Local Economic Development for Sustainable Territorial Development

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

January 8th, 2014
New York, New York

Closing Statement

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)
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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 organizations 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 Andalucian 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.

We acknowledge the growing attention that LED has received at the international level at the 2010 UN Global Forum on Local Development, the 2011 Common Wealth Local Governance Conference that produced the 2011 Cardiff Consensus for Local Economic Development, the 2011 First World Forum of Local Development Agencies, the 2013 Common Wealth 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-2015 agenda refers to an interdependent mix of financial resources, capacity building, new and existing governance structures, technology development

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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/.
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 MDG’s and the pending post-2015 agenda. Experience with the MDG’s 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 MDG’s 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 MDG’s that LED has proved particularly useful, as summarized in the box below.

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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
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 should be reflected in the SDG’s by mainstreaming the local dimension, where appropriate, across all goals, targets, and indicators. For all goals and targets, indicators must be selected that can be disaggregated by geographic location, thus illuminating a local picture of development and avoiding “the tyranny of averages” that tends to mask stark geographic disparities. Monitoring of the SDG’s should 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 SDG’s 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, we 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 Local Economic Development, with a view of the third WF on LED to be held in Turin, Italy 2015.
- Actively engage national governments with targeted, instructive, precise proposals to incorporate LED concerns into the post 2015 framework and shape national development agendas.
- Work towards systematizing results and experiences on LED to enhance information and institutional knowledge sharing among diverse LED stakeholders and partners.