

LOCAL ECONOMIC DEVELOPMENT

TRAINING MODULE

Introduction to Local Economic Development

13-15 December 2016
Seberang Perai, Malaysia



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INTRODUCTION

Background

The United Nations Secretary General has stressed on the importance of sub national governments role in SDGs, “many of the investments to achieve the sustainable development goals (SDGs) will take place at the sub national level and be led by local authorities”. With 65% of the indicators relevant to local authorities, the effective implementation of Agenda 2030 and SDGs depends on the local ownership and involvement of various stakeholders at local level.

Localization is of particular importance when it comes to the principle of “leaving no one behind” that both the New Urban Agenda and the Agenda 2030 are built on. This principle is a necessary focus as we have learned from the MDGs. While great progress was made, this progress has been unevenly distributed. Hidden under the averages are groups of people, mostly the poorest and most marginalized that have not been properly reached by development efforts.

Local Economic Development (LED) offers local government, the private and not-for-profit sectors, and local communities the opportunity to work together to improve the local economy. It focuses on enhancing competitiveness, increasing sustainable growth and ensuring that growth is inclusive. LED encompasses a range of disciplines including physical planning, economics, and marketing. It also incorporates many local government and private sector functions including environmental planning, business development, infrastructure provision, real estate development and finance.

In order for Local Economic Development (LED) to be effective, we need to identify and consider the community’s economic strengths, weaknesses, opportunities and threats, and agree a shared strategy. LED strategic planning offers communities the opportunity to work together to improve the local economy and enhance competitiveness, thereby encouraging sustainable and inclusive growth. UCLG ASPAC with its DELGOSEA Network, in collaboration with MALA, organized training on LED. The training focused on the improvement of local staff capacity on how to analyze the opportunities on improving local economic in their respective cities/regencies.

This module is one of the key materials to be used as a guideline at the training. It is prepared to response the specific demand of local economic development planning for cities and municipal governments. UCLG ASPAC and its partners within DELGOSEA committed to build local governments capacity in the region on several thematic issues including LED.

Training Objective

- To highlight, explore, and study the possible practices of local economic development in ASEAN.
- To share inspiring experiences and lessons learned of city government on the efforts of its previous experience in localizing MDGs and its way forward in localizing SDGs.
- To analyze challenges and propose possible solutions in improving local economy.
- To understand business enabling environment and/or economic governance index

How to Use the Module

This module is designed to:

1. Provide condensed information on local economic development and the role of local governments. These are contained in section II of this document. It is recommended to read and consider as part of the module the full text of the following documents: The Key Positioning Paper of Local Governments in Local Economic Development by UCLG, Building Community Prosperity through Local Economic Development by FCM, and Financial Local and Regional Governments by Global Task Force.
2. Provide practical exercises that will serve as examples for planning local economic development in their municipalities. These exercises are part of the workshop materials and can be used by individual staff members in their respective municipalities. The module can thus be used as a quick reference tool or as background material for training workshops or brainstorming sessions.

ABOUT LED

Purpose and context

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.

While “economic development” is often confused with economic growth or industrial development, it is generally accepted to be a proactive collaborative process within which there are a multiplicity of efforts that collectively serve to improve economic progress and quality of life as such, economic development can and often does involve a number of stakeholders, government, non-government, community and private sector organizations, focused on a variety of outcomes such as new business start-ups, greater sectoral diversification, job creation, increased productivity, sustainable growth, improved quality of life and so forth.

LED refers to the process in which the local government, or some agency, authority or organization on behalf of the local government, engages to enhance a community's capacity to effect economic progress in both a quantitative and qualitative manner.

The success of a community today depends upon its ability to adapt to the dynamic local, national and international market economy. Strategically planned LED is increasingly used by communities to strengthen the local economic capacity of an area, improve the investment climate, and increase the productivity and competitiveness of local businesses, entrepreneurs and workers. The ability of communities to improve the quality of life, create new economic opportunities and fight poverty depends upon them being able to understand the processes of LED, and act strategically in the changing and increasingly competitive market economy.

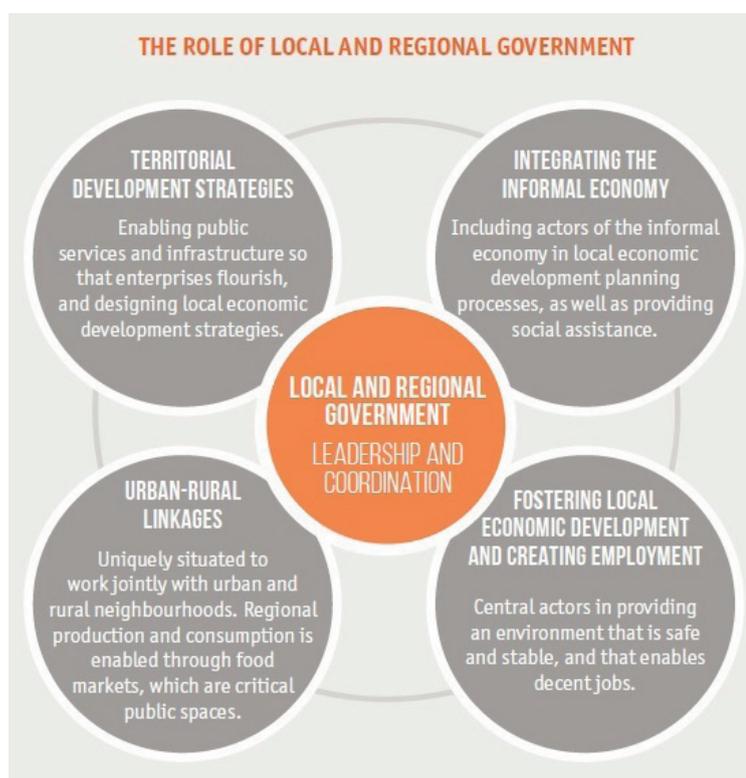
Each community has a unique set of local conditions that either enhance or reduce the potential for local economic development, and it is these conditions that determine the relative advantage of an area in its ability to attract generate and retain investment. A community's economic, social and physical attributes will guide the design of, and approach to, the implementation of a local economic development strategy. To build a strong local economy, good practice proves that each community should undertake a collaborative process to understand the nature and structure of the local economy, and conduct an analysis of the area's strengths, weaknesses, opportunities and threats. This will serve to highlight the key issues and opportunities facing the local economy.

