Local Economic Development for
Sustainable Territorial Development

A side event of the
7th Session of the Open Working
Group on Sustainable Development Goals

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Side Event – Summary and Conclusions

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Organized by:

- Andalusian Fund of Municipalities for International Solidarity (FAMSI)
- Federation of Canadian Municipalities (FCM)
- Global Fund for Cities Development (FMDV)
- International Labor Organization (ILO)
- ITAIPU Binacional

- Regions United/FOGAR
- United Cities and Local Governments (UCLG)
- United Nations Development Programme (UNDP)
- United Nations Capital Development Fund (UNCDF)
- United Nations Entity for Gender Equality and the Empowerment of Women (UNWOMEN)

Context

Deliberations on sustainable cities and human settlements in the penultimate session of the Open Working Group on Sustainable Development Goals (SDGs) mark one step closer toward the definition of a new global development vision—the Post 2015 Development Agenda—seeking to create the "future we want". Cities and human settlements have emerged as critical spaces where both development challenges and opportunities will manifest most acutely after 2015. Parallel trends of globalization, urbanization, and decentralization have brought local and regional governments and broader *governance* actors to the fore in proposed approaches and responses. While local economic development (LED) is rooted in a decades-long history of theory and practice in both developed and developing countries, never has there been a more pressing demand to fully explore and understand different models of LED and scale up best practices. This is reflected in growing international interest in LED. The 6th Commonwealth Local Governance Conference (CLGF) resulted in the 2011 Cardiff Consensus for LED, identifying LED as a key concern for local governments. In the same year, the 1st World Forum of Local Development Agencies in Seville raised attention to the need to better link local, sub-national, and national governments and advance territorial development strategies. In 2013, the 7th CLGF Conference took aim at influencing the post 2015 agenda in producing the Kampala Declaration on Developmental Local Government and the Munyonyo Statement on local government's role in the post-2015 development agenda. The 2nd World Forum of LED followed in the same year in Foz de Iguaçu, generating unprecedented exposure and global dialogue around LED and proposals for a more permanent global coordinating mechanism on LED. Concurrent with the 7th session of the Open Working Group on the SDGs, this side-event builds on these precedents providing local, regional and as well as national authorities a space to share their views on integrating LED concerns in the post-2015 process.

Overview of Speeches/Presentations

The opening session of the side event convened in the One UN New York Hotel on Wednesday, December 8th, with speeches and presentations on LED organized around the theme **"Creating the Necessary Political and Policy Clout for Sustainable Territorial Development".** In the keynote address by the **Hon. Akwasi Oppong Fosu**, **Minister for Local Government and Rural Development of Ghana**, the importance of LED for the global development agenda was recognized. Mr. Oppong Fosu shared an example of effective LED in the Kumbo Municipality that boosted job creation, household incomes, and public revenue. He encouraged the side-event participants to consider how to clearly conceptualize LED, what institutional arrangements are necessary for LED management, how to promote LED as a national development agenda, and funding modalities. Speaking next, the **Hon. Adolf Mwesige**, **Minister of Local Government, Uganda/Vice Chairperson Commonwealth Local Government Forum (CLGF),** recommended that the SDG's include a strong goal on LED to cover economic growth, employment

generation, and livelihoods. The goal, he said, should be 'localized' with local LED targets that are set, implemented and monitored by local governments with oversight and support from ministries responsible for local government.

