with more being created every month. They vary in size, scale, and function and have arisen from different starting points. Several waves of Development Agencies are identifiable: in Europe after World War II to aid post war re-construction; in North America in the 1960s and 1970s to address the impact of de-industrialisation in the 'rust belt'; in East Asia in the 1980s and 1990s to help plan and manage rapid urbanisation and industrialisation; in the current era in Latin America, South Asia, Africa and Eastern Europe to promote economic development in the newly integrating economies.

The decision, by a wide range of local, regional, and national governments in other countries, to place some or most of their economic development activities under the operational control of appropriately regulated and supervised agency structures, rather than to manage them from a municipal platform, is widespread. One of the means cited to improve economic development is to foster the establishment of Development Agencies which would be local government-led or partnership led agencies, with a remit to lead and co-ordinate local economic development interventions. In fact, economic development activities are unlike the other role and responsibility of local governments. They are primarily "market facing", and involve "long term" thinking.

Development agencies might also be said to conform to certain types:

- Several of the 'Development Agencies' are 'comprehensive' engaging with drivers in Labour markets, Property markets, External Investment markets, and with enterprise and innovation drivers.
- Some of the 'Development Agencies' are more focused on specific geographical areas or sectors.
- In several locations there is more than one development entity active. For example there are collaborations between city and regional bodies and there are collaborations between two different agencies both working at city level.

⁹ In Styria, cluster development was seen as an alternative to the previous regional industrial structure dominated by large inflexible firms, enabling sizeable customers of the steel and steel products manufactured in the region. In Tuscany, which has a longstanding tradition of promoting industrial districts, development has more recently focused on the re-organisation of the local supply chain, the provision of —real business development services to local enterprises and business networks, and the promotion of formal tools of inter- firm cooperation such as business consortia.

¹⁰ In Tuscany this has taken the form of public support for corporate social responsibility (CSR). In 2002 the regional government launched —Fabbrica Ethica , a programme that provides financial incentives to those firms working towards meeting internationally recognised CSR standards. A CSR committee has also been established with a view to identifying and monitoring CSR practices in the region.

- There are several examples of sub-regional agencies, some forged by inter-municipal collaborations, others operating as county sponsored bodies.

3. 2.5 EUROPEAN UNION

The European Union has a large track in promoting and supporting territorial development policies, strategies, and implementation.

The most successful practices are reference for the current regional development program, through which the aim is to (i) support the sectors considered priority and with high added value, such as research and innovation, young people, digital economy, border management, climate, environment, security, and defence; (ii) increase support for regional development strategies to foster integration in the respective regional areas and intensify mutual cooperation; (iii) increase the responsibility of local authorities; (iv) strengthening the urban dimension of the cohesion policy (Urban Program).

Some of the most successful EU initiatives are: the Leader Programs (an acronym in French – Liaison entre actions de développement de l'économie rurale) to support rural development projects initiated at the local level in order to revitalise rural areas and create jobs, currently extended also to coastal (FARNET) and urban areas under the banner of Community-led Local Development (CLLD), the Territorial Pacts¹¹, and the Regional Development Agencies (RDA)¹².

The LEADER programs implement a process, in which:

- 1) local identity (profile or personality), which sometimes must be reinvented, constitutes the center of the territorial strategy, and represents its force of attraction.
- 2) territorial approach allows exploring new development paths, although the current model seems to lead to the decline, through a collective work of imagination of the future, in some cases better structuring existing activities, in other cases contemplating a brand new project.
- 3) "Territorial capital", that is to say the set of (both material and immaterial), elements available to the territory, represents, in some cases, the asset, and in others, the difficulties of the process.
- 4) Territorial approach allows agents to express their knowledge, their expectations, their conflicts, and also their ability to build collective actions and organize around new ideas. The success or failure of a strategy depends on the way in which interests and relations between agents are structured, that is, on the collective capacity to observe local reality, to articulate priorities and to agree on the organization of the available resources. In the LEADER territories, the constitution of local associations has played a fundamental role. The different agents, in particular, need and expand their competencies and their capacity for intervention within the framework of public and private partnerships.
- 5) Territorial approach allows different territories to intensify and rationalize exchanges and make transfers of technical knowledge, and inter-territorial cooperation to allow new development paths.