Why local governments matter to economic development

Successful private enterprise and productive public-private partnerships create wealth in local communities. Private enterprise however, requires a positive business enabling environment to deliver prosperity. Municipal government has an essential role in creating a favourable environment for business development and success. By its nature, local economic development is a partnership between the business sector, community interests and municipal government.

The premise of governmental involvement in LED implies that economic development as a government activity must include an effort to encourage private investment in a particular jurisdiction for the purposes of generating or retaining jobs, expanding the tax base and increasing the general level of economic well-being. Local government played pivotal role concerning their position as the front-liner in the development. They can efficiently response to the needs and challenges faced by citizens including in economic development. Their leadership thus can ensure inclusiveness and sustainability towards community wealth-being.

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. However, local governments still need to monitor and coordinate the process particularly to ensure the proportional benefit generated. Their leadership is thus a key factor leading to sustainable economic development.



Source: UCLG Positioning Paper

ASIA PACIFIC LOCAL ECONOMIC DEVELOPMENT (LED) NETWORK BY UCLG ASPAC

A **network** of local governments was established to focus on the efforts of local economic development. The initial members were local governments in South East Asia under DELGOSEA network. The LED Alliance Network aims to expand a broader membership in the Asia and the Pacific region.

The Network has missions as follows:

1. To enhance inclusive LED
2. To build green and sustainable business and local government capacity in promoting SME among the ASEAN countries
3. Strengthening entrepreneurship within Association of South East Asian Nation (ASEAN)

The Network has the objectives:

1. To encourage good governance in the ASEAN
2. To reduce the gender inequality gap in LED
3. To facilitate municipal governments Small and Medium Enterprises (SMEs), and civil society to build networks and partnerships
4. To create ecosystems for SMEs and inclusive LED development
5. To facilitate and mentor the new and existing entrepreneurs to encourage LED
6. To adapt informal rules and regulations to accommodate informal sector, minimizing its negatives while boosting its positive contributions

Characteristics of local economic development (LED)

LED strategies contain the following fundamental elements broadly:

- **Feasibility**
- **Resource Availability**
- **Capacity**
- **Holistic Transparency**
- **Cultural Influences**

Feasibility

The grounds for the formulation of LED strategies are to be based on the need for specified change and the ability of municipalities to exercise their authority to create and implement development plans in relation to municipal environments. National govern-

ments are to be instrumental in facilitating need analyses and guiding the frames for strategy formulation.

Strengths, Weaknesses, Opportunities and Threats' (SWOT) analyses of the physical and economic environment and associated conditions must precede strategy formulation or redesign of respective strategies area requisition to promote increased economic growth levels in cities and the transformation of municipalities to the satisfaction of communities via optimal use of limited resources. SWOT analyses will assure policy formulators of corrective action that is required in the light of weaknesses and threats and will simultaneously enable municipal officials to build on the strengths and opportunities for strategies that are presented in a specified municipal jurisdiction.

Resource Availability

LED strategies are to consider the municipal budgets as determined and allocated by national bodies and the strategy per municipality must be formulated in an integrative manner. Formulation of LED strategies must be developed on the grounds of available funds that will drive the programs and projects attached to each of the municipal strategies. In order for a LED strategy to have a long-term impact, the strategy should be clearly defined during formulation and should be extensively funded during the initial stages until the strategy has the potential to become self-sustaining.

The LED strategy for a municipality should furthermore be envisioned in its entirety, which includes a fully-fledged plan, including detailed programs and projects that are concerned with the implementation and evaluation of each program. This finer detail in a development strategy will allow the commitment of a greater amount of resources in comparison to the former and current detachment of LED programs to an overall strategic plan.

Capacity

Records of core competencies of officials in a municipality are essential in the content of the municipality's LED strategy. Strategies have maintained that objective achievement and effectiveness are dependent on the capacity of municipalities to carry out daily tasks with the required specialized expertise or techniques. It is thus recommended that LED strategies be determined and formulated in relation to the capacity presented in their municipalities. Cities are comprised of various categories of municipalities, differing in structural abilities and capacity. This means that the development of relationships for a municipality with outsourcing; privatized practices as well as private-public partnerships will assist in building stature and building municipal expert backgrounds. It is further recommended that municipal officials undergo training to improve their expertise and

to contribute to effective productivity in primary tasks. Emphasis on capacity is crucial for successful results and to satisfy the expectations of citizens by means of service delivery through strategy implementation.

Transparency

The political system dictates the value of transparency in the formulation of LED strategies. In the present context, municipalities are obligated to and guided in maintaining openness in processes and transparent activity in the light of the concerns of the democratic citizens. Therefore, formulators of the LED strategies must acknowledge that the citizens should remain the foundation of municipal practice throughout the formulation process. Citizens as founding bodies of LED strategy formulation are crucial, in that the citizens are the central evaluators of the end products produced by municipalities during LED planning and strategy formulation.

Cultural Influences

Prior to the formulation of an LED strategy, it would be more effective to consider the social environments that the strategy is expected to affect (i.e. the communities). The communities concerned are comprised of diverse cultures. Cultural clashes can also influence strategic objective achievement and can delay strategies in the latter periods of implementation; if not fully acknowledged and resolved before the formulation process.

LED Enabling Policies

Local economic development is arguably affected by all local government activities. However, local economic development policy is usually defined more narrowly as special activities, undertaken by public or private groups, to promote economic development. The activities labelled “economic development programs” fall into two categories:

1. Providing customized assistance targeted at individual businesses that are thought to provide greater economic development benefits; and
2. Strategic initiatives in which more general tax, spending, and regulatory policies of government are changed to promote local economic development.

Even without these government efforts, local economic development will often occur. However, local economic development programs are argued to increase the quantity or quality of local economic development.

Local economic development is increasingly regarded as a major local government re-

sponsibility. Many believed that “bringing about economic development” is a major responsibility of local governments. The “first priority goal” for local economic development is “increasing jobs located in the city”, increasing the local tax base, and diversifying the local economy.

