



Local Economic Development as a means to achieve equality, equity and cohesion within the Sustainable Development Goals localization framework

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THEMATIC LINE N.1: LED AS A FOUNDATION FOR INTEGRATED AND COHESIVE TERRITORIES

Enabling policies and frameworks for socio economic and territorial cohesion

By UNDP

In the last two decades, approximately, marked advances in economic growth and absolute poverty reduction, and a gradual shift (north-south/west-east) in the world wealth creation pattern haven't fully countered rising inequalities within territories and increasing disparities between them, alongside unemployment, social tensions, and growing pressure on natural resources¹.

This has fostered a new consensus on the need for a broader conception of economic and social progress (and the nexus between the two), based on the recognition that uneven growth, with high levels of inequality and widespread exclusion is hardly conducive to sustainable human development paths.

In pursuing the objective of sustainable and inclusive growth trajectories, and therefore more balanced and equitable development, increasing attention has been addressed to the notion of cohesion, in its two complementary declinations as socio-economic and territorial cohesion.

The concept of **socio-economic cohesion** has been developed and initially measured at different scales as a proxy of inclusion and equality, and is based on the application of a set of dimensions and indicators (economic: income level, productivity, employment, and social: equality and social

¹ A joint recent [UNDP/UNRISD report on 'Global Trends: Challenges and Opportunities in the Implementation of the Sustainable Development Goals'](#) provides some relevant punctual insights: Income poverty has fallen sharply in some regions of the world in the past 20 years, although considerable challenges remain, with recent economic shocks and escalating conflicts leading to a resurgence of poverty across different regions and countries. Substantial gains have been made in various dimensions of poverty (health, education, access to water and sanitation), yet, progress has been uneven across regions, within countries, between urban and rural areas, and across households. Evidence shows that income inequality globally has been falling over recent decades; while inequality between countries has been declining, inequality within most countries, both developing and developed, has been rising, with some notable exceptions in Africa and Latina America where, despite progress, levels of income inequality remain considerably high. In any case, evidence confirms the bottom-line argument that economic growth does not necessarily lead to lower income inequality within countries.



inclusion, social capital, cultural identity, health and education, mobility...) over a given population sample.

The establishment of cohesive societies is key to enhance the wellbeing of their members and building resilience to social tensions and conflict; moreover, a strong rationale illustrates the value of social integration as a vector of long-term inclusive economic growth, through reduction of transaction costs, facilitation of collective action, capital accumulation and allocative efficiency.

Public policies for enabling socio-economic cohesion span fiscal and tax policies, employment and social protection, education and skills development, gender, migration, data and information management for policy making and accountable management. Building a civic participation and inclusive policy agenda is a key transversal thrust for enabling cohesion, coordinating action and engaging a diversity of actors across multiple policy domains, as basis for effective and accountable planning and implementation.

Territorial cohesion is a more recent (and still evolving) concept that has grown out of the EU priority of redressing existing marked unbalances in the level of development of its territories (related, in turn, to differences in terms of resources efficiency, innovative capacity, socio-economic infrastructure and services, access to capital and markets, skilled labour force). As such, the territorial cohesion framework first introduced a spatial perspective on inequality issues, moving the focus from (aggregate) individuals to territories, and respective relations and achievements, as direct reference units for promoting harmonious and balanced development².

At the same time, recognizing and addressing the specific circumstances of territories as social and cultural constructs besides their physical connotation, the TC concept has a potential (and is evolving) to embrace a much broader set of dimensions, resulting in a more complex and comprehensive framework for sustainable human development. It can be defined in this sense as a process of 'convergence' (thus countering the uneven concentration of resources, economic activities and consequent access to incomes and services) taking place in a territory over a period, and encompassing a wide array of territorial development indicators and dimensions. This includes - in addition to (and as further specific drivers of) socio-economic cohesion: environmental sustainability, polycentric urban development and rural-urban integration, territorial governance, and territorial networking and cooperation, all of which entail specific enabling policy and institutional frameworks. These dimensions and related indicators not only reveal achieved degrees of equality and inclusion, but also constitute key determinants of sustainable development outcomes that are embedded in different territorial settings.

It follows from above arguments and definitions that territorial cohesion can be analyzed and applied at different levels, from local to regional, interregional, national and supranational, and has a strong potential relevance in two key areas, i.e. as a framework for (i) reducing inequality between territories and states, and (ii) introducing an integrated territorial perspective on sustainability.

Combining both above areas, territorial cohesion could serve as a comprehensive conceptual framework and cross-cutting reference for implementing and localizing the SDGs in conformity with – and allowing to combine - the key transversal principles of inclusiveness ('leave no one behind'),

² This has led – in the EU and in other areas (for instance, Latin America countries) where the objective of reducing territorial unbalances has gained some prominence and started to integrate the policy agenda – to the introduction of (mostly nationally-driven) policies for regional development, including redistributive measures, investments in infrastructure, promotion of growth poles, control of/provision of incentives to mobility.



universality, and cross-sectorial integration/multidimensionality which are associated to the Agenda 2030.

EU policies constitute the original reference framework, and therefore a useful background and rich body of practice, for territorial cohesion; it would be of great interest to further explore the potential relevance and applicability of the territorial cohesion paradigm from a global perspective, beyond the EU context and its specific supranational configuration, i.e. in relation to evolving societies in Africa, Asia and Latin America where fast-growing economies coexist with (and often exacerbate) stiff socio-economic and territorial unbalances³.

SDGs localization is inherently related to the territorial dimension of development. It entails effective territorial governance systems enabling interinstitutional, multi-actor and multi-level coordination, integrated planning, effective and accountable monitoring. The territorial approach offers specific instruments and processes to operationalize such systems; it is therefore crucial to assess the relation between the territorial approach for SDGs localization and the establishment of enabling policies and institutional frameworks for territorial cohesion.

