**TERRITORIAL APPROACHES TO LOCAL DEVELOPMENT (TALD)**

**Exploring relevant EU responses in a rapidly changing international environment**

**I. What do we mean by a territorial approach to local development?**

1. The May 2013 Communication recognizes the comparative advantages of local authorities (LAs) to act as catalysts of a *‘territorial approach to development’*. Yet the policy document also sends out a clear message that this will not happen if LAs (i) are not empowered to operate with a meaningful degree of autonomy and resources and appropriate accountability to both State and the people in their jurisdictions; (ii) do not exercise leadership or build their own capacities, and (iii) develop relations of trust and cooperation with local constituencies and other echelons of governance and administration.
2. Both the *concepts* of ‘territorial development’ and the contours of a ‘territorial approach to local development’ are *not new*. In the past decades, there have been many initiatives across development regions that sought to unlock the potential of territories, mobilizing different actors and using a variety of labels and implementation approaches (top-down or bottom-up). Within the EU integration process, territorial development approaches have been stimulated through the instrument of structural funds for regional development or in the form of European territorial cooperation schemes. European municipalities engaging in decentralized cooperation often adopt territorial approaches in providing support. Processes of rapid urbanization across the globe further emphasize the critical importance of territorial approaches.
3. Within the development discourse, the adjective ‘territorial’ commonly refers to either the spatial integration and/or the geographic scale of local development (in a subnational portion of the national territory). Experience suggests that the way in which territorial development is currently applied may carry risks. In practice, efforts to promote spatially oriented and horizontally coordinated development are often based on unrealistic premises[[1]](#footnote-1), at one end of the spectrum they may slip into a self-defeating ‘hyper-local’ perspective, at the other end they may obscure the essentially endogenous nature of local development and the role of territory as an *active* ingredient, not a *passive receptacle* of development[[2]](#footnote-2).
4. To recover the full value of territorial development, a richer and more specific definition is needed. This calls for the incorporation of two critical insights gained in promoting local development. First, an understanding of ‘local’ not just as the designation of a particular scale (“where” development takes place) but of *a focus on “how” and “by whom” development is promoted*. The “how” question refers to the need to mobilize the potential and resources *within* the territory trough enabling political and institutional mechanisms of governance and administration at different levels. The “who” question stresses both the importance of empowered local authorities (to facilitate territorial approaches), the genuine participation of all relevant actors in a given territory and the existence of effective relations between different levels of governance.
5. Integrating these new elements brings along an extended notion of *‘territorial development’* as 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 it is possible to identify the *key features of a* *‘territorial approach to local development’*  including:
6. the *endogeneity* of local development (which implies empowering LAs with the autonomy needed to reach out to a wide range of local actors, mobilize and leverage local resources);
7. the *integrated* nature of local development (amongst others to overcome sectoral fragmentation of development interventions);
8. the *multi-scalar* nature of local development (requiring effective mechanisms of dialogue, negotiation and collaboration of different actors at different levels);
9. the *incremental* value of local development on the condition that local actors have the space and capacity to develop own initiatives (through adequate decentralization policies) and mobilise additional local resources.
10. With these various ingredients, TALD initiatives are inevitably complex and long-term processes, requiring effective drivers and facilitators. In this context, it is crucial to understand the *potential comparative advantages of (elected) LAs* in promoting TALD. Contrary to other actors, they display a number of assets such as: (i) a ‘general mandate’ to take initiatives for and on behalf of their local constituencies; (ii) a political legitimacy to assume responsibility for coordination and integration of the activities of various local actors; (iii) a normative capacity through regulatory measures; (iv) the potential to being responsive and accountable to local demands; (v) a high degree of stability as a permanent feature of the local institutional environment.
11. , The policy note insists that TALD is essentially a *multi-dimensional ‘national’ policy to promote ‘local’ development*. Decentralization reforms alone do not necessarely result in local development. In most cases, these reforms are primarily driven by an immediate political rationale, not by a policy commitment to genuine local development. Such a policy commitment (indeed a commitment to a “Territorial Approach to Local Development”), is therefore often the *‘missing link’ between decentralization reforms and development outcomes*.
12. This national policy has several dimensions or *‘building blocks’*. First, critical improvements in the local development management system linked to (i) the scope of action/generic mandate of LAs; (ii) planning systems that bridge the local-national divide; (iii) the availability if a diversified set of financing instruments; and (iv) innovative implementation modalities that promote civic engagement and mobilize community and private sector resources. Second, a set of supportive policy and institutional changes at national[[3]](#footnote-3) and subnational level[[4]](#footnote-4), required for ensuring sustainability of TALD processes.
13. The relative importance of these building blocks and their suitability as entry points for systemic reform and external aid, are *highly context-specific*. The adequate approach in a given territory may be revealed only by a careful political economy analysis of the incentives faced by the different stakeholders. In practice, there will also be situations whereby the overall baseline is so weak that the adoption of a TALD policy is unlikely to emerge