Territorial development is considered by EU¹³ basic for development, since there are serious concerns about the negative effects that the social and spatial inequalities associated with "uneven" development

¹¹ According to general acceptance, a territorial pact is a contract between a different country's level of government (local, regional, national), a formalized local partnership on different market. This contract represents the relationship between governance and widespread participation of different social group, for different objectives (economic, social, and cultural). In context of Europe 2020, the territorial pact support regional and local governments to offer a sustainable instrument for its objectives: smart growth, sustainable development and growth based on sustaining social inclusion. Also, it is a new mode of governance in European Union, in which the parties are involved in phases of their ideas and financial resources to goals of Europe 2020. (see Daniela Antonescu, "Territorial Pact in context of Europe 2020", Elsevier Ltd, 2015)

¹² See The key role of Regional Development Agencies (RDAs) for Smart Specialisation Strategies - Interreg Europe, that evidences "RDAs are valuable policy instruments taking into account their capacities to mobilise stakeholders in the regions, and an play a catalytic role in almost all EU regions, thanks to experience in the implementation of the entrepreneurial discovery process."
https://www.interregeurope.eu/fileadmin/user_upload/tx_tevprojects/library/ARITT-Saublens-EURADA%20Key_role_of_RDAs%20SMARTER-%20Conference-VF.pdf, 2016

¹³ see European Union, The Territorial Approach to Local Development (TALD), 2014

might eventually have on growth. Social and spatial inequalities, in fact, may not only result in high social costs and political risks, but may also compromise the prospects of accelerated and sustained growth in both developed and developing countries. The implication is that, rather than abandoning the search for spatially and socially balanced development, efforts should be made to develop a new set of more realistic, selective and effective policies to achieve it. These are required both to broaden the territorial footprint of economic growth and to expand access to social services in an age of globalizing economies and restructuring of the welfare state.

For the European Union *territorial development* refers to the development of a specific (typically sub-national) portion of a country's territory. This may be an *urban, metropolitan, regional or rural* jurisdiction, but also an otherwise defined space like *watershed, coastal, mountainous, border areas, etc.* Most often, the term is used as an extension of *local* development to include and emphasize *regional* development, i.e. the development of larger, intermediate jurisdictions (provinces, regions, etc.). Ultimately, since any space can be defined as local from an observer located above or outside it, the expression *territorial development*, when used in such broader, more neutral sense, may just be an "umbrella" term to designate *local* development at *any* scale.

Territorial development can be defined as a spatially coordinated local development that leverages the interaction of actors operating at multiple scales of development planning and administration.

Based on the above definition of territorial development the main *defining features* of a "*Territorial Approach to Local Development*"¹⁴ policy are:

- the *endogenous* nature of local development and the empowerment of the local authorities with the autonomy necessary to reach out to a wide range of local actors and mobilize and leverage local resources;
- the *integrated* nature of local development and the empowerment of the institutions for a strategic social/economic and spatial/environmental planning and management, needed to overcome sectoral fragmentation of development interventions by national and sub-national administrations;
- the *multi-scalar*, open nature of local development and the management of the risks of hyper-localism, by supporting effective mechanisms for multi-stakeholders consultation, negotiation and collaboration, involving multiple local, infra-local and supra-local jurisdictions.
- the *incremental* value of local development over the simple localization of national development policies and programs, aimed at advancing both the decentralization policy reforms and the new national urban and rural development agendas that are critical to facilitate the creation of such incremental value.

A further point is that such approach should be thought as a multi-dimensional *national* policy that actually represents the "missing link" between decentralization reforms and local development outcomes. It is now well established that the relationship between decentralization and development is really indeterminate, and that attempts to measure it directly have been inconclusive (and often misguided). In fact for decentralization reforms to result in positive developmental impacts, a number of complementary policy and institutional changes at both national and subnational level need to occur. If, as it has been the case in many decentralizing developing countries, decentralization reforms are driven only by an immediate political rationale and are not conceived as part of a wider national policy to support genuine local development (which is referred to in this note as TALD) it is unlikely that they will automatically result in improved local development outcomes.