According to the ICMA survey of local governments, the most common barriers to local economic development include limited availability of land, lack of skilled labor, high land costs, lack of capital and funding, citizen opposition, a limited number of major employers, and traffic congestion. Local government economic development strategies focus on manufacturing industries, retail or service industries, technology and telecommunications, tourism, and warehousing and distribution industries. Among the most common economic development programs supported by local governments are: tax incentives, either citywide or in designated; job training programs customized to the needs of individual firms or industries; community development loan funds for businesses; community development corporations; and microenterprise programs.

Key Elements in LED

Various LED Approaches

- **Public-private partnership approach:** to assess/seize economic comparative advantage
- **Small business approach:** for innovation, private investment and job-creation
- **Regional approach:** leveraging the resources of surrounding areas
- **Sector-cluster approach:** supporting the most promising sectors by bringing together business, educational institutions, NGOs and government

A typical LED project is led by a certain number of basic elements:

Private/public partnership: cooperation between, and the coordination of different development activities deter actors from ineffective go-it-alone approaches while supporting the legitimacy and sustainability of the development process. LED is a means to achieve the effective mobilization of local resources by encouraging investments with the highest rate of socio-economic return. The partnership between private, public and non-profit actors becomes crucial for a sustainable development process allowing the convergence in investment programming between the different local actors.

Participatory decision-making and social dialogue: the involvement of local stakeholders in the process of developing their own territory is a prerequisite for sustainable growth. Bringing local stakeholders around one table through a Local Forum helps to build trust, encourages innovation and promotes the creation of social networks and activities. Most

importantly perhaps, the involvement of stakeholders fosters social cohesion, thereby decreasing the risk of further conflict.

Good practice tells us that LED should always be guided by a strategy. According to the World Bank, a LED strategic planning process has five stages:

Stage 1: Organize the Effort

Stage 2: Conduct a Local Economic Assessment

Stage 3: Develop the LED Strategy (includes vision, goals, objectives, and programs, projects and action plans)

Stage 4: Implement the LED Strategy

Stage 5: Review the LED Strategy

The strategy will define areas of economic opportunity and obstacles to overcome information that will guide the direction of the LED initiative and potential interventions.

LED and the Gender Focus

In the context of led, gender equality means that participation in governance and the economy, as well as access to services, is not negatively influenced by being male or female. Gender equality can drive economic growth and increase productivity. Discrimination against women is economically inefficient, based on strategies that do not build on the skills and contributions of all potential workers.

Taking into account the needs, priorities and opinions of both women and men of the territory, ensuring that both benefit equally from social change and economic growth, and that gender inequalities are eliminated, are all essential for the success of any local economic development (LED) strategy aimed at creating decent work opportunities.

However, in societies where women's participation in public affairs is severely restricted by tradition, economic disadvantage and lower education this is easier said than done.

Obtaining the full participation of women in an LED process will require overcoming deeply entrenched discriminatory attitudes and challenging existing power structures where women enjoy relatively equal access to decision-making structures and resources, the LED approach will serve to strengthen their participation in the private sector, paying greater attention to their needs in terms of business development services (BDS), access to financial resources, association-building, knowledge about rights, rules and regulations, etc. While national policy should provide an enabling environment for gender mainstreaming, it must be accompanied by targeted interventions at the local level. These, if carried out consistently over a certain period of time, generally yield perceptible results.

LED in Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) aim to encourage sustained economic growth by achieving higher levels of productivity and through technological innovation. Promoting policies that encourage entrepreneurship and job creation are key to this, as are effective measures to eradicate forced labour, slavery and human trafficking. With these targets in mind, the goal is to achieve full and productive employment, and decent work, for all women and men by 2030. An integrated approach is crucial for progress across the multiple goals.

The importance of decent work in achieving sustainable development is highlighted by Goal 8 which aims to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”. Below are the targets of Goal 8 “Decent Work and Economic Growth”:

- **8.1** - Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries
- **8.2** - Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
- **8.3** - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
- **8.4** - Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
- **8.5** - By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- **8.6** - By 2020, substantially reduce the proportion of youth not in employment, education or training
- **8.7** - Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms

- **8.8** - Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- **8.9** - By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products
- **8.10** - Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
- **8.a** - Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries
- **8.b** - By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization

Summary of Key Messages

LED is best achieved through a partnership of governmental authorities and agencies, private sector businesses, not-for-profit organizations, and citizen engagement; each partner has an important role to play. The most successful LED organizations take a collaborative approach and supplement their activities through close relationships with other representative groups that can aid or even take on part of the LED effort. LED can be a heavy burden requiring immense dedication and commitment, substantive resources and unique expertise. Pursuing avenues in which that burden can be shared and where synergies can be achieved is critical.

LED is a highly competitive and complex process. Success is not about waiting for something to happen; rather it is about going out and making things happen. To do this effectively requires significant dedication and commitment, a broad and diverse range of experience and expertise, and significant human and financial resources. These characteristics are seldom in a single organization; therefore, broad community collaborations and partnerships are essential pre-requisites to successful LED.

Gender equality can drive economic growth and increase productivity. Transparency and accountability contribute significantly to the effectiveness of LED efforts. When individual citizens and stakeholders know what is happening they are more likely to get involved and support the process. The greater the community commitment to the process, the more effective the effort will be. Transparency requires inclusiveness, open communication and ready access by individual citizens to information on LED efforts. With transparency, accountability is implied.

DETAILED TRAINING PROGRAMS

Training Agenda

Time Schedule	Session Title	Purpose and Objectives	Activities	PIC and Materials
DAY 1 - TUESDAY, 13 DECEMBER 2016				
08.30- 09.00	Registration for ToT participants (30')		<ul style="list-style-type: none"> Participant registration Module distribution 	Organizing Committee (OC)
09.00-10.00	Session 1 (1) Opening and Introduction (30')	<p>Participants expected to:</p> <ul style="list-style-type: none"> The session will provide the course structure to participants Participants will <ul style="list-style-type: none"> Get acquainted and review the course structure Identify the aims of the learning Program Express their expectations from the training workshop The session will match the participant expectation with course objective 	<p>(3) Welcome remarks by UCLG ASPAC and/or Seberang Perai City Government</p> <p>(4) Self Introduction</p> <p>(5) Pre-test</p>	Facilitator: Prof. Saswat Bandhopadhyay
	(2) Introduction to LED (30')	<ul style="list-style-type: none"> The session will focus on the introduction on the concept of Local Economic Development, its key drivers of change, and the related stakeholders Participants will <ul style="list-style-type: none"> know the concept of LED, its key drivers of change understand various related stakeholders in LED 	<p>1.1 Introduction on UCLG ASPAC, DELGOSEA, and LED Networks</p> <p>1.2 Introduction on Local Economic Development</p>	

