

Urban Economics No. 8

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LOCAL ECONOMIC DEVELOPMENT IN AFRICA

Introduction

The post-independence years in Africa were marked by a centralized, macroeconomic and sectoral public policy management.

This centralized management of public policies resulted in significant inequalities regarding:

- **Income,**
- Access to **housing,**
- Access to **basic services** like water and electricity, health, education, etc.

Centralization resulted in some glaring inefficiencies in the provision of **local services** for several reasons:

- ✓ High cost of local services and lack of financial resources
- ✓ Services poorly adapted to the **preferences** of the local **population** resulting in waste of resources and an **inefficient allocation** which hinders **national development**.
- ✓ On top of being at a **macroeconomic level** and directed from the **central level** downward, these policies were supply-driven, generally timeless, sectoral, delivered locally at neighborhood level and unsustainable from an **intra communal** perspective.

- **Gradually, local concerns became increasingly evident in many African countries.** As,
- 1) The concept of “**local**” took more prominence in **development strategies** with the starting point being the elaboration of strategies that had a **territorial** and **spatial** impact, i.e., what is so-called “LED”.
- 2) Another innovation appeared in development practices in these countries, namely, the concept of **participatory development**



is a process through which stakeholders can influence and share control over development initiatives, and over the decisions and resources that affect themselves

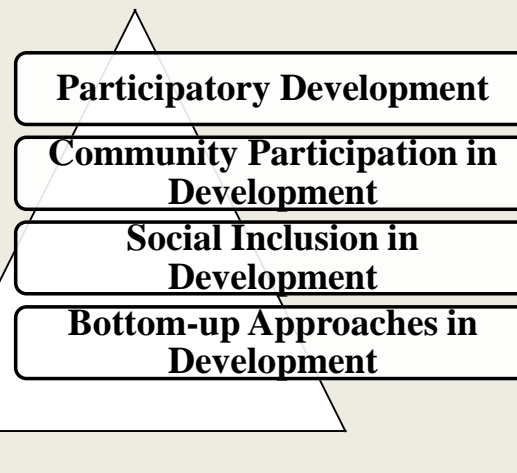
However, participatory development requires a solution to:

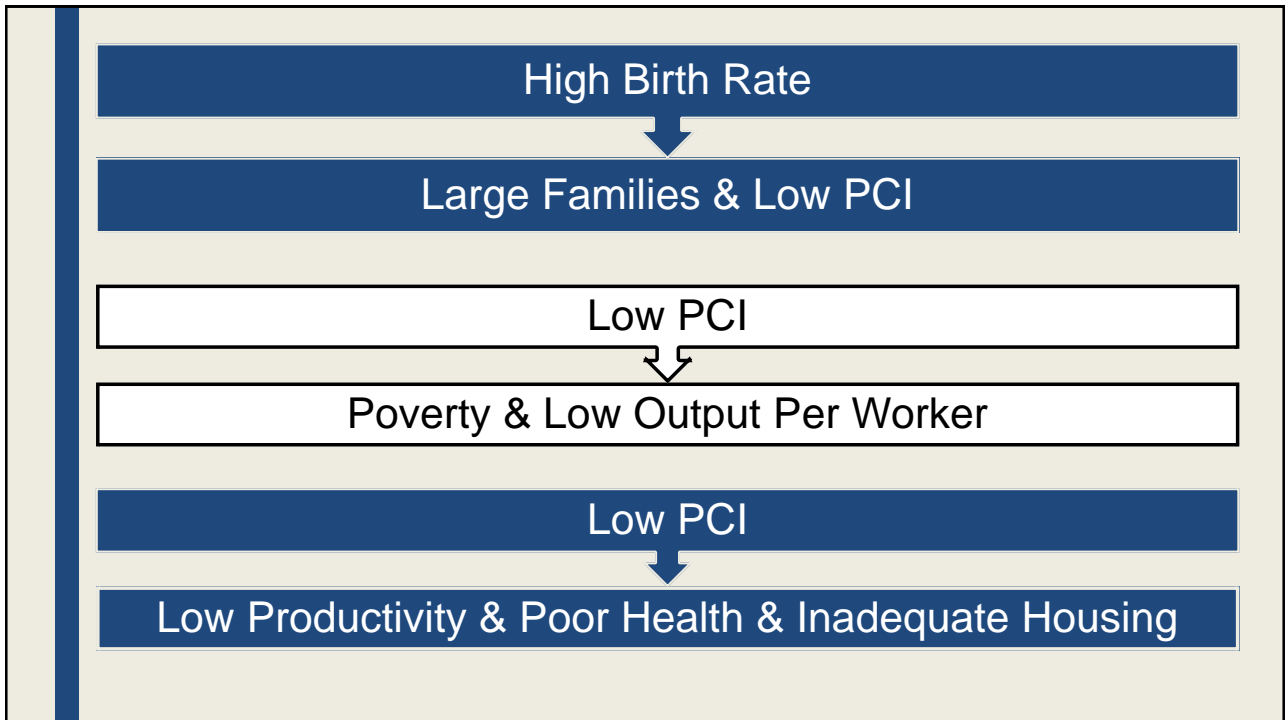
Vicious Circles- Gunnar Myrdal

a chain of cause and effect relationships
(Cumulative Causation)

one **unfavorable circumstance** leads to

another and produces **downward spiral of circumstance**





It should be noted that:

Downward spiral not reversible without massive aid

- ➔ Aid would stimulate **growth** in modern sector and reduce size of **'informal'** or **traditional sector**
- ➔ Thus eliminate **dualism** and the major causes of **unequal distribution of wealth**

Most developing countries are characterized by **economic dualism**:

A high-wage, capital-intensive industrial sector coexists with a low-wage traditional sector.

- ➔ Foreign aid would allow countries to **increase** low levels of **productivity**

Local Economic Development

- It aims to:
 - Boost **local economies**,
 - Promote **job** creation and **income generation**
 - Improve **governance** and **municipal performance**.
- The promotion of local economic development is based on a different approach to traditional development strategies. Since, it focuses on:
 - improving a **territory** (that is, a **region** or a city and its hinterland)'s competitiveness and economic performance.

- LED therefore refers to a **territory-based economic development strategy**.
- LED is a **partnership approach** focused on **strategic planning** and centered on **local demand** to facilitate, through improved **economic governance**, the following:
 - **job growth**,
 - **poverty alleviation**
 - **improved living conditions**
- **The partnership is** set up by local and regional authorities with the private sector and civil society, community organizations, rural producers, etc.
- Local economic development is based on a territorial integration of urban and rural sector. The approach is driven by the demand of local actors.

The bottom-up developmental approach

Dialogue with the people is achieved through the distribution of a number of activities in major steps:

"Decision Points"
or **"Major Step workshops"**:



These are key **planning forums** that bring together the main stakeholders involved in each major step. These must be effective, transparent and representative.

Inclusive Community Consultations



Participants to these meetings share information and **develop ideas** with their various constituencies and communities.

Capacity Building Processes



Depending on local needs and resources, **capacity building** and **networking activities** are set up to facilitate **effective dialogue** and decision-making.

Media Campaign



Depending on local priorities and standards, a **media campaign** is implemented throughout the process so as to **ensure transparency**.

Steps in LED Implementation

1- Assessing the local economy

- This includes quantifying local economy sectors and identifying interactions between sectors as well as those sectors driving the local economy.

2- Moving from knowledge to vision, and then programmes

- Defining the vision, moving from vision to objectives, and from objectives to programmes

3- Moving from programmes to projects

- Prioritizing and selecting projects through dialogue processes

4- LED strategy and action plan

- defining the planning document and a charter, and their ratification by a public forum

5- Implementation and monitoring

- developing systems to ensure the implementation of the strategy and monitoring and evaluation



Thank you