¹⁴ as before

3.2.6 WORLD BANK¹⁵

According to World Bank, the purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

In this framework, the success of a community depends upon its ability to adapt to the dynamic local, national and international market economy, and to improve the investment climate, increasing the productivity and competitiveness of local businesses, entrepreneurs and workers, with the final aim of improving the quality of life, creating new economic opportunities and fighting poverty.

Each community has a unique set of local conditions that either enhance or reduce the potential for local economic development, and it is these conditions that determine the relative advantage of an area in its ability to attract, generate and retain investment.

LED is usually strategically planned by local government in conjunction with public and private sector partners. Implementation is carried out by the public, private and non-governmental sectors according to their abilities and strengths.

Today, local economies face a great set of challenges. These include:

- I) How to build local opportunities: Local conditions determine the relative advantage of an area and its ability to attract and retain investment. It offers opportunities for local businesses to develop new markets but also presents challenges from international competitors entering local markets.
- II) How to realise national regulatory and legal frameworks: tax reform, telecommunications deregulation and environmental standards directly influence the local business climate. In many countries, national government functions continue to be decentralized thereby increasing the responsibility of municipal governments to retain and attract private industry.
- III) How to establish international linkages: opportunities exist for communities across regions to collaborate with each other to help their economies grow, for example, by supporting infrastructure or environmental improvements that demonstrate a broad regional impact. An association of local municipalities or regional governments can serve to facilitate these types of LED effort by acting as an intermediary between national and municipal governments.
- IV) How to tackle with poverty and informal economy: The linkages between the formal and informal sectors of the economy need to be understood and considered in the devising of a local economic development strategy. In many cities, large numbers of low-income families work within the informal economy. However, these informal activities are often low-growth activities as a result of a lack of access to proper infrastructure and services (i.e., electricity, water, roads), regular means of financing, information and skills. The development of an LED strategy should recognize and accommodate the constraints and opportunities of the informal economy so as to broaden the appeal of a strategically planned LED strategy. It should also encourage wider social benefits for all a community's economic and social sectors, both formal and informal, disadvantaged and excluded.

World Bank argues local economic development should always be guided by a strategy. Ideally, an LED strategy will form a component of a broader strategic development plan that includes social and environmental components.

¹⁵ from Gwen Swinburn, Soraya Goga, Fergus Murphy: "Local economic development: a primer developing and implementing local economic development strategies and plans", World Bank, 2006
<http://documents.worldbank.org/curated/en/763491468313739403/Local-economic-development-a-primer-developing-and-implementing-local-economic-development-strategies-and-action-plans>

A local economic development strategic planning process typically has five stages:

Stage 1: Organizing the Effort

To successfully organize a local economic development strategy, institutional arrangements and stakeholder involvement should be agreed at an early stage of the planning process. Successful local economic development requires the collaborative effort of *public* (governmental), *private* (business) and *non-governmental* (NGOs, trade unions, social, civic, religious) sectors.

Local economic development agencies (LEDAs) have the potential for improved coordination and synergy with different governmental and non-governmental entities. A LEDA can provide a more sustainable organizational framework by avoiding interruptions caused by political processes. Public fora, stakeholder committees and city consultation meetings are common tools used to ensure broader participation.

Stage 2: Local Economy Assessment

To elicit key data on the local economy, an effective local economy assessment will start with a preliminary review of the existing economic relationships and activities within an area, and will make use of available quantitative and qualitative information that highlights existing structures and trends in business development, manufacturing, employment, skills, and other data that will help to identify the strategic direction of the local economy.

Stage 3: Strategy Making

As in comprehensive territorial strategic planning, the intent is to achieve an *integrated* approach to local economic development strategic planning. In devising strategy, practitioners in municipal government and principal stakeholder groups will need to balance local economic development with environmental and social needs. A typical LED strategy has a number of components:

ELEMENTS OF THE LED STRATEGY	
Vision	Describes the stakeholders’ consensus on the preferred economic future of the community.
Goals	Based on the overall vision and specify desired outcomes of the economic planning process.
Objectives	Establish the performance standards and target activities for development of each goal. They are time bound and measurable.
Programs	Set out approaches to achieving realistic economic development goals. They are time bound and measurable.

Stage 4: Strategy Implementation

An LED strategy is an overall plan that has short, medium or long-term aims and actions and sets out what is going to be achieved. It will establish an agenda to promote and develop a local community’s economic, physical, social and environmental strengths and will address both challenges and opportunities.