A direct nexus – which would also deserve further analysis – relates in turn territorial cohesion and Local Economic Development (LED), which constitutes a concrete set of tools and mechanisms for applying the territorial approach – including integrated governance and planning systems - as means to promote strong and sustainable local economies within a SDGs localization framework. This includes further specific dimensions and enabling policies that can be relevant from a territorial cohesion perspective, such as employment and entrepreneurship development, local and regional innovation systems, public-private partnership in services provision, sustainable energy and environmental management, territorial cooperation and partnership building.

From a LED perspective, the promotion of strong local economies bears further relevant implications for cohesion in terms of sustainable territorial competitiveness, or the way how territories compete on a regional and global scale to achieve higher levels of development without undermining the foundations of sustainability. Besides the key role of socio-economic cohesion in reinforcing the internal capacity of territories to compete, this refers mostly to relations and inequalities between territories, and the role of cohesion in reducing them. A key issue for discussion is the role and potential of territorial and interregional cooperation frameworks in enabling complementarities and synergies, thus matching sustainable competitiveness and cohesion as part of win-win scenarios across territories; and, ultimately, the role of global, regional and national policies (and related institutional arrangements) in steering competition between regions through territorial cooperation patterns.

Finally, highlighted arguments and dimensions show that establishing enabling policies and frameworks for cohesion might entail addressing 'trade-offs' at different levels, for instance between economic efficiency (which might under certain circumstances benefit of spatial concentration) and convergence processes inspired by social concerns; competition and cooperation within and between territories, in achieving greater levels of social and economic development through (and as basis for) inclusive and sustainable growth. The pivotal role and interplay of territories in addressing and reconciling such trade-offs appears a key issue to address and discuss.

³ In most of these areas, the introduction of enabling frameworks for territorial cohesion can be of crucial importance – and more and more countries are expressing an interest in them considering existing challenges and constraints to sustainable development such as environmental degradation, social and political conflict, rural-urban divide, migration flows, rising demand for services vs weak administrative capacities, weak or unstable democratic institutions.



Key issues for discussion

1. Territorial cohesion as a meaningful concept and framework for i) promoting SDG implementation (specifically at the local level), and ii) reduce inequalities between states and territories.
 - a) Relevance
 - b) Applicability at a global/larger scale
 - c) Indicators /metrics for capturing territorial cohesion and their interactions with indicators on SDG implementation within states and territories
2. Enabling policy and institutional frameworks for socio-economic and territorial cohesion
 - a) Relevant linkages and complementarities between institutional frameworks for SDG implementation (territorial and multi-level governance systems, cross sectorial/integrated planning, etc) and territorial cohesion.
 - b) Specific implications in translating these frameworks and systems into enabling policies and measures for LED - inclusive growth, decent work promotion, etc.
3. Matching sustainable competitiveness and territorial cohesion through LED
 - a) The role and potential of territorial cooperation networks and interregional/supranational coordination
 - b) Addressing and managing trade-offs for inclusive growth (concentration and convergence of economic activity, economic efficiency and social wellbeing, competition and cooperation)

Integrated rural development as means for regional competitiveness and / with territorial equality

By ORU FOGAR

The drivers of rural development and centre-periphery / rural-urban integration: connectivity, communities' participation, environmental sustainability, integrated local production and consumption systems, factors and value mobility vs retention.

Policies and practice for regional integration through LED

Following Habitat III, a major conference in terms of global debate, the 2030 Agenda and the achievement of the Sustainable Development Goals, the IV LED Forum intends to focus on topics beyond the urban dimension including rural and regional development. The debate on Human Settlements, in an increasingly globalised and interconnected world and the discussions on urbanization are also quite relevant to adjacent and peripheral rural regions. Furthermore given the strong interdependencies between urban and rural regions it is important to bring into the discussion the rural dimension to complement the urban agenda.

Beyond cities, we must consider placing regions and rural areas at the center of the New Urban Agenda, so that – as the Toluca Declaration says– urbanization becomes an engine of development with the power to change and improve the living conditions of all people, but also to take advantage of the strong benefit from urban and rural regions. Cities depend unquestionably on a territorial system in terms of food, infrastructures, waste management, etc. which goes beyond their territory strictly.



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To understand the inseparable nature of cities with their surroundings, the key concept is sustainability and the government of reference is the regional one. As our former President Paúl Carrasco has put it, “Cities need the territory to be sustainable”.

The Sustainable Development Goals (SDG), as results framework by 2030, must be the horizon towards which we direct our greatest efforts, and also our regions efforts. We believe it’s important to consider the New Urban Agenda from this framework and make it an action-oriented program that strengthens and contributes to the localizing of the 17 SDG.

The SDG become a reality and have an impact when they are incorporated in the territorial surroundings. Regional governments must play a crucial role as initiators and driving force of efficient development processes, favouring the assimilation of consensus on the territories’ development and promoting strategic agreements and coordinated actions.

In this context, rural areas play a key role. Three-quarters of the world’s extreme poor live in the rural areas of developing countries. Most rural poor live in sub-national regions that are disadvantaged in many ways: they lack adequate infrastructure, access to basic services and markets, and are more vulnerable to adverse climatic conditions. Rural areas are also places of opportunities as, particularly in OECD countries, they are characterised by new functions and an economic base that can provide sources of income and employment beyond traditional activities. In order to reach the SDGs and promote inclusive development, effective rural development strategies are necessary.