**II. Why is it worthwhile to promote TALD? What rationale could be used? What are the expected benefits?**

1. Participants expressed a genuine interest in the proposed territorial approach to local development. Yet worries were expressed that this attractive concept would come over as a new fashion, a “leap of faith” pushed forward by a few believers and therefore end-up being a marginal thing in overall cooperation (as it has been till now). This, in turn, brought forward the question on *how best to ‘sell’ this approach* and convince broader constituencies of its usefulness and feasibility.
2. A *first justification* is the *relevance of TALD for global development*. As globalization advances, national development policies increasingly follow an ‘outward orientation’, compete for global capital and access to world markets, using major cities as the engine. However, the spatial model associated with this strategy tends to create growing imbalances between globalizing cities and the rest of the country as well as within cities. Confronted with this phenomenon of “uneven development”, governments and donors have sought to correct territorial imbalances through increased public spending (mostly for infrastructure works) in depressed areas or fast growing slum areas in globalizing cities. The results of these regional development programmes have been mixed. All too often these initiatives are conceived and managed in a top-down manner. They tend to follow a strictly sectoral logic and are hampered by prevailing conditions of political and administrative centralization. The pressures on governments to maintain fiscal discipline, lower taxes and cut expenditures means there is less money available for public spending on such programmes. This *limited track record of traditional policies for “balanced” spatial development* even led influential voices to plead for their abandonment[[5]](#footnote-5).
3. However, more recently serious concerns have been expressed on the *high social and political costs* associated with uneven development (e.g. reduced growth prospects, raising inequalities, conflicts). This is creating space for a *new set of more realistic policies to address spatial inequalities thorugh territorial development.*  These seek to (i) stimulate internal demand and domestic markets; (ii) support the emergence of integrated local development strategies from the “bottom-up”; (iii) empower smaller cities and their rural hinterland to emerge as competitive nodes in domestic and global markets; (iv) encourage the co-provision and co-production of public goods and services with community and private sector actors. This *new vision is at the roots of the TALD* proposed above, as it provides the core rationale for adopting a ‘national policy’ in support of local development, to both complement and substitute for the diminishing capacity of national governements to correct the increasing spatial/social inequalities which are often associated with, and may ultimately constrain, economic growth in a globalizing world.
4. A *second powerful argument in favour of adopting TALD* is linked to the overarching concern of the development community to show *“value for money”*. Implementing a TALD is not a magic bullet. It will entail complex, long-term domestic policy and institutional change processes, without quick fixes and returns on investments. However, there are documented cases of territories that have embraced such approaches achieving remarkable progress in terms of economic development, social cohesion and (increasingly) also environmental sustainability. *Policy-makers concerned with ‘results’ should look carefully at the limits of traditional, top-down and centralized approaches to development*. There is abundant evidence on the shortcomings of ‘spatially blind’ development policies and programmes as reflected in (i) costly public expenditures along purely sectoral lines in marginalized areas; (ii) decentralization reforms carried out parallel to, or even against local development dynamics; (iii) localizing global and national development targets without integrating local priorities and dynamics; (iv) supporting a fragmented set of ‘hyper-localized’ development initiatives without an overarching territorial strategy; (v) instrumentalizing local authorities (as mere implementers of national policies) or by-passing them altogether.
5. It is therefore a collective responsibility of policy-makers and practitioners to look for credible alternatives to foster development and effective cooperation. In this context, a *TALD could be seen as an attractive option that can yield over time sustainable results*. Its assets are to (i) start from local potentialities; (ii) build local coalitions to think through a suitable development trajectory for the territory (based on the specific comparative advantages of the place): (iii) mobilize local resources (public and private); (iv) integrate sectors within a spatial approach; (v) work out a balanced set of intergovernmental arrangements and (vi) link up with domestic/global markets.

**III. How can a TALD work and effectively deliver better development outcomes?**

1. Having exposed the concepts of territorial development and territorial approaches to local development (section I) as well as a rationale for a TALD (section II), the remainder of this note explores the overall feasibility of the approach (based on the inputs provided by the international experts[[6]](#footnote-6) and the vivid discussions among participants at the seminar).
2. From the discussions a number of *key conditions* emerged that need to be respected in order to ensure an effective operationalization of a TALD policy including:

* TALD is a generic strategy that could enable local development processes in *‘all territories’*. Local realities are likely to differ substantially, yet there is no reason to presume that a national TALD policy would be relevant only for a selective number of well-endowed territories/cities.
* This is linked to the fact that the TALD policy is essentially about *unlocking the potential* of territories in terms of economic growth, employment creation, social cohesion and environmental sustainability by adopting a *holistic perspective* on local development
* Without *local ownership* genuine TALD-enabled local development processes are unlikely to emerge and be consolidated. Local actors should be firmly in the driving seat in terms of elaborating a vision for their territory, priorities, identifying priorities, ensuring context-specific implementation as well as mobilizing the resources.Local leadership is critical to this effect.
* Linked to this is the need to ensure a solid *economic foundation* to TALD-enabled local development plans. There is no shortage of such plans that were shelved quickly after their elaboration. In order to avoid this, they should be developed around the various (often competing) *‘interests’* of key local actors and institutions. These will need to be reconciled around a shared vision and *inclusive* local development agenda. The sustainability of TALD-enabled local development strategies will ultimately depends on the capacity of territories to be competitive (rather than simply self-sufficient).
* When considering the scope and feasibility of a TALD policy it is important to look at both *‘the policy and the institutions to carry it out’*. Experience suggests both elements need to be aligned to each other. Overambitious TALD policies in contexts or of national and sub-national institutional fragility are bound to fail. The task at hand is to identify windows of opportunities in a given territory and define gradual strategies to move forward in implementing a TALD policy , taking into account available institutional capacities.
* Experience also suggests the critical importance of *autonomous local authorities* as well as *active citizenship*. In many countries, decentralization reforms have led to the creation of LAs that are often not “real” local authorities. They do not have the required legitimacy and autonomy to play an effective catalytic role in TALD-enabled localal development processes. In such cases it will be necessary to invest in stronger citizenship, amongst others to help generating credible LAs that are responsive and accountable to local constituencies.
* There was broad consensus on the need to enable local dynamics with a *national development policy* (the TALD policy) geared at promoting local development in all territories (as proposed in the policy note). Such a policy may help to ensure the link between decentralization and local development -conceived from a rights-based perspective’ (i.e. the realization of economic, social and cultural rights). It may also facilitate the construction of smooth relations and collaborative arrangements between the local and national level.
* TALD-enabled local development processes are by definition *endogenous* in nature. This has major implications for donor agencies willing to provide support. In many ways, the TALD-paradigm invites donor agencies to review traditional ways of doing business. For instance, it makes no sense to use blueprints, comprehensive plans or standard implementation approaches to operationalize a TALD policy. Support will have to be tailored to the specific conditions and dynamics prevailing in each territory. This, in turn, requires capacity for context analysis, working with the grain, building on local potential and capacities, flexibility, iterative adaptation, a careful use of financial resources and a smart choice of relevant aid modalities. There are no quick fixes in devising and implementing a TALD and this has to be reflected in the way donor agencies look at the *‘results’* of such processes.

1. Participants furthermore discussed *suitable implementation approaches* for a TALD. There was large consensus on the need for the EU to respect the following principles when supporting the implementation of a TALD (through thematic or geographic budget lines): (i) context specificity (i.e. actions must be rooted in a profound understanding of local development dynamics); (ii) focus on ‘windows of opportunities’; (iii) bottom-up approach (in order to ensure ownership of the agenda and effective traction by local coalitions); (iv) integrated approach (to promote a cross-sectoral, multi-scalar perspective) and (v) gradualism (there is no ‘big leap’ in a TALD).
2. Considering the interest in the topic of TALD, the unit DEVCO B2 will ensure a set of *follow-up activities*, including more operational guidance on how to support TALD, a seminar in Brussels for EUD/HQ staff as well as region-specific TALD seminars.

1. These include hiding critical differences in the way sectors operate and overstating both the possibilities for horizontal coordination in a given territory and the role of individual local governance institutions. [↑](#footnote-ref-1)
2. An example is the tendency of governments and donors to ‘localize’ national, regional or global development objectives (such as the MDGs) whereby local actors are simply expected to implement these agendas coming from above (as passive recipients), regardless of local priorities. [↑](#footnote-ref-2)
3. These include (i) development-friendly decentralization reforms (that extend the autonomy/accountability of LAs); (ii) a national urban agenda and (iii) a rural development policy (stressing spatial integration of sectors and urban-rural synergies). [↑](#footnote-ref-3)
4. Key ingredients are (i) effective mechanisms for intergovernmental cooperation; (ii) local leaderships and capacities and (iii) active citizenship and public-private partnerships. [↑](#footnote-ref-4)
5. See World Development Report 2009. *Reshaping Economic Geography.* It exposes the negative effects of ill-conceived policies for territorial redistribution and, on this basis, questions whether “balanced” development should be pursued at all (considering the inevitably uneven nature of economic development). [↑](#footnote-ref-5)
6. In addition to the author of the policy note (L. Romeo) expert inputs were provided by Andres Rodriguez Pose (London School of Economics and political Science) and Jules NGUEBOU (civil society actors from Cameroon). [↑](#footnote-ref-6)