Stage 5: Strategy Review

Although an LED strategy is usually written for a three to eight-year period, the strategy should be reviewed annually to allow for adjustment in response to changing local conditions. A more comprehensive revision usually takes place every three years.

3.2.7 IADB¹⁶

According to IADB, in order to define local economic development it is important to take into account:

- Local development is not only based on municipality, but it has its own socioeconomic delimitation, according to productive and employment links, which may sometimes include parts of the territory of different municipalities or of different provinces, including sometime also cross-border situations.
- Local development is valorization of endogenous resources, but not restricted to them. Many local development initiatives are also based on taking advantage of opportunities for exogenous dynamism. The important thing is to know how to “endogenise” these external opportunities within a development strategy decided by the territorial actors.
- Local development is a territorial and ascending (“bottom-up”) approach, but it must also seek interventions and collaboration from the other decision-making levels of the State (province, region and central level in order to facilitate the achievement of the objectives of local development strategies. Therefore, efficient coordination of the different territorial levels of public administrations and a coherent integrated context of the different development policies between those levels is required. Decisions of a descending nature (from “top-down”) are also important for the local development approach.
- Local development is not limited exclusively to local economic development. It is an integrated approach in which the environmental, cultural, social, institutional and human development aspects of the respective territorial scope must also be considered.
- Finally, competitiveness cannot be based on the reduction of factor prices (reduced salaries and low prices of natural resources), but must be based on a commitment to the superior qualification of human resources and the quality and differentiation of products, as well as in the environmental sustainability of production processes, all elements that create competitive advantages.

IADB emphasises the role of the territory for improving the economic and entrepreneurial performances. Traditionally, the elements of the territorial businesses environment are often left aside, with the main focus on what is called the sectoral environment, which includes only the business's relations with suppliers, competitors and customers. In this way, decisive territorial aspects of the business environment, such as basic infrastructure and equipment, the education and training system for human resources, research and development for innovation (R & D & I) or the legal and regulatory framework, among others, are sometimes left out of the analysis of business competitiveness.

Coordination between companies, institutions and organizations thus extends business and territorial competencies. Non-commercial transactions influence economic relations between organizations, such as reputation, trust and stability of these relationships, their institutional regulations, and the culture that informs the attitudes and behaviour's of economic agents (individualism, opportunism, propensity to cooperation).

Territorial proximity facilitates the development of interdependencies, of a formal and informal nature, between socio-economic and institutional actors, which can generate a specific business dynamic that favours competitiveness.

A fundamental element, according to the IADB, of a local economy is the construction of social capital.

Traditionally, three main forms of capital that have a decisive influence on economic development are considered. It is about human capital, physical capital or productive capital, and natural capital (land, natural resources, energy, water). However, IADB recognized that they only partially explain the process of economic development, since they do not include the way in which the different actors interact with each other and organize themselves to generate growth and development.

For the IADB, SOCIAL CAPITAL are the norms and networks that allow people to act collectively. These include institutions, relationships, attitudes and values that determine the interactions between people, which, in turn, imply the social network that produces benefits for the people who participate in it.

¹⁶ MIF-FOMIN, Francisco Alburquerque&Marco Dini, “Guía de aprendizaje sobre integración productiva y desarrollo económico territorial”, 2008

Quoting Francis Fukuyama (2001), social capital is the capacity that is generated by the dominant presence of trust in a society or in a community. Quoting Robert Putnam (1993), social capital is the “norms of reciprocity”.

The coordination of existing sectoral programs and the search for greater efficiency in institutional coordination are part of this process. To this end, an essentially technical entity (Local Development Agency) can be created and put into operation, responsible for implementing the guidelines agreed upon in a Territorial Forum responsible of setting up the territorial development strategy.

A Territorial Forum is an institutional space in which the different local, public and private actors make agreements on strategic projects and specify commitments and ventures, promoting and building collectively their own vision of the future through a territorial strategy of economic development and local employment. The lack of a forum for dialogue where individuals and companies can express their needs can lead to underlying tensions and neglect of social problems.

A Forum facilitates the identification of areas of conflict, helps to share knowledge and skills at all levels, and enables the dissemination of information among all the people involved in the development process.