10.00-10.45	Session 2 LED and the Strategic Planning Process (45')	The session will <ul style="list-style-type: none"> • present the benefits and challenges of economic planning • make the link between strategic planning processes and local economic development • give an overview of the stages of economic • provide an example of strategic planning process of LED in one of ASEAN cities 	<ul style="list-style-type: none"> • Facilitator will present the overview of the stages of economic and strategic planning process (15') • Mr. Vann Khon: Strategic planning in LED Cambodia (10') • Mayor Stephany, Catbalogan: Strategic planning and its example of SMEs & Cooperative (10') • Q&A (10') <p>Speakers will be requested to step forward when it is their turn to speak</p>	Facilitator & speakers <ul style="list-style-type: none"> •Cambodia: Strategic Plan and community involvement •Catbalogan, Phil: Strategic Plan and SMEs & Cooperative
10.45-11.00	Tea Break			
11.00-12.00	Session 3 Organizing the Effort and Related Stakeholders (60')	The session will provide the sharing of success story in organizing the LED efforts and related stakeholders in various forms such as: <ul style="list-style-type: none"> • Public Markets • Informal Economies • Solid Waste Management as a business case • Public Private Partnership 	Panel Session will provide its good practices: <ul style="list-style-type: none"> • Mayor Alfelor-Gazmen, Iriga City, will share its public market (10') • Mr. Ahyani, Surakarta, will share its Informal economies and street vendor relocation efforts (10') • Mr. Surachai, Phangkong, will share its Solid Waste Management practices as a business case (10') • Ms. Nguyễn Thị Kim Sơn, Hanoi, Vietnam, will share its Public Private Partnership (10') <p>Q&A (20')</p>	Facilitator & speakers <ul style="list-style-type: none"> ○ Iriga City, Phil: Public Markets ○ Surakarta, Indo : Street Vendor Relocation ○ Phangkong, Thai: SWM ○ Hanoi, Vietnam: Public Private Partnership
12.00-13.00	Lunch			
13.00-14.00	Session 4 Business Enabling Environment / Economic Governance Index (60')	<ul style="list-style-type: none"> • The session will provide the governance aspect of LED and its applications • Participants will <ul style="list-style-type: none"> ○ Understand the main elements of local economic governance 	Mr. Endi Jaweng will share the economic governance index as a part of enabling environment of LED	Mr. Endi Jaweng

14.00-15.30	Session 5 (1) Organizing the Effort and Related Stakeholders (90')	Group Exercise on Organizing the effort of LED	<ul style="list-style-type: none"> Participants will discuss in groups on how to Organize the LED Effort on the following thematic issues <ul style="list-style-type: none"> Public Private Partnership Small Medium Enterprises Public Markets Informal Economies Solid Waste Management as a business case 	Facilitators
15.30-15.45	Tea Break			
15.45-17.30	Session 5 (2) TOT Group (105')	Preparations for Day 2	Group will prepare their presentation on Day 2	Facilitators
DAY 2 - WEDNESDAY, 14 DECEMBER 2016				
08.30 – 09.00	Registration for training participants (30')		<ul style="list-style-type: none"> Participant registration Module distribution 	Organizing Committee (OC)
09.00 – 09.15	Opening Speech (15')	<p>Welcoming remarks</p> <ul style="list-style-type: none"> Mayor of Seberang Perai City Government & President of MALA (Malaysian Association of Local Authorities) 	Welcoming remarks by Dato' Maimunah Mohd Sharif	Facilitator
09.15 – 09.25	Opening Remarks (10')	<p>Opening remarks by DELGOSEA Network</p> <ul style="list-style-type: none"> Secretary General of UCLG ASPAC (United Cities and Local Governments Asia Pacific) 	Opening remarks Dr. Bernadia Irawati Tjandradewi	Facilitator
09.25-10.30	Session 6 Introduction to LED (50') Q&A (15')	<ul style="list-style-type: none"> Participants of Day 1, assisted with facilitator will provide recap on: <ul style="list-style-type: none"> Introduction on LED and Strategic Planning Process Organizing the Effort Data needs for LED Assessment Participant will be able to: <ul style="list-style-type: none"> clarify their understanding on the introduction on LED 	<ul style="list-style-type: none"> Welcome Self Introduction Workshop context and objectives TOT participants will deliver presentation and facilitate Q&A Resource persons from Day 1 will assist in further clarification (if needed) 	Facilitator Selected ToT participant from Day 1

10.30-10.45	Tea Break			
10.45-12.15	Session 7 (1) The Global and National Context for LED (30')	<ul style="list-style-type: none"> The session will provide context for South East Asian countries and the global agenda of LED Participant will <ul style="list-style-type: none"> understand the global and national context for local economic development understand the importance role of local governments in LED 	Panel Session will give short talk on: <ul style="list-style-type: none"> Dr. Bernadia I.Tjandradewi, Secretary General of UCLG ASPAC on Global Context for LED (10') Pashim Tewari, Technical Director of AILSG on the importance roles of local governments in LED through the experience of Indian Cities (10'). 	Facilitator (Recap presentation)
	(2) Business Enabling Environment / Economic Governance Index (60')	<ul style="list-style-type: none"> The session will provide the governance aspect of LED and its applications Participants will understand the main elements of local economic governance 	A presentation will be provided on Business Enabling Environment and the case in cities in Indonesia: <ul style="list-style-type: none"> Mr. Endi Jaweng, Executive Director of KPPOD, Indonesia (30') An exercise on Economic Governance Index will be distributed to participants (30')	
12.15-13.15	Lunch			
13.15 – 14.15	Session 8 Learning on Best Practices, DELGOSEA, and LED Network (60')	The session will provide sharing on knowledge on several best practices on LED from DELGOSEA network and the engagement with LED network in various forms such as: <ul style="list-style-type: none"> Public Markets Informal Economies Solid Waste Management as a business case Public Private Partnership 	Panel Session will provide its good practices: <ul style="list-style-type: none"> Mayor Alfelor-Gazmen, Iriga City, will share its public market (10') Mr. Ahyani, Surakarta, will share its Informal economies and street vendor relocation efforts (10') Mr. Surachai, Phangkon, will share its Solid Waste Management practices as a business case (10') Ms.Nguyễn Thị Kim Sơn, Hanoi, Vietnam, will share its Public Private Partnership (10') Q&A (20')	Facilitator & speakers <ul style="list-style-type: none"> Iriga City, Phil: Public Markets Surakarta, Indo : Street Vendor Relocation Phangkhon, Thai: SWM Hanoi, Vietnam: Public Private Partnership