Regions, as intermediate territorial units between the central and the local powers, offer the most suitable dimension to define efficient and smart strategies for a balanced, inclusive and sustainable development. We can give these essential issues –economic development, environmental sustainability, land-use planning, food security...– a holistic approach that establishes the necessary mechanisms to define strategies aimed at encouraging synergies and interdependencies between the territories and the stakeholders operating on them.

Also, because of our status of proximity governments we have precise knowledge of the context in which we operate and an important ability in articulating the stakeholders involved in the territory’s development, both public and private. Therefore, regions are able to promote territorial development policies that serve as a framework for the articulation of the policies promoted by the local governments and as a vital complement to the central governments’ development policies.

The SDG show that inequalities are not only present just among countries, but they are an internal condition of societies. This inequality can also include new poverties and new territorial imbalances. Globalisation enhances competitiveness among cities, and it is the duty of the regional government to ensure that the gain of one city is the loss of another city, nor that it is at the expense of its environment. This is why the regional government must ensure that the infrastructures and equipment provide structure to the whole territory, creating balance between cities (large, medium and small) and the villages and rural world. The current reality –disorderly migration, excessive consumption of natural resources, urban sprawl... – so demands it. Thus, we, the regional governments, undertake to set up action to readdress this imbalance, by fostering intermunicipal cooperation. We must also strive to compensate the differences –which can be serious– in our territories’ urban agglomerations, by evenly distributing opportunities and assets.

The concept of urban-rural linkages or partnerships is also important. We reaffirm the need to heal the rift between the rural and the urban world, and to pay attention to the continuum between these two spheres affecting their population –dense to a different extent– and their economic base –



agricultural to a different extent—. Food security does not solely depend on the production and supplies chain, but also on their length and on the natural integration of the agricultural activity in its environment, offering value-added activities to the adjacent non-rural areas.

Above all commitments, the fight against the unceasing rural exodus towards the urban areas should be highlighted. This exodus undercapitalises the territory, weakens the traditional cultures and generates uprooted inhabitants. This is not only negative for the territory, but it becomes particularly negative for the cities, which are already overcrowded, collapsed, with security problems and with social, educational and health services that are no longer able to cope with the situation. In short, this is a dynamic that generates poverty both in the rural and the urban world.

This fight to stem the rural exodus requires investing in the territory, but also a reappraisal of the rural and agricultural world and its modernisation.

In this series of actions, sustainability is cross-cutting and the regional governments promote it not only through mitigation and emission reduction policies, but also through policies focused on a shared governance of hydric resources, transport networks and monitoring and certification measures, just to name a few examples of increasingly regionalised functions and powers, having an increasingly political profile.

In addition to better national policies, regions need a suitable framework that will allow them to successfully meet these challenges. The New Urban Policy must promote improved skills and autonomy of the local and regional governments, and at this point the sustainability of the local and regional governments' finances is crucial.

First of all, decentralization and regionalization policies remain necessary. However, they must be aimed at reinforcing, as opposed to weakening, regional autonomy and self-governance. In too many occasions, this transfer of functions and powers was not backed up by sufficient political and economic resources. In some cases, this has resulted not only in the disrepute of the regional authority. It is important to reiterate the demand for democratic, responsible and autonomous regional governments.

Secondly, we see how, regardless of the type of central State and the level of decentralization, is increasingly crucial that the central governments deploy their public policies, and mainly those with a strong territorial impact, in a coordinated and efficient manner. Central, regional and local governments have different functions, partially overlapped in key areas like the promotion of economic development, the fight against poverty or the mitigation of climate change. Hence, it is necessary to implement measures and practices that contribute to multilevel governance in each one of the following fields: inter-ministerial coordination, policy coherence, information, financing, accountability...

The key objective of rural development should be to increase rural competitiveness and productivity in order to enhance the social, economic and environmental well-being of rural areas. Policies should focus on enhancing competitive advantages in rural places and should draw on integrated investments and the delivery of services that are adapted to the needs of different types of rural areas (OECD Rural Policy 3.0, 2016) Coordinating the efforts of the different administrative levels, but also those of the different ministries and their initiatives. An integrated approach including the appropriate dimensions (policies, spatial strategies, environmental protection, governance and financing).



PEACE BUILDING IN CONFLICT AND POST-CONFLICT SCENARIOS

By ILO – Fragile States Disaster Response Group

Background

The 2030 Agenda for Sustainable Development affirms that development goes in parallel with peace and security and the Security Council resolution 2282 on sustaining peace (2016) stresses the need to focus on prevention (development) as a major peacebuilding factor. National and local actors are the ones who experience the specific challenges of conflict and fragile situations and they need to play a primary, protagonist role in strengthening resilience in their countries. For preventing crisis, it is therefore paramount to enhance capacities of national and local institutions also in socio-economic sectors.

The sustaining peace agenda is nowadays directly interlinked with sustainable development in a continuum between humanitarian and development initiatives. Focus on direct involvement of national and local authorities and public and private institutions is also been agreed through the grand Bargain initiative⁴ at the 2016 World Humanitarian Summit, especially concerning its work-stream 2: *More support and funding tools to local and national responders*. The grand bargain affirms that local institutions' direct involvement and engagement from the early stages of the humanitarian response is fundamental to deliver sustainable results in terms of peace and resilience. But to do so they need to strengthen their capacity and to affirm their role in crisis aftermath and maintaining it in the long term.

The Local Economy Development (LED) is an area-based approach that stimulates both the demand and supply side of conflict affected markets. In the short run, local economic recovery aims at gradually reducing the dependency from external aid through the creation of temporary jobs opportunities and income generation. In the long run, local economic development aims at creating the endogenous conditions for the local economy to reactivate and create sustainable jobs opportunities and therefore contribute to the peaceful society.