The Local Economic Development Agencies (LEDA) are intermediate level agencies, arranged between the different local, public and private social agents, which are the protagonists of the new ways of making productive development policy in the different territories.

This is intended to make available to microenterprises, small and medium-sized enterprises and local production cooperatives, an advanced technical infrastructure that facilitates a set of solutions and services that are difficult for them to achieve independently, given their small size, the small size predisposition to cooperation and the remoteness and inadequacy of the design of promotion instruments promoted from the central level of the State. Local Development Agencies are entities with their own legal and operational autonomy, legally recognized in the field of private law through a legal form that allows the participation of public and private actors. They are non-profit associations whose purpose is to ensure access to business development services, normally designed in a sectoral manner and in charge of different entities or programs.

3. 2.8 SWISSE COOPERATION¹⁷

For Swisse Cooperation territorial economic development is a participatory and inclusive process that involves a range of stakeholders of a defined territory, encompasses the pursuit of economic competitiveness, and has the purpose of fostering economic well-being.

LED is a process, through which:

- economic development is strictly linked with participatory governance;
- competitiveness and economic situation of a territory, together with the other local governance processes contribute to improving life in a specific territory.
- local governance functions and processes are facilitated, since the confidence and the common interests of the local actors;
- development includes, in an integrated way, business growth, and inclusion of women and marginalised groups;
- local political and economic reality are intimately considered as priorities and are set locally and in participatory way

Central actors in LED, for the Swisse Cooperation, are:

Government: the government actors involved are not only providers of services and regulations to build a conducive business environment but can be the facilitators of an overall development process.

The private sector contributes to the prosperity of the territory, for example by engaging and investing and realising innovations.

¹⁷ Suisse Agency for development and cooperation, “Local Economic Development: An overview”, May 2018

The civil society ensures that democratic principles like transparency and participation are upheld and interests of all layers of society are included.

Preconditions for a successful LED process are:

- A basic level of trust and ability to collaborate and agree on some essential things
- Participation of both public and private actors
- Capacity to manage the LED process
- A national LED policy to support territorial processes
- Decentralisation, a capable local government, and democratic principles to allow for inclusive and participative processes

The Swisse cooperation identifies also several challenges to be faced, such as:

- 1) LED projects are often either too focused on strategic public planning or participative bottom up processes. Strategic planning is based on expert analyses and solutions, which might be sensible, but not rooted in local realities, whereas participatory processes come up with good and interesting suggestions but it is often not clear if these are strategic for the long-term development of the region.
- 2) The evidence base for facilitative / participatory approaches has not been systematically established. What results can be generated through locally led participatory processes?
- 3) There is often not a clear overlap between administrative areas and functional economic space, which makes it difficult to locate a project and recruit the right stakeholders.
- 4) Sometime LED initiatives can have conflicts with the wider local government service delivery at the local level.
- 5) There can be a gap between a project focus and targets and what emerges as local priorities in a participatory LED process.
- 6) It is hard to see long-term LED at scale function in crises or failed states.

EXAMPLE OF A SWISSE COOPERATION LED PROJECT

Inclusive territorial economic development in the Muskitia region (2016-2021)

- An integrated approach bringing together the Municipalities, Territorial Councils who hold the property titles granted by the government to the indigenous population, Value Chain Committees, and other relevant players.
- Aims to stimulate shared governance and public private investment strategies in the region and increased productivity and competitiveness of selected sectors.
- Intervention strategy aims at strengthening key players in the institutional set-up, stimulate public-private alliances, support business climate improvement, link the regional priorities to national players and improve their response, etc.
- Strengthens economic inclusiveness and sustainability by focusing on indigenous world view, rules and customs, role of indigenous women, and disaster risk reduction and adaptation to climate change.
- Expected results: Public-private alliances generate 3,000 new jobs and increase the income of 1,500 indigenous families by 10-30%.