11.30 – 12.15	Session 12			Facilitators
	(1) Evaluation and Feed backs (15')	Participant will provide a feedback and join a post-test evaluation		
	(2) Training Wrap Up (15')	Wrap up and conclusion by the facilitator		
	(3) Closing Remarks (15')	Closing Remarks Ms. Atik Kumala Dewi, UCLG ASPAC Dato' Maimunah Mohd. Sharif (tbc)	Concluding Remarks by <ul style="list-style-type: none"> • DELGOSEA / UCLG ASPAC • MALA 	
(4) Group Photos (15')	Group photos			

Training session 1: Introduction and Training Objectives



In our global environment today, successful and economically vibrant communities depend upon being able to adapt to fast-changing national and international market forces. Yet many local governments still have a complex web of business regulations, permitting procedures, land management practices and outdated infrastructure which inhibit the ability of businesses in their communities to respond to new market opportunities. In addition to stifling local government regulations, many small businesses have limited business planning and management skills, poor access to markets and market knowledge, and almost no capital for investment. Individuals often lack experience in taking personal initiative and they neither see, nor know how to seize, opportunities. LED is a process that brings together resources from within and outside the community to address these challenges and to promote economic growth in a systematic and organized manner at the local level. LED does not just happen; a local community needs to research its own economic strengths, agree upon a common strategy and organize itself to implement the strategy.

Objectives

- To introduce the concept of local economic development to government officials as well as local associations
- To share inspiring experiences and lessons learned of city government on the efforts of its previous experiences in working for local economic development
- To analyze challenges and propose possible solutions in improving local economy of cities

Training Session 2: LED and Strategic Process



To know and understand different tools needed for local economic development

The situational context in which communities around the world undertake local economic development today is unlike anything we have ever witnessed. It is incredibly dynamic and volatile with the convergence of technology, globalization, changing societal trends and increased stakeholder pressures. In order to not only cope but thrive in this context, communities must be proactive and have a willingness to both adopt change and lead it. The use of strategic planning in economic development reflects the increased sophistication of such endeavors and the need to ensure that the end product is what is wanted and desired. Strategic planning is an important step in assuring that investments in LED efforts use precious local resources (dollars and time) effectively and efficiently. Clearly, without a proper understanding of strategic planning no LED effort will ever be all it can possibly be. This chapter explores strategic planning from the perspective of where it fits in the broader local government framework. It includes a discussion of the breadth and logic of strategic planning, priority setting, the delineation of realistic goals, objectives and tactics, and change management (i.e., moving from “dreams” to realistic and sustainable “outcomes”). Finally, within this chapter the discussion explores the methods (public, public-private and private) by which LED efforts are pursued, and why/how these systems of governance are chosen, introduced, managed and assessed.

Local economic development planning does not typically occur in isolation from other municipal planning efforts. Neither does it typically occur outside the broader, longer-term, multidimensional interests of the community at large.

In practice planning for local economic development is usually one of several planning exercises that take place within a community, albeit an important one. Each planning exercise works in concert with the other. Each is usually guided by, or under the aegis of a comprehensive community plan, which is a long-range general development plan of 10 to 20 years encompassing the physical, social, environmental and economic development of a municipality. Such community development plans are used to direct public and private development efforts but are not a detailed blueprint. Instead they focus on the main issues concerning municipal development and steer the content and implementation of more specific subsidiary plans such as annual department plans, site plans, LED plans, land use plans and so on. Properly undertaken, the LED planning process strengthens cooperation between the different departments or responsibilities of local government, and promotes aligned and integrated planning between them.

Strategic Planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what a community or region is, what it does, and why it does it. At its best, strategic planning requires broad-scale yet effective information gathering, clarification of the mission to be pursued and issues to be addressed along the way, development and exploration of strategic alternatives, and an emphasis on the future implications of present decisions. Strategic planning can facilitate communication and participation, accommodate divergent interests and values, foster wise and reasonably analytical decision making, and promote successful implementation and accountability.

Broadly speaking, careful and comprehensive planning together with committed and focused action needs to take place concurrently in order to successfully preserve and enhance economic circumstances and quality of life. On a conceptual basis this implies the engagement of key stakeholders, an adequate understanding and assessment of the context of local development, the establishment of relevant and realistic goals and objectives, and the pursuit of change. On an operational basis this means effectively managing the pressures and character of growth or its absence, recognizing and building on essential local competitive strengths, and moderating and/or ameliorating local barriers to sustainable development. Because planning is less about future decisions than about the future impact and consequences of present-day decisions, all such efforts must be undertaken in a manner that does not limit or hinder efforts to move forward or compromise the ability of future generations to meet their own needs. A variety of planning modalities exist upon which local economic development efforts are organized, though some modalities are naturally better suited to the task than others. Consider by way of example two of the more typical LED planning modalities: long-range or long term planning and strategic planning.

COMPARISON OF LONG RANGE PLANNING AND STRATEGIC PLANNING

Long Range Planning	Strategic Planning
<ul style="list-style-type: none"> ■ Views future as predictable. ■ Views planning as a periodic process. ■ Assumes current trends will continue. ■ Assumes a most likely future and emphasizes working backward to map out a year-by-year sequence of events necessary to achieve it. 	<ul style="list-style-type: none"> ■ Views future as unpredictable. ■ Views planning as a continuous process. ■ Expects new trends, changes and surprises. ■ Considers a range of possible futures and emphasizes the development of alternative strategies based on a current assessment of the community and its environment.