The regional perspective was strongly present in the side-event. **Mr. Jean-Paul Bachy, President of the Regional Council of Champagne-Ardenne, President of the International Commission of the Association of French Regions**, stressed that LED is first and foremost about employment creation and called for stronger partnerships with the private sector, especially in their capacity to innovate. Furthermore, he highlighted that cities cannot be conceived of in isolation, and stressed the role of regional-level governance in coordinating urban, peri-urban, and rural policy responses. This regional perspective was echoed by **Mr. Andrew Davis, Delegate of Catalunya in the United States and representative of ORU-FOGAR**, who stressed that cities are not isolated spaces but part of broader territories with which they establish economic, social, political, and environmental interactions. He called for a stand-alone urban SDG and the mainstreaming of an overall territorial and urban approach across the SDG's using reliable and disaggregated indicators. The fourth speaker, **Mr. Ignacio Caraballo**, **President of the Provincial Council of Huelva, Spain, President of the Working Group on Economic Development of United Cities and Local Governments (UCLG) and President of the Andalusian Fund of Municipalities for International Solidarity (FAMSI)**, highlighted the significance of the 1st World Forum of Local Development Agencies and the 2nd World Forum of LED for which FAMSI played a key supporting role. He mentioned the networks' experience, as the AL-LAS project, in which Latin American cities and European networks highlight the international action of local governments. He called on the United Nations to play a more relevant role in pressing governments to adopt egalitarian economic policies and foster an enabling environment for LED. Sharing outcomes from a side event earlier in the week, **Mr. Tomonori Sudo, Ph.D., Advisor, Japan International Cooperation Agency (JICA)** presented Japan's Future Cities Initiative and JICA's work on sustainable urban development.

Successful LED models were also presented by sub-national authorities. **Mr. Ander Caballero, Delegate of the Basque Country to the United States,** shared the experience of the Basque Country, underscoring its governance framework that enables it to collect, manage, and regulate its own taxes which has allowed it to achieve high levels of sustainable territorial development. The final speaker of the opening session, **Mr. Henrik Kool, Vice Mayor of the Hague,** shared experiences from the Hague in tackling youth unemployment and social exclusion through enterprise development and improving the business climate for organizations in the security sector. He underscored the role of sustainable cities as engines of growth and innovation in the post-2015 development context.

Finally, the closing remarks by **Ms. Emilia Saiz, World Secretariat of United Cities and Local Governments (UCLG)** and **Mr. Kodjo Mensah-Abrampa, Local Governance Policy Advisor, UNDP**, highlighted the importance of continued collaboration between UN partners, (associations of) local authorities and national authorities to ensure that LED and other sub-national priorities are prominently reflected in the post-2015 agenda.

For the evening session on **"LED as a Methodology and Tool for Sustainable Transformation"**, the side event re-convened in the North Lawn Building of the United Nations Secretariat, under the moderation of **Ms. Begoña Lasagabaster, UN Women Chief of Leadership and Governance.** The need to fully integrate women's rights and gender equality into the LED approach was stressed in the opening of the session by Ms. Lasagabaster, who also shared the experience of the joint UN Women/UNCDF programme on Gender Equitable Local Development (GELD). **Mr. Patrick Keuleers, Director a.i., Democratic Governance Group, UNDP** continued by welcoming the panelists and acknowledging the importance of fora like this one for discussing concrete policies, initiatives, and tools on LED. He said that UNDP recognizes the key role of local governments and LED in development and informed the audience of UNDP's new strategy on integrated local governance and local development.

Practical principles to reconcile decentralization processes with LED (such as scaling up LED at the regional level, supporting inter-sectoral linkages, and creating channels to transfer money from national to local levels) were presented by **Ms. Christel Alvergne, UNCDF Deputy Director of the Local Development Finance Practice Area**, based on UNCDF's experience and lessons learned to finance local economic development in in Least Developed Countries in two specific areas: appropriate scale and the importance of urban-rural linkages and the importance of inter-sectorial relations. **Mr. Ronan Dantec, French Senator and Counselor for Nantes**, then followed with reflections on pressing issues facing territories, such as the need for autonomy in areas like energy and food security, and the tendency for cities to compete among themselves instead of focusing on larger territorial and global challenges. For the European Commission's perspective on local authorities, **Ms. Elena Asciutti, Civil Society and Local Authorities Unit, Europe Aid**, stated that decentralization, sustainable urbanization, internal capacity and support to networks of local authorities, through good governance and territorial development, are core elements of the EC's local governance strategy: local authorities need to be considered as co-producers of development, as suggested in the new EC policy document. The **Inter-American Development Bank** contributed to the dialogue represented by, **Mr. Alejandro Pardo**, who explained the LED instruments developed by the IADB which are strongly focused on involving the private sector and employing a multi-sectoral approach in countries such as Brazil and Argentina. Finally, the panel discussion was ended by the local authority **Mr. Geoffrey Makhubo, Vice Mayor of Johannesburg**, with an overview of the challenges and opportunities faced by African local governments and cities, as the informal economy, good governance, inclusive development, and infrastructure, which are key areas of LED. Closing the session, **Mr. Paul Ladd, UNDP Senior Advisor, Post 2015 Secretariat**, provided an overview of the current stage of the elaboration of the post-2015 development framework. He acknowledged that the voice of local authorities has yet to be adequately heard in the political debate within the Open Working Group and stressed the importance for local authorities to actively engage national authorities in order to influence the post-2015 deliberations. Finally, he welcomed side-event participants to take part in the upcoming global consultation on localizing the development agenda facilitated by UNDP.