2.9 GIZ¹⁸

The underpinning features of the GIZ approach are basically the same of other international agencies:

- Focus on a subnational territory: Local economic potentials and constraints prompt local economic growth as well as job creation and, thus, sustain decentralization efforts.
- Participation: It is imperative to involve all relevant stakeholders (local administrators and legislators, business associations, community organizations and NGOs) at one table in order to achieve long lasting successes in local economic development. If LED becomes a joint effort, it is easier to act in a holistic way, to mobilize resources and access information more widely. The involvement of different actors is also important for trust building as a prerequisite for public-private dialogue.
- Holistic approach: Any territorial economy is shaped by a variety of different aspects, which all impinge on the potential for local employment generation. If these aspects are addressed in an isolated, stand alone manner, one may not be able to remove all growth barriers and unleash the economy's full potential.
- Strategic orientation: In the beginning, LED intervention targets at quick wins in order to create momentum and build trust with the local stakeholders. Any way it should be embedded in a longer-term strategy for sustaining long term competitive and sustainable development.

According to GIZ, Local and Regional Development is not a singular, one-time intervention. In principle, it is a continuous process and does not end at a certain date.

In the experience of the GIZ programs, a demand-driven approach proved to be more successful in that it fostered greater participation and ownership among the Local Authorities (LA) stakeholders. Hence, the **first step** is for the LED process facilitators (see box) to promote the approach to a wide number of LA, and work with those who signify their interest (through a letter of interests or memorandum of understanding) to adopt the approach and to allocate resources for its implementation. In the **second step**, local stakeholders will be organized in the sense that they agree to build their local economy jointly and accept the need for change (through meeting and workshop), and setting a plan of action, establishment of a Expert Group responsible for steering and coordinating the LED activities in the area. The **third step** consists of the conduct of a Rapid Economic Appraisal (REA) for assessing a local area's economic potentials and constraints. It is a rapid survey (conducted within 3-4 days) conducted by field interviewers on a preselected set of interviewees. They are composed of representatives from the business sector and resource persons, which include national government, academic institutions, business membership organizations, NGOs and the like. The results are tabulated and automatically translated into graphs, which are then presented to the local stakeholders during the Validation Workshop. In order to obtain a common understanding of strengths and weaknesses of the local economy and verify the appraisal results, the analysis will be validated by local stakeholders in **step four**. The function of the validation is twofold: first, providing feedback to the appraisal team as to the correctness and conclusiveness of the analysis from the point of view of local stakeholders and, second, making sure that the local groups really own the analysis. Based on this, lines of intervention are identified in an action planning workshop (**stage five**), in which local stakeholders agree on a set of activities to be implemented within the next six months with minimal costs or using only internal funds. It is important for the group to focus on "quick wins" so that the local stakeholders are able to see quantifiable results in a relatively short period, and will be therefore further motivated to support follow-up activities. The interventions seek to overcome constraints or utilize economic potentials of a local economy with a view to generating

¹⁸ From GIZ-BMZ-DTI: "Local and regional economic development (LERD) Toolkit LOCAL AND REGIONAL ECONOMIC DEVELOPMENT (LRED) TOOLKIT. A participatory approach for building sustainable local economies", 2012. <https://www.google.it/url?q=https://www.localizingthesdgs.org/library/147/Local-and-regional-economic-development-LRED-toolkit-A-Participatory-Approach-for-Building-Sustainable-Local-Economies.pdf&sa=U&ved=2ahUKEwj68fS7p6nkAhVtllsKHfqCB5o4ChAWMAV6BAgCEAE&usg=AOvVaw2LrDDaFXHN0XE4FOG4WCnv>

employment and income. Then, implementation starts, the most essential part of any LRED process (**step six**). Essential requirements for successful implementation are:

- a) LED action plan
- b) External coaching
- c) LED Committee
- d) Monitoring of the action plan

The Role of the LED Process Facilitator, according to GIZ

The role of the LED Process Facilitator can be taken by any institution which wants to promote the process. The LED Process Facilitator have the following tasks: • Initiating, overseeing, monitoring and evaluating LED processes • Sequencing and connecting events • Choosing, sequencing, re-sequencing tools and approaches • Bringing in needed support (service providers, advice time etc.) to speed up the achievement of a development objective • Managing execution of tasks in a process • 'Walking through' a group of local/regional stakeholders along a process • Creating trust among stakeholders • Analyzing LED interventions against a framework • Ensuring the flow of information among stakeholders • Knowledge management • Networking and coordinating key players / stakeholders • Helping to link 'players' with 'enablers' • Brokering agreements / transactions between the parties • Monitoring and evaluating the process.