Source: Strategic Planning Introduction for Boards. Ron Hayes, Centre for Professional Excellence, Oct. 2009.

BENEFITS AND CHALLENGES OF STRATEGIC PLANNING FOR LED

Benefits of Using Strategic Planning to Guide LED

A STRATEGIC PLANNING PROCESS:

- Provides an opportunity for citizen/stakeholder participation, resulting in community-wide shared understanding and commitment to LED priorities and direction;
- Serves as a bridge between local authorities and the broader community;
- Builds and improves local leadership;
- Promotes transparency, accountability and good governance;
- Reflects local area interests and economic realities;
- Provides a high level of credibility;
- Develops results-oriented action plans with targets, timelines, roles, responsibilities and budgets;
- Provides opportunities for cooperation and partnerships;
- Allows for ready monitoring, evaluation and adjustment of strategies to reflect changing conditions;
- Enables communities to better manage and shape their futures.

Challenges Posed in Utilizing Strategic Planning for LED

STRATEGIC PLANNING:

- Requires strong leadership, vision and motivation to start, plus strong skills in group facilitation, communication and information management to keep moving forward;
- Puts constraints on timing, budgets, skills and capacity to develop the plan;
- Implies difficulties when bringing the diversity of local area interests together;
- Requires practicality in setting realistic objectives, common priorities and achievable actions;
- Necessitates integrating economic planning objectives with other local area objectives, including sorting out issues of jurisdiction;
- Implies sufficient commitment and resources to follow through and implement the plan and spending the time required to build partnerships;
- Requires a well thought out and conscientious commitment to a change management strategy.

Source: LED Principles and Practices, FCM, 2014

In summary, the increasing use of strategic planning in LED reflects not just the increased sophistication of the endeavour (i.e. the dynamic interplay of economic development factors and situations) but more importantly the value of the methodology. A strategic plan for economic development provides a rational, consistent and defensible basis for determining which economic development opportunities to pursue; when, why and how to pursue them; and, most critically, which economic opportunities to decline.

Training Session 3: Organizing the effort and related Stakeholders



It is important to have substantive stakeholder input and involvement if we are to properly design and develop a local economic development strategy and then begin implementing it effectively. Such an active and open process of stakeholder engagement is a central theme in defining the enabling environment. To this end stakeholder engagement needs to be broad and deep; equal and equitable; and, organized early. The involvement and collaborative efforts of the public (government and governmental agencies), business (private sector) and non-government or nonprofit (civil society) sectors in the community are essential to the process: each group of stakeholders brings its unique skills and resources to the process and, significantly, each has a role to play in representing the best interests of all. Establishing working relationships and structures that fully engage these stakeholders in the process will also build trust and lead to beneficial long-term, formal public/private/non-governmental partnerships to further facilitate and build the effort.

LED TYPICAL STAKEHOLDERS²³

Public/ Government	Private (business)	Non-Governmental and Civil Society
<ul style="list-style-type: none">■ Elected officials.²⁴■ Local government, including all operational departments.■ District/regional and national government departments and agencies, especially those charged with specific responsibility for economic development planning and implementation.■ Other government authorities and agencies, such as regulatory bodies.■ Universities, colleges and institutions of research and higher learning.	<ul style="list-style-type: none">■ Large corporations and enterprises.■ Small, medium and micro-scale enterprises including individual entrepreneurs.■ Industrial, commercial and residential land/real estate developers.■ Banks, credit unions and other financial institutions.■ Business development and support agencies, councils and intermediaries,²⁵ including but not limited to business centres and development authorities, sector specific agencies and authorities (e.g. tourism, high-tech, clusters/associations).■ Chambers of commerce and other business associations.	<ul style="list-style-type: none">■ Neighbourhood and community service organizations.■ Local schools and clubs.■ Organizations and associations representing special community interests such as youth, minorities, the disabled and other disadvantaged or marginalized citizens.■ Organizations or associations focused on specific LED issues (e.g. environmental sustainability, gender equality, etc.).■ Trade unions and other professional associations.

Training Session 4: Business Enabling Environment/ Economic Governance Index



Enabling Environment Assessment tool

Objective:

To assess the operational constraints in the enabling environment supporting the operations and development of the local economy

Approach: An important part of rapid assessment of economic governance is the clear documentation of local economic management systems and arrangements. One of the greatest obstacles to business development in Asian cities is unraveling the complexity of local plans, laws, regulations, and decision and approval processes. For example, the permit system for land use approval and tax benefit relief in some Asian countries and cities can take as long as 3 years to complete, and is a major disincentive to foreign investors.

There is a range of rapid assessment tools available to evaluate the economic management of cities. The Asia Foundation has developed specialized tools applied in Bangladesh to analyze local business environments, measure the quality of local economic governance, assess progress through a set of quantitative and qualitative indicators, and support policy reforms. Local economic governance indexes (EGIs) (see the 10 indicators below), developed in collaboration with local and international partners, are one of these tools (Asia Foundation 2010). As stated in its website: Economic governance indexes (EGI) rank localities (provinces, states, districts) on factors that impact private sector development. They allow local governments, communities, the private sector, and nongovernmental organizations to see how localities compare in terms of economic governance, where they can improve, and issues that can be addressed through reform and advocacy. EGIs are constructed from surveys of local business and data from published sources to demonstrate a clear link between good economic governance and the quality of the local business climate.