Conclusions and Way Forward

Local Economic Development for Sustainable Territorial Development
A Side Event of the 7th Session of the Open Working Group on SDG's[1]

New York, 8th January 2014
Making the case for Local Economic Development (LED) in the Post-2015 Global Development Agenda

As member states assembled in the 7th Session of the Open Working Group of the Sustainable Development Goals to discuss sustainable cities, human settlements, and related topics, this side event provided an opportunity for local and national authorities, local and regional government associations, and UN entities to explore how practical country experiences with local economic development (LED) may inform the design of the post-2015 global development agenda. The co-hosts of the side event were the United Nations Development Programme (UNDP), United Nations Entity for Gender Equality and the Empowerment of Women (UNWOMEN), the United Nations Capital Development Fund (UNCDF), the International Labor Organization (ILO), the Andalusian Fund of Municipalities for International Solidarity (FAMSI), the Federation of Canadian Municipalities (FCM), the Global Fund for Cities Development (FMDV), United Cities and Local Governments (UCLG), Regions United/FOGAR, and ITAIPU Binacional. This statement was agreed upon by participants of the meeting and does not necessarily reflect the institutional views of the co-hosting organizations.

Participants acknowledged the growing attention that LED has received at the international level at the 2010 UN Global Forum on Local Development, the 2011 Commonwealth Local Governance Conference that produced the 2011 Cardiff Consensus for Local Economic Development, the 2011 First World Forum of Local Development Agencies, the 2013 Commonwealth Local Governance Conference culminating in the Kampala Declaration on developmental local government and the Munyonyo statement on local government's role in the post-2015 development agenda, and the 2013 Second World Forum of Local Economic Development.

LED as a Means of Implementation of the Post-2015 agenda

Diverse country experiences with LED offer extensive guidance on implementation of the post-2015 global development agenda. While definitions of LED vary broadly, reflecting an evolution of the concept over decades of practice, today it is commonly understood as a strategically planned, locally driven partnership approach aimed at generating sustainable local economic opportunities and quality of life gains through improved economic governance. The notion of 'means of implementation" of the Post-

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[1] To read the statements and presentations made during the 7th Session of the Open Working Group on Sustainable Development Goals, please visit the http://sustainabledevelopment.un.org/

2015 agenda refers to an interdependent mix of financial resources, capacity building, new and existing governance structures, technology development and transfer, national policy frameworks, and other key enabling factors required to implement the new agenda.[2]

Out of the ongoing debate on means of implementation, LED stands out as a proven economic governance toolkit with a large corpus of practical experiences from diverse country contexts geared toward tackling many of the development concerns addressed by the MDGs and the pending post-2015 agenda. Experience with the MDGs showed that local governments are essential actors in providing basic service delivery and achieving goals on poverty, hunger, water, sanitation, education, and health care.

However, the MDGs did not focus enough on developing good governance and institutions, integrating the economic, social, and environmental aspects of sustainable development, and reaching the most excluded people through inclusive growth and job creation.[3] It is in addressing these neglected areas of the MDGs that LED has proved particularly useful, as summarized in the box below.