The ILO has practical field experience in LED programs in several countries emerging from conflicts (Central America, Sri Lanka, Mozambique, Croatia, Somalia, Jordan and Lebanon among others). Two manuals have been developed by the ILO in 2002⁵ and 2010⁶. However, considering the growing focus of the international community on sustaining peace in recent years the ILO has been revising its contribution to fragile, conflict and disaster settings.⁷ In 2017 the ILO is in the process of revising the Recommendation 71, Employment (Transition from War to Peace). The recommendation emphasise the need to focus on local authorities, institutions and stakeholders to promote socio-economic recovery and development in conflict and disaster affected countries and areas. The Recommendation

⁴ Grand Bargain May 2016 available at: <https://consultations.worldhumanitariansummit.org/bitcache/075d4c18b82e0853e3d393e90af18acf734baf29?vid=580250&disposition=inline&op=view>

⁵ [Local economic development in post crisis situation operational guide](#), ILO 2002

⁶ [Local economy recovering post conflict](#). ILO, 2010

⁷ See a synthesis of ILO's work in these settings in the guide [Employment and decent work in situations of fragility, conflict and disaster](#) ILO, 2016



will be an innovative global normative instrument providing overall guidance to member states, organizations and practitioners dealing with livelihoods, employment, income generation and decent work in fragile settings⁸. Moreover, the ILO has also established a new area based flagship programme, the Jobs for Peace and Resilience (JPR) that aims at bridging humanitarian and development support for an enhanced local economic recovery that translates into jobs through employment intensive investment strategies, restores pathways to a sustainable labour market recovery and facilitates transition to formality⁹.

Key messages and issues to be debated

LED has a major role to play in bridging transition from emergency response to recovery and sustainable development processes, *through*:

➤ **Early involvement of local stakeholders in fragile situations**

In societies emerging from conflict or characterized by complex emergencies and fragility, the LED approach is central for directly involving local stakeholders from the early stages of the socio-economic recovery process. Public and private local actors should become both players and beneficiaries of the recovery because they can take advantage of *peace dividends* and aid in forms of participation in prioritisation and implementation of recovery operation for instance through local dialogue, joint assessment, planning and by maximising the local procurement of goods and services and goods to the benefit of the crisis affected population.

➤ **Local economic recovery in conflict aftermath as an opportunity for Local stakeholders to invest aid resources for longer term stabilisation**

In areas specifically affected by crises, local stakeholder from public, private and civil society have (and/or should be given) a great opportunity to directly promote socio-economic recovery. If resources are invested in local capacity development, there will be greater chances to build a stronger foundations for a more transparent, resilient and peaceful society where decisions about LED are shared and jointly prioritised at local and central level. Crisis aftermath may also offer better understanding of decentralisation challenges, needs and opportunities in fragile settings where guidance and practical and legal advice can be provided to the national and local institutions.

➤ **Fragile to Fragile cooperation helps sharing LED experiences in fragile situations**

Fragile countries face similar challenges and as they develop solutions to cope with current difficulties; the potential for South-South Cooperation or fragile to fragile (F2F)¹⁰ cooperation increases taking into account the sharing and adaptation of these solutions into analogous contexts. Through peer sharing and lessons learned, their successes and failures inform a new and better understanding of their own conditions and necessary steps for transition. The exchange of knowledge and good practices deriving from a framework of South-South Cooperation is an innovative aspect within the g7+, fragile states¹¹.

⁸ For details and documents: http://www.ilo.org/global/topics/employment-promotion/recovery-and-reconstruction/WCMS_396254/lang--en/index.htm

⁹ Extract from ILO, JPR programme document, March 2017

¹⁰ [FRAGILE-TO-FRAGILE COOPERATION AND DECENT WORK AN ILO PERSPECTIVE](#), ILO 2015

¹¹ www.g7plus.org



that, despite coming from different regions, cultures, traditions and historical contexts, they identified significant commonalities in their dealings with international actors, and in the impediments restricting the process of state building in their countries

How we foresee the session(s) in Praia:

- In the framework of the forthcoming World Forum of Local Economic Development, within the segment on *LED as a foundation for resilient and peaceful societies in fragile contexts*, the ILO would like to lead (or co-lead) the session to address the importance of the involvement and empowerment of different stakeholders at the local level in processes for the consolidation of peace.
- Practitioners and players from public, private and civil society and international organisations directly involved in LED for peace consolidation will be invited to share their experiences and to highlight the importance of cooperation with other countries facing similar challenges to scale up national and local efforts to create resilient and peaceful societies. They will emphasise challenges faced and results achieved during the implementation of LED programs.
- With the support of the ILO International Training Center ITC innovative and participatory presentations will be organized in order to make participants play an active role during the session(s).

Enabling policies and the role of LRG in building integrative and cohesive societies through LED

By FAMSÍ

Regional and local governments play a key role in the construction of cohesive societies. Social cohesion policies aim to reduce economic and social inequalities. Also, they aim to eradicate all sorts of discrimination based on gender, age, geographical origin, faith or other, through the action of the public authorities. Therefore, designing and implementing social cohesion policies implies to admit that there are inequalities among the citizens of a territory. Moreover, these inequalities represent a negative factor for the development of its economic and social model. Nonetheless, this also means that these inequalities can be countered by the action of public policies. This leads to an important reflection since without these policies the differences would increase.

This reflection is key as it highlights the need to strengthen the work and competencies of regional and local governments so that they implement inclusive policies aimed to guarantee equality and social cohesion in the territory where these policies are implemented.