Training Session 5: LED Strategic Planning Process and Assessment



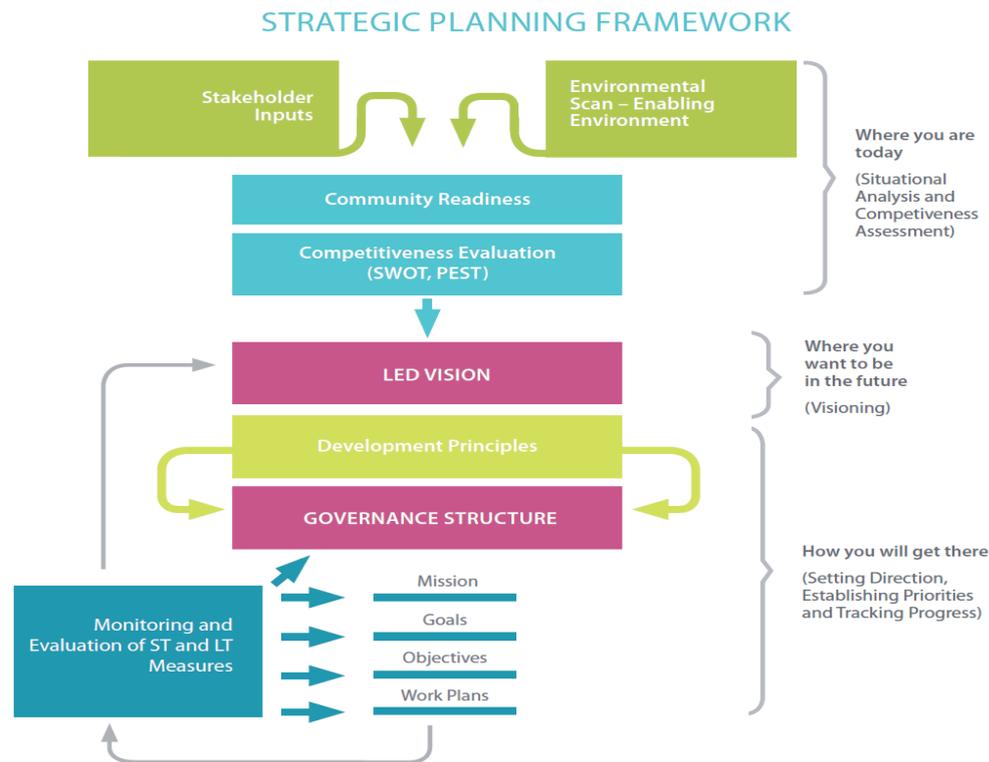
Components of a LED Strategy

- Expanding employment opportunities
- Strengthening local tax base
- Preserving cultural heritage
- Sustaining the environment
- Creating vocational education opportunities
- Mobilizing civic and business leaders
- Strengthening political leadership and stability at the local and regional level
- Promoting economic opportunities in regions outside the capital
- Improving the business climate
- Increasing private investment
- Reducing poverty through MSME development

Feedback on the LED strategy should be encouraged and practically taken into consideration. In communities where stakeholder participation has been particularly limited, the strategy document should be developed in draft format and used as the basis for further consultation before finalizing the LED strategy. The municipality should ensure that an effective communications plan has been agreed and is in place prior to embarking on the implementation stage.

LED adopts a Five Stage Strategic Planning Process:

- **Stage 1: Organize the Effort**
- **Stage 2: Conduct a Local Economic Assessment**
- **Stage 3: Develop the LED Strategy (includes vision, goals, objectives, and programs, projects and action plans)**
- **Stage 4: Implement the LED Strategy**
- **Stage 5: Review the LED Strategy**



Source : LED Principles and Practices, FCM, 2014

The strategy will define areas of economic opportunity and obstacles to overcome information that will guide the direction of the LED initiative and potential interventions.

- **Step 1: Prepare an overall LED Strategy Implementation Plan for all Programs and Projects.**
- **Step 2: Prepare Individual Project Action Plans.**
- **Step 3: Build Institutional Frameworks for LED Implementation and Monitoring.**
- **Step 4: Ensure Relevant Inputs are available.**
- **Step 5: Carry out Tasks in Project Action Plans.**

Preparation of Implementation Plan for all Programs and Projects

Once the LED programs and projects have been selected, implementation planning begins. Strategy implementation is driven by a broad Implementation Plan, which in turn is driven by individual Project Action Plans. The Implementation Plan lays out the budgetary, human resource, institutional and procedural implications of implementing an LED Strategy. It is thus the point of integration of all projects and programs within an LED Strategy.

Training Session 6: Global and National Context of LED



Local Economic Development Case Examples

Tourism development in Ghana central region & cities of cape coast and Elmina:

Between 1993-2001, USAID provided substantial project support to a tourism based, local economic development initiative in the central region of Ghana; rehabilitation of world heritage monuments inclusive of a new museum; development of Ghana's newest national park; inclusive of a visitors center and canopy walkway; strengthening of the central region hoteliers association and formation of a Ghana heritage conservation trust (GHCT) to sustain these improvements.

Cluster driven growth in Indonesia: Many regions in Indonesia fail to develop primarily because they are inadequately connected to the mainstream economy. Rural areas with weak links to urban areas are handicapped in competing in regional, national and international markets. This undermines motivation to produce, invest, raise productivity, diversify production, or engage in new activities.

The currency devaluation and increasing international prices of some key agricultural commodities have led to dramatic increases in unemployment and poverty. The full effects of the economic crisis on the distribution of economic growth and poverty have not been fully understood. But the Indonesian Government has tried to document them more fully and, with the support of UNDP and UNCHS, has attempted to look at alternative policy options to strengthen rural-urban linkages to better integrate rural areas into overall social and economic development programs.

National LED Initiative in El Salvador: UNDP's Capacity 21 program began working in El Salvador in 1996 under the name Nation 21. Its focus is local development and employment generation, water, territorial administration and social integration. Strengthening local government through decentralization has also been emphasized and the country's universities have been recruited to provide technical assistance.

Nation 21 promotes joint resolution of local problems by the state, civil society, the business sector and the international community. The overall approach is to facilitate joint action, provide financial and technical resources to local development and animate local economies. Program goals include promotion of improved community participation and coordination, technical analysis to support participatory planning at the local level, overall support to the decentralization process and links to national development policy and strategies.

Training Session 7: Local Economy Assessment



Local Economy assessment is an assessment of a local areas internal capabilities and external opportunities. LEA is also an important tool to collect and collate strategic information on local economy.

The local economy assessment can provide those devising LED strategy with information and data to examine and forecast key factors that drive and affect the local economy, identify local economy strengths, weaknesses, opportunities and threats. LEA is also a detailed inventory and analysis of the community's assets and liabilities. It contains information that provides an overview of national, regional and local economic developments and trends. It seeks to collect and collate information to determine a community's assets and liabilities, and measure the competitive situation of the community.

LEA assists those in the LED decision-making process to determine the direction and possibilities of the LED strategy. It contains information that provides an overview of national, regional and local economic developments and trends to establish a framework for LED strategy development. It seeks to establish baseline information that allows the community to measure what has changed as a result of LED program and projects. It highlights the need for good quality

local economic and labor market information. The local economy assessment provides the information upon which a strong SWOT analysis can be developed.

