



## **Session 3.3. Decentralisation and inclusive/growth local economic development**

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# Why local economic development matters?

- National economy is the result of hundreds and hundreds of local economic decisions by local entrepreneurs - “All business is local”
- Arab Spring – where did it start?
- Link with sustainable development
- One of the ways to reconcile decentralisation and inclusive growth (Agenda for Change)

# What is local economic development?

- Local economic development strives to unleash the economic potential of a given territory therefore:
  - It focuses on a specific geographical area
  - It promotes economic activities that aim at developing the value chain of existing endowment of the territory resulting in job and wealth creation
  - Help define comprehensive investments which tackle obstacles facing priority productive sectors and/or value chain

## So what can be done to support it?

- Four main actions are usually identified:
  1. Build infrastructure to support economic activities locally (roads, water, power)
  2. Support local businesses: ease market failures, facilitate access to credit, promote capital investment, provide information on markets, develop network of businesses to create synergies
  3. Scale the workforce through vocational training, openness to new products and technologies and support services to businesses
  4. Attract investment in the locality through territorial marketing
- *Local public investment is an asset to private sector development*

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- Local public investment is an asset to private sector development
- Local economic development is sustained by local demand and development of local, national and regional markets which have growth prospects at least 10x higher than the international market
- Intervening in support to local economic development requires to shift the focus towards promoting the partnership approach to development (including all stakeholders public and private)



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