Social cohesion requires local governments to adequately manage the diversity that exists in every community. Social cohesion is not possible in fragmented or uncertain social contexts. Therefore, it is a function of local governments, among other political entities, to generate processes and provide inclusive services based on the participation and the co-responsibility of the different actors that coexist in a territory. It is necessary to reflect on issues such as fostering collaboration between social collectives and groups with diverse interests, increasing citizenship participation in public management and the need to design and implement comprehensive environment sustainability policies that can ensure economic and social development without compromising future generations.



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While people have a close link to the territory in which they live, they may have different identities from one another. Consequently, their interests and objectives - as well as their needs - may also be different. It is the work of regional and local governments to analyse how to manage diversity and how to deal with different needs as part of an integrated approach to inclusive services provision. In this sense, it is especially necessary to reflect and identify inclusive models for managing diversity in social contexts where the cultural differences of diverse groups and social actors threaten the capacity to coexist and lead to growing concerns and potential conflicts to which it is important to provide adequate answers.

In this process, regional and local governments play a significant role in developing mechanisms to facilitate participation, transparency, co-management and the assumption of shared responsibilities. Therefore, in the field of public policies and inclusive services provision, it is necessary to reflect on the role of civil society organizations and movements, be them voluntary, NGO's, third-sector entities, associative, social and so forth, as expression of the community's own capacity to organise and protect itself as well as promoting and managing common goods with its own legitimacy and social function. There are several mechanisms that can enable the social transformation processes towards higher levels of equality and social cohesion, including the opening of the local policy arena to different social, cultural, economic, ethnic or any other groups, the shared implementation of policies and the assumption of responsibilities and commitment by every actor of the community.

The social change produced by the existence of isolated groups concerned with specific interests should be also analysed by local politics reflecting on the relation among individual and public identities with a collective character, as the de-structuring of collective identities and commitment can have perverse effects like the flourishing of new populist and xenophobic movements, particularly in a context characterised by growing migration flows. In this sense, the reflection can be focused on two basic premises. On the one hand, the migrant population is a generator of social, economic and cultural value in recipient territories. On the other hand, local governments act responsibly promoting public services that address cultural diversity of their field of action. Moreover, demographic trends, migration flows and the incidence of refugees and asylum seekers on population settings force local governments not only to dispose of relevant information but also of the appropriate instruments to manage diversity. It is important to make an analysis of the measures enacted by local governments to manage diversity caused by the confluence of persons with different origins and cultural, religious, economic and social practices.

Finally, local economic development strategies cannot be exclusively geared towards economic growth, as an impact of peoples' life also depends on an equitable distribution of economic benefits as well as on environmentally sustainable development paths, as stated by the New Urban Agenda and the Sustainable Development Goals. Environmental sustainability and social equity require to consider, on the one hand, the relation and impact of every current or projected economic activity on the environment.

The local governments' action in enhancing social and economic development strengthens in turn the potential of communities in promoting cohesion and is a way of generating knowledge and increasing the social capital. The territory, through the socio-economic groups that compose it, is a source of cultural habits, learnings, social relations, identities or innovation. Putting into value such collectively generated knowledge is key for generating social capital. Therefore, the political activity of local governments can trigger a dynamic that strengthens local resources, capacities, links and relationships among actors and social groups. As such, local politics reveal the capacity of public policies to contribute to the construction of relational goods, social capital, environmental sustainability and social cohesion.

The key ideas for reflection include:



- How do local public policies contribute to social cohesion? What is the role of public services in this regard?
- What kind of competencies and functions enable local and regional governments to influence the improvement of citizens' living conditions?
- How important is it, and how can cooperation among territorial actors be promoted? and what is the level of co-responsibility among them?
- How can diversity be managed in local environments? How do migratory flows affect local communities and what tools can local governments use to facilitate processes of social integration and diversity management?
- How to ensure a fair distribution of economic growth while ensuring sustainable development. What is the influence of local governments on the production, consumption and distribution of territorial resources?
- What is the role of territories in generating knowledge and social capital?

THEMATIC LINE N.3: LED AS A FOUNDATION FOR SUSTAINABLE AND INCLUSIVE ECONOMIES

SOCIAL AND SOLIDARITY ECONOMY (SSE) AND OTHER ALTERNATIVE ECONOMIC PARADIGMS

By ILO – COOP Unit (SSE/LED)

Recent crises have highlighted the growing inequalities and rising unemployment rates in many countries, forcing us to rethink our current development paradigm, and to search for more inclusive and sustainable practices/models and public policies to enable them. These crises have accelerated and exacerbated the already great changes our world is facing, especially in the world of work. In this context, the ILO has launched a global initiative on the future of work, as a part of a larger initiative celebrating its centenary in 2019.

Among the solutions emerging from the local level in a variety of countries worldwide, particularly on the issues of employment and access to essential services, the social and solidarity economy (SSE) arises as a viable way forward, for inclusive and sustainable growth.

SSE is increasingly used, not only by the ILO and the members of the United Nations Inter-Agency Task Force on Social and Solidarity Economy (UNTF SSE)¹², as an umbrella concept, referring to the production and exchange of goods and services by a broad range of organizations and enterprises that pursue explicit social, and often environmental objectives. These enterprises and organizations are guided by the principles and practices of cooperation, solidarity, ethics and democratic self-management and can take the form of cooperatives, mutual benefit societies, associations, foundations, social enterprises, among others.

In countries across the globe, each with different cultures, and degrees of development, the Social and Solidarity Economy has emerged and proven to have great potential for job creation, even during

¹² <http://unsse.org/>



times of crisis. Some examples include Brazil, Costa Rica, Nicaragua, the Philippines, South Africa, Korea, Italy and Spain, among others.