Critical for implementation of the Post-2015 Agenda, the LED approach:

- ***Integrates social, economic, and environmental dimensions:*** Whereas conventional, often ad-hoc economic development frequently takes place at the expense of the local environment and vulnerable groups, LED calls for strategic, comprehensive territorial planning that prioritizes social and environmental objectives and manages consumption and production patterns.
- ***Provides an effective developmental governance structure:*** LED calls for good governance that harnesses the ingenuity and dynamism of the private sector and the oversight role of civil society. LED experiences worldwide often hinge on innovative territorial governance structures that affirm the need for strong, decentralized local government embedded in strongly coordinated multi-level governance systems.
- ***Focuses on enterprise development and job creation:*** The promotion and support of local businesses has in a sense been the "core business" of LED, including the support for the analysis of product value chains and clusters, the formulation of business plans, and entrepreneurship training.
- ***Prioritizes social inclusion, women's empowerment, and peace and stability:*** LED is essentially about dispersing economic development geographically and generating sustainable economic opportunities for all people, including women, indigenous people, youth, ethnic minorities and other vulnerable groups regardless of where they live. LED has also demonstrated its utility in promoting peace and social reconstruction in the aftermath of conflict by revitalizing economic activities and job creation.
- ***Operates on a functional scale for achieving sustainable development:*** LED promotes territorial-scale development, where a territory is large enough to have sufficient economic resources and institutional capacity to sustain endogenous growth, but small enough for real democratic participation. Territorial development takes into account the strong interdependence among cities, peri-urban, and rural environments.
- ***Facilitates innovative finance:*** LED advocates for strong local governments that, beyond service delivery, fully exercise their mandate to govern, including by steering local economic development and raising local revenue. LED also encourages decentralized cooperation, where local governments in developing countries benefit from technical and financial assistance from local counterparts in developed countries.

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[2] TST Issues Brief: Means of Implementation; Global Partnership for Achieving Sustainable Development

[3] The Report of the High Level Panel of Eminent Persons on the Post-2015 Development Agenda, Executive Summary, United Nations 2013.

LED and the Sustainable Development Goals:

Given the cross-cutting relevance of LED for global development goals, no stand-alone sustainable development goal (SDG) on LED is envisioned. LED concerns may be reflected in the SDGs by mainstreaming the local dimension, where appropriate, across all goals, targets, and indicators. For each SDG, targets could be selected that are relevant both nationally and sub-nationally and that can be monitored using indicators disaggrated by geographic location. This will illuminate a local picture of development, avoiding "the tyranny of averages" that tends to mask stark geographic disparities. Monitoring of the SDGs could then tell us not only whether education, health, and employment improved in any given country but *where* it improved in the country and *for whom*. It is only through tracking disaggregated indicators by territories that we may know the extent to which SDG achievement is shared evenly and by everyone. The mainstreaming of local indicator requirements across the SDGs calls for and will help stimulate a local data revolution that improves the quality of statistics and information at the subnational level. LED concerns may also find expression in a stand-alone goal for cities that stresses integrated planning, urban-rural linkages, and strengthened local decision-making.

The Way Forward:

To further the integration of LED in the post-2015 development agenda, participants agree to:

- Actively participate in the upcoming global consultation on localizing the post-2015 global development agenda facilitated by UNDP through sharing regional and local experiences on the linkages between LED and sustainable development.
- Articulate the importance of LED through initiatives such as the Global Taskforce of Local and Regional Governments for the Post-2015 Development Agenda towards HABITAT III that aims to represent the worldwide municipal and regional movement to build a joint strategy to contribute to the international policy making debates.
- Work towards more effectively coordinating LED policies and initiatives, building on interest galvanized by the First and Second World Forum of LED and preparing for the Third World Forum to be held in Turin, Italy 2015.
- Actively engage national governments in constructive dialogue to make the post 2015 framework and national development agendas responsive to local needs and priorities
- Work towards systematizing results and experiences on LED to enhance information and institutional knowledge sharing among diverse LED stakeholders and partners.