A broad range of approaches can be used to obtain information for the local economy assessment.

- Quantitative and qualitative information.
- Desk-based research.
- Labor market analysis.
- Statistical data analysis (national, regional, local).
- Questionnaires and surveys (local business enabling environment and business attitude surveys)
- Structured/unstructured interviews and focus groups (face-to-face, group discussions).

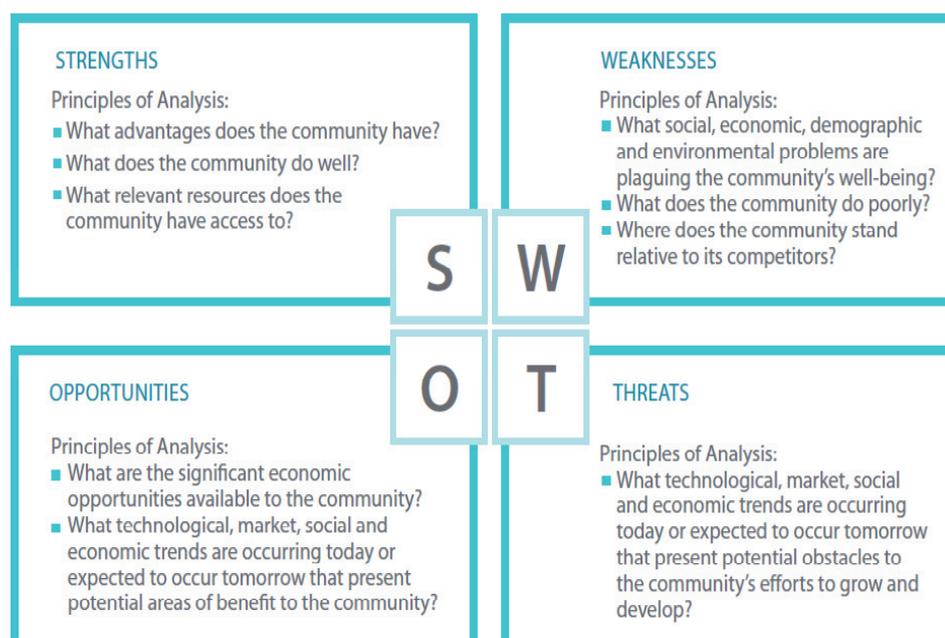
Training Session 8: SWOT Analysis



A SWOT analysis is a process by which a community's competitive advantage is determined. SWOT is an acronym for strengths, weaknesses, opportunities and threats. A community's competitive position is a function of the internal and external factors that make up the SWOT analysis. SWOT analysis is a well-established analytical method used for strategic planning. As a first-cut rapid assessment technique, it is useful in identifying priority issues; however, it does not provide sufficient depth of information about important linkages and relationships that occur in the mix and flow of capital stocks.

In practical terms, SWOT⁵⁴ analysis involves the collection and assessment of a broad and diverse array of socio-economic information and the subsequent classification of this information into four broad categories: strengths and weaknesses (internal aspects of the municipality) and opportunities and threats (external situational factors). Strengths and opportunities are the foundation for building a municipality's competitive advantage while weaknesses and threats are perceived as hindering or impeding it. By understanding these four aspects of local circumstance LED planning efforts can be better organized to leverage strengths, correct weaknesses, capitalize on opportunities and deter potential threats.

PRINCIPLES FOR UNDERTAKING A SWOT ANALYSIS



Source : FCM Handbook

While SWOT analyses should be guided by and facilitated by someone properly versed in the exercise, SWOTs should not be undertaken in isolation from community perceptions and perspectives. Citizen and stakeholder participation in the competitiveness assessment exercise is critical. Participation must be inclusive, engaged and empowering. In most cases this will mean steering committee meetings, focus group discussions, open forums and one-on-one dialogue with key stakeholders. This may also mean public forums, surveys and the like.

The other information including the collection and analysis of various published materials (reports, surveys, investigations and analyses) which provide insight into the enabling environment (environmental scans) and community readiness. The critical output of SWOT analysis is a summary chart of competitiveness factors (a format for which is shown below together with some possible examples. This summary analysis provides the foundation from which the community's vision, mission, directions and priorities (goals, objectives and actions) are prepared.

SWOT SUMMARY OF COMPETITIVENESS FACTORS – AN EXAMPLE				
	Internal		External	
	Strengths (Positives)	Weaknesses (Challenges)	Opportunities	Threats
Demographic	- Population distribution shows a growing proportion of young families.	- Gender inequalities deter LED potential. ⁵⁵	- There is a significant in-migration of skilled workers into the community.	
Economic	- There are numerous business service providers in the community. - Entrepreneurs have ready access to capital within the community.	- The female participation rate is lower than the national average.	- An increased emphasis on Global Value Chains in food production will open up new sub-contracting opportunities for distribution.	- Access to European markets is limited by the absence of a free trade agreement.
Social	- New recreational facilities and new cultural centre just opened.	- Students must complete their University education outside community.		- New national laws make it difficult for NGOs to register.
Environmental	- Environmental sustainability is a key LED theme.	- The community does not have a waste management plan.		- New national environmental regulations prohibit using coal as a fuel source for industry.
Infrastructure	- New rail line to service industrial park completed.	- Local roads are in need of repair. - Water supply to outlying areas has limited capacity for expansion.	- New national program to support municipal infrastructure upgrades announced.	
Financial	- Local government approves five year core funding for LED.	- Business incubator program fails to attract venture capital partner.	- There is an increase in LED programming on a national level.	
Community Readiness Assets	- Municipality announces introduction of BIA to support local businesses.	- It is difficult to engage local citizens in LED planning.		

Source : LED Principles and Practices, FCM 2014

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www.makingcitieswork.org: Step-by-step guides, 'Emerge to Compete' (LED partnerships & strategies) and 'Municipal Economic Development' (LED terms & tools).

www.undp.org: Richest collection of worldwide LED project descriptions, easily and quickly accessed by entering "Local Economic Development" in the SEARCH box.

www.iedconline.org : International Economic Development Council (IEDC) is the leading professional development organization for economic development practitioners.



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