International experiences in technical cooperation projects and academic research show that SSE organizations and enterprises play a crucial role in local economic development strategies, making a significant contribution to the use of local resources and the inherent potential of each territory. Social enterprises, among other SSE enterprises, play a crucial role in promoting and implementing inclusive and sustainable development strategies. Embedded in the communities they serve, they are centred on people, rather than the maximization of profit, employ democratic and participatory models of governance, and prioritize equitable profit redistribution among stakeholders.

In terms of employment, social enterprises are seldom relocated as they meet the needs of the communities they serve. Rather than expelling the labour force, they often choose to lower profit margins, during economic crises. Their deep local roots also provide them with greater awareness of the environmental impact of their activities on the community they serve.

Rapid and constant changes in the world of work oblige the SSE itself to develop and transform. New avenues must be explored for the SSE to remain competitive and continue to be an alternative model for sustainable and inclusive development.

The session will focus on the characteristics of SSE organizations that put them in a better position to adapt and react to the constantly evolving needs of the world of work. It will also present how SSE can provide decent work in sectors prone to unstructured or informal work and modes of governance. Furthermore, it will present how the SSE fits into fulfilling the different needs and demands of new types of work in new forms of economy. These will be showcased through case studies, namely in the circular economy, the silver economy and other emerging and transforming sectors in the world of work.

Key issues for discussion

4. Enabling frameworks for SSE (local policies; public-private/SSE partnerships; public procurement; citizens' participation and engagement);
5. The potential of SSE as a localised circuit to leverage the economic potential of territories and reinvest value for local wellbeing;
6. The value and 'efficiency of proximity' and the specific potential of alternative/complementary paradigms to break the barriers of sectorial approaches, e.g. fair trade, sharing economy, circular economy, forms of social and collaborative economy, recycling and sustainable consumption.

The content of the working sessions will provide resources, best practices and tools for the achievement of the Sustainable Development Goals (SDGs), with emphasis on goal 8 (economic growth and decent work), through SSE in the framework of local economic development strategies for governments, civil society and other social actors.

To fulfil this purpose, the working sessions will explore the aforementioned topics, promote exchanges of experiences between experts and practitioners to share implementation strategies and



methodologies in SSE, and facilitate knowledge sharing among experts and practitioners in their respective fields.

Inclusive and sustainable urbanisation patterns a new paradigm for private sector engagement

By UCLG

Rapid urbanization is one of the world's most burning issue. Over the next 20 to 30 years, some 1.4 billion new urban dwellers will need access to safe drinking water, sanitation, housing, waste collection, transportation, electricity. Already, about one billion slum dwellers do not have access or have limited access to basic services. The sector where most people hold jobs in Africa is Informal Economy related to services. Failing to meet the challenge of addressing living conditions, environmental sustainability, economic development and governance of our societies. Rapid urbanization, notably migration to cities by rural residents, has been coupled with slow growth, volatility, or decline in the formal economies of many countries.

This rapid changing context implies that local actors need to find innovative solutions in the economic development of their communities and in the flourishing and stimulation of entrepreneurial activities. As important stakeholders to enable local economic development, local authorities work with the people of their communities to develop strategic visions for the future of their cities, towns, and villages, and implement a wide variety of policies and measures to bring these visions to life.

To build a sustainable and inclusive urbanization, that creates wealth and jobs at the most local scale it is essential to move towards and ensure a secure and stable environment in which economic development can take place. Local and regional governments, together with their partners and communities, provide physical infrastructure – roads, water supply, waste management, information and communication technologies – they promote public health, education, and environmental sustainability, - and manage administrative procedure such as business licenses and taxes as well protect common goods related to sustainable resource management and ensure minimum standards and rights for decent work

This part of the Forum will discuss ways to create the environment for enterprises with impact in the territories to flourish in their communities in a variety of ways and in a context of a Small Island Developing State. The most basic is to provide an environment that is safe and stable, with sound physical infrastructure, including information and communication technologies (ICT), with regulations that are transparent and managed efficiently with a minimum of bureaucratic red tape, and with social services that promote inclusiveness and solidarity.

It shall also envisage ways to coordinate the efforts of businesses and to provide policy direction for private sector engagement, especially in a context of a Small Island Developing State. Local actors in many countries have set up centres to foster entrepreneurship in their communities, especially by supporting people who wish to create a new MSME (micro, small, or medium-sized enterprise). Local authorities and actors assist with such matters as feasibility studies, market surveys, business plans, licensing, and access to capital. When adequately resourced with physical facilities and access to professional counsellors, business incubators are also an effective way to promote economic development and diversification in the community. These are especially useful in assisting young entrepreneurs and others in the community who face barriers to starting a successful MSME.



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Sustainable and inclusive urbanisation and new forms of engagements also imply to find new ways to provide leadership and coordination in workforce development programs that bring together local authorities, employers, trainers, mentors, and social service providers with residents of their communities who are seeking employment, aiming to connect employers in need of workers with groups in the community who face specific barriers to employment: women, youth, indigenous people, ethnic minorities, or people with disabilities.

Co creating the city and the local economy puts local authorities in a new role for dealing and facilitating the engagement of multiple stakeholders around development visions. This key role of strategic planning for local governments is crucial for transparent and visionary allocation of scarce public resources. To strengthen and keep this processes transparent, Regional and National government join the tables, that include local stakeholders but also business and academic key stakeholders

The context of informal economics shall also be looked at. The informal economy does not provide a path out of poverty for the millions of people who must make their livelihood in it. The vast majority of occupations in the informal economy offer meagre incomes in highly competitive sectors with very low productivity. The first response might be an attempt to drive out informal enterprises or force them into the formal sector, but experience has shown that it is better in many instances to tolerate the existence of the informal economy and find ways to support its enterprises, protect its workers, and engage with its entrepreneurs to enhance their productivity and incomes, with a view to integrating them gradually into the formal economy as more productive enterprises providing decent livelihoods.

It shall be looked at ways to support and strengthen enterprises in the informal economy. The best method for determining which interventions will be most effective is to ask the informal economy participants themselves. This can be done most effectively by including its representatives in LED planning processes. Local actors and partners can extend technical services to informal enterprises, developing their skills, upgrading their technology, and assisting them to connect with other enterprises as upstream suppliers or downstream distributors, retailers, or waste processors. They can also provide direct support to workers in the informal economy through health and education services and by upgrading the physical infrastructure – roads, markets and other public spaces, water supply, sanitation – that facilitates informal enterprises.

Another important aspect is the link between informal and formal sectors. Research shows that the actual situation is characterized by the absence of economic relation between formal and informal enterprises whilst the latter could give some input to the formal production process. The link can also be enhanced through sub-contracting arrangements between formal and informal businesses. There is potential to reinforce these aspects in looking for innovative solutions to the economic development of urban communities.

Finally, the role of social economy enterprises and of local actors in social economy shall be looked at, especially in the planning processes and in the support of start-up funding, technical assistance, skill training, and preferential treatment in procurement contracts. The enterprises themselves, once established, invest their surplus in training, quality improvements, and expansion of their services.

It shall be recalled that local economic development is a necessary complement to efforts at the national scale and that local and regional governments are ideally situated to ensure active participation in development by all stakeholders in their communities, including from the private sector, to tackle the problems and barriers specific to their local economies, and to foster integrated



development initiatives across multiple, complementary economic sectors. The strong, resilient communities that result are the building blocks of sustainable urbanization and inclusive and prosperous nations.

In a nutshell, declining the global agenda into this chapter, we would emphasize:

- Leave no one behind, in particular how to deal and include those organized in informal sector
- Alignment with global agenda, that favors global cooperation, but needs to acknowledge:
 - new indicators related to local work force and impact;
 - the local dimension of a real, tangible economic dynamic;
 - people-centered development versus capital-centered development;
 - the economy of constructing and co creating cities;
 - the fair partnership of large and small, global and local stakeholders;
 - the solidarity agenda and the self-empowerment of economic development actors;
 - the bottom up response to people-centered development;
 - the peace and violence prevention and urban jobs for youth;
 - the territory as an asset for rural urban economic cycles (markets, clusters)

SPECIAL FOCUS: SMALL ISLAND DEVELOPING STATES

Small Island Developing states

By National Organizing Committee / Cabo Verde

Background

Small Island Developing States (SIDS) are a distinct group of developing countries facing specific social, economic and environmental vulnerabilities. The 4th World Forum of Local Economic Development (FMDEL) offers an important opportunity for SIDS to raise and discuss fundamental breakthroughs in the agreed global response to SIDS challenges and development.

The Praia Forum will afford the SIDS an opportunity to renew the perspective on integrated development issues that define the economic, social and environmental vulnerability of the small states, with special emphasis on the challenges and potentials, territorial articulation and integration, tourism and local development, environmental management and risk mitigation and specially partnership for financing development both at local and national level.

SIDS common challenges and potential

In addition to common difficulties faced by developing countries, and in the pursuit of a sustainable development SIDS have an additional series of severe and complex challenges to cope with that requires special assistance from the international community. These challenges were highlighted in the 1994 Barbados Programme of Action (BPOA) and the Mauritius Strategy of Implementation (MSI)



of 2005, and reinforced in 2014 by the SAMOA Pathway adopted by Member States of the United Nations.

The unique characteristics and vulnerabilities that SIDS face are varied, and a challenge to their development processes. The common challenges faced by SIDS are among others: narrow base of resources available depriving them of cost advantages and economies of scale; coupled with small domestic markets and heavy reliance on external and remote markets; high costs for energy, infrastructure, transportation, communication and services; low resilience and location make them heavily affected to natural disasters; high volatility of economic growth; vulnerability to external shocks; low skills base; limited opportunities for the private sector and a proportionately large reliance of their economies on their public sector.

Recently the SAMOA recognized the need to support and invest in SIDS so that they can achieve sustainable development by investing in education and training of SIDS people. The promotion of training and education for sustainable development is especially crucial for SIDS that are under direct threat from climate change, since it will increase skills and empower communities to make informed decisions for sustainable living.

i) Partnership for financing development

SIDS are extremely mixed when it comes domestic and international financial flows. Some countries rely heavily on domestic and international capital markets to meet fiscal deficits and fund development while others are heavily aid dependent.

Despite these differences, most share a number of key challenges when it comes to financing for development. These include limited capacities to mobilize domestic resources, high per capita costs when it comes to essential service provision and vulnerability to environmental and economic shocks. Climate adaptation costs are also among the highest in the world for SIDS when measured as a proportion of national output.

There is a constant struggle to maintain debt sustainability since many SIDS continue to experience severe structural constraints in their efforts to mobilize more domestic resources for development. This is in part the consequence of graduation in which countries have not developed sufficiently to continue to progress independently, while at the same time no longer qualify for various forms of economic assistance previously available. As such middle income countries are caught in the paradox of the “middle income trap”.

The FMDEL is an opportunity to explore new debt relief initiatives that can tackle some of SIDS’ major financing for development challenges. For instance, debt swaps could help to both relieve debt and invest in sustainable development, including biodiversity conservation, the sustainable use of ocean resources, and climate change adaptation.

Mindful of the particular vulnerabilities of SIDS, there is a need to think about financing in a longer term framework and invest in building resilience to natural disasters, as well as social and economic, shocks and crises that threaten to roll back development gains.

ii) Patterns for territorial articulation and integration

The interaction between the Central and Local Development on the same territory should have an harmonized framework and tools for the management of territory, calling upon all actors, stakeholders and citizens therefore involving all levels of governance for LED. The Territorial articulation would be conducive to integration where the space is understood as a platform for local



stakeholders and communities to interact and produce social, economic and environmental dynamics, the linkages between which are so important in SIDS.

In addition, also critical are a robust institutional and regulatory framework, as well as planning tools that facilitate regional collaboration and cross-sectoral and regional cooperation. An inclusive planning framework is also important to give voice to all segments of society, especially disadvantaged and marginalized populations.

Decentralized cooperation as a tool to promote Territorial articulation and Integration, regional and local development & empower Local and Regional Authorities, can represent the modality of cooperation that is the closest and most effective to promote and implement a territorial articulation and Integration approach to local development. This can be achieved through activities at the territorial level, involvement of stakeholders from the territories and the possibility to work at multiple levels, relying on associations of local authorities and government departments.

iii) Tourism and local development in SIDS

Most SIDS are characterized by a high degree of dependence on the tourism sector in terms of exports, jobs, revenues and, more broadly, of their GDP growth both directly and indirectly. As the world demand for tourism continues to rise and an increasing number of visitors are attracted by the SIDS special geographical situation and unique natural and cultural heritage richness, it is most likely that the importance of tourism for the SIDS economy will continue to growth.

This can create significant opportunities for SIDS for further economic diversification and inclusive growth. However, because of their very nature, SIDS remain confronted with a numbers of known challenges and vulnerabilities -be it economic, social or environmental- and their overall sustainability can be further strained by a significant expansion of the tourism sector. This is especially the case for those SIDS experiencing a tourism model that focuses on all-inclusive packages and tourist massification.

Encouraging a niche tourism model that is more localized, smaller scale and integrated into the local realities would help improve overall SIDS sustainability through a better tourism diversification and territorialization of the offers that small island countries can provide with emphasis on local content, local jobs and environment preservation.

However, the implementation of coherent public policies based on the complementarities between the center and the local dimension, and the potential and economic vocation of the different local realities (often in terms of different islands in the case of SIDS) requires a number of conditions to take place. As such there is a need to develop a comprehensive and multilevel governance and put in place a planning system capable of achieving a balanced and sustainable local development dynamic.

For those SIDS lacking an intermediate level of articulation (and planning), combined with the insular nature of the state (especially for archipelago SIDS) a vision and an integrated strategic framework for economic development is required. Community engagement and involvement in the decision making process from planning to implementation is also critical in pursuing a tourism model more integrated at local level.

Similarly, important is the articulation between public and private actors through an expansion in the space and mechanisms for dialogue and coordination. This is also required because often decentralized institutions are not so much involved in productive development like tourism and integrated territorial strategic plan. If policies and measures / tools to promote business development



more broadly are not fully embedded in a dynamic of dialogue and synergy among the public, private and associative actors, this will affect both a general function of animation and promotion of local economies, including tourism development, as well as support and business services.

The important contribution of the informal or parallel economy, particularly as an avenue for participation of disadvantaged and marginalized populations in the local economies of SIDS should also not be ignored when considering an integrated tourism model.

In sum, to pursue a tourism model (and indeed other economic sectors) that is more territorially integrated, inclusive and sustainable there is a need to strengthen the articulation between different levels and aspects - central-local, public-private, local-local, intersectorial, social-economic, formal-informal – as this would allow a greater integration of the different functions (planning, investment, business support, services for employment and vocational training, financial services) and the consequent enhancement of the capacity to exploit the potential presented by an expansion of tourism.

iv) Environmental Management and Risk Mitigation

A Sustainable development is what all countries in the world are striving for. To that end environmental management and risk mitigation are necessary, so that people can benefit from goods and services that derive from nature. While the environment provides people with important goods and services, people and society as a whole have impacts on the environment and create ‘pressures’ which can lead to environmental change.

SIDS, due to their special nature (small land size, high species diversity and richness, location in areas prone to natural disasters, weak institutional capacity to cope with the new and growing environmental hazards and menaces, inter alia.), should receive a special attention by the international community, a fact that has been agreed upon in practically all International Conferences and Summits. However, what has been done does not reflect that understanding.

Contrary to their small land size, SIDS are “Large Ocean States” whose seas and oceans play important global functions in terms of international security, food security, reserve of rich and diverse biological resources, carbon sequestration, inter alia. However, due to their lack of scientific knowledge as well as technical, technological and financial resources, they are unable to take most benefit from them.

Despite all the partnerships and cooperation that have been made, many more are necessary so that developing countries, in general and small island developing states, in particular, can reach a sustainable development. And, in this context, the international cooperation, including south-south cooperation is vital.

There are many success cases and good practices in our countries and around the world, in several areas of interest, which can be shared among us.

The main challenges addressed by the Special Focus Thematic

The thematic addressed the above dimensions, by identifying opportunities and challenges deriving from analytical research as well as fact-based experiences from case studies coming from different regions of the world with focus on SIDS.

- Address the common challenges faced by SIDS and the international community special attention.



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- The articulation of approaches for territorial articulation and Integration for development applying appropriate tools and instruments of planning and management of the development at local level.
- Decentralized cooperation as a tool to promote Territorial articulation and Integration, regional and local development.
- Strengthen the articulation between different levels and aspects - central-local, public-private, local-local, intersectorial, social-economic, formal-informal – to enhanced SIDS capacity to exploit the potential presented by an expansion of a tourism model that is more territorially integrated, inclusive and sustainable.
- Consider strategies to enable financial leverage to support both related infrastructure development but also LED related projects.
- Exchange of good practices of environmental management and risk mitigation to release the pressure